



AYONDO LTD.

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

Invitation in respect of 80,770,000 Invitation Shares comprising:  
(i) 8,900,000 Offer Shares at S\$0.26 each by way of public offer in Singapore; and  
(ii) 71,870,000 Placement Shares at S\$0.26 for each Placement Share, payable in full on application.



## Offer Document Dated 15 March 2018

(Registered by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) acting as agent on behalf of the Monetary Authority of Singapore (the “Authority”) on 15 March 2018)

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).**

UOB Kay Hian Private Limited (the “Sponsor”, “Issue Manager”, “Underwriter” and/or “Placement Agent”) has on behalf of ayondo Ltd. (the “Company”) made an application to the SGX-ST for permission to deal in and for the listing and quotation of, all the ordinary shares (the “Shares”) in the capital of the Company already issued and the new Shares (the “Invitation Shares”) which are the subject of the Invitation (as defined herein) and the Option Shares (as defined herein) on Catalist. The dealing in and quotation of the Shares, Invitation Shares and Option Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

**INVESTING IN OUR COMPANY’S SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN SECTION ENTITLED “RISK FACTORS” OF THIS OFFER DOCUMENT. YOUR ATTENTION IS ALSO DRAWN TO SECTION ENTITLED “RISK RELATING TO OUR BUSINESS OR OUR INDUSTRY” OF THIS OFFER DOCUMENT, WHICH YOU SHOULD READ CAREFULLY.**

**IN ADDITION, OUR GROUP HAS A HISTORY OF LOSSES AND NEGATIVE OPERATING CASH FLOW AND HAVE YET TO ESTABLISH A STRONG TRACK RECORD, AND MAY REMAIN UNPROFITABLE. WE ALSO RELY ON SHAREHOLDERS’ LOAN AS A SIGNIFICANT SOURCE OF FINANCING. YOU SHOULD NOTE, AMONGST OTHERS, THAT (I) OUR GROUP MIGHT CONTINUE TO RECORD A NET LOSS AND NEGATIVE OPERATING CASH FLOW, AND (II) THERE IS NO ASSURANCE THAT WE CAN ENSURE OUR ABILITY TO WITHDRAW ADDITIONAL SHAREHOLDERS’ LOAN.**

**IF ANY OF THE RISKS SET OUT IN THE SECTIONS ABOVE DEVELOPS INTO ACTUAL EVENTS, OUR BUSINESS, FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN SUCH CASES, THE TRADING PRICES OF THE SHARES COULD DECLINE AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENTS.**

**This Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.**

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the Company is suitable to be listed on Catalist and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has, in any way, considered the merits of the Shares or units of Shares being offered for investment.

Acceptance of applications will be conditional upon the issue of the Invitation Shares and upon, amongst others, permission being granted by the SGX-ST for the dealing in, listing and quotation of the Shares, the Invitation Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned to you, at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Sponsor, Issue Manager, Underwriter and Placement Agent. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST’s listing rules, have been complied with.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares, or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

**Sponsor, Issue Manager, Underwriter and Placement Agent**

**UOB KayHian**

**UOB KAY HIAN PRIVATE LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 197000447W)

# Corporate Profile

ayondo is a global financial technology group with subsidiaries authorised and regulated in the UK (FCA) and Germany (BaFin) and additional offices in Singapore, Spain and Switzerland, offering innovative trading and investment solutions for retail and institutional customers.

**Social Trading:** We consider our Group as one of the FinTech pioneers in Europe which has seized the opportunity arising from emerging digital technologies and changing trends in the financial industry. By combining trading and investment with elements of social media, our Group is disrupting the traditional asset management industry by offering an alternative way to

trade and invest through Social Trading. Social Trading represents a fast-growing innovation, with an average growth rate of 213%<sup>1</sup>, which allows traders to share and follow other traders' trading and investment strategies automatically, proportionally and on a real-time basis.

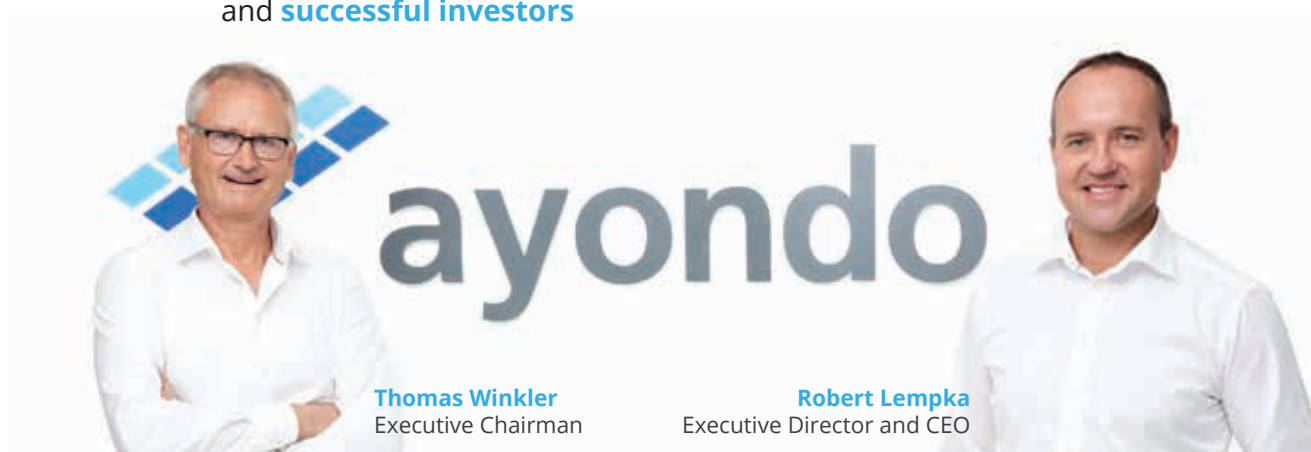
**Self-Directed Trading:** Our Group offers CFD and spread bet trading over a wide range of markets, including Forex, Commodities, Treasuries, Cryptocurrencies and Shares.

**Casual Trading:** Through our Casual Trading applications and educational content, we aim to educate and empower customers and prospects.

<sup>1</sup> Source: "The FinTech Market in Germany – Final Report October 17, 2016" by Professor Dr. Gregor Dorfleitner, Jun. and Professor Dr. Lars Hornuf

## Our Group's missions and aims are to:

- **Revolutionise** the retail trading and investment space
- Always act with complete **integrity** and **transparency**
- Empower our clients by providing the most **intuitive, rewarding** and **innovative** execution of financial products in the marketplace
- Create a level playing field by providing a one-stop offering, the best possible service, and unique tools to help our clients become **happy** and **successful investors**



**Thomas Winkler**  
Executive Chairman

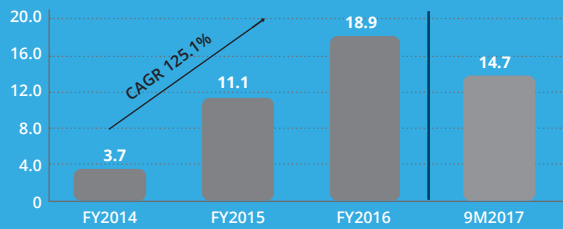
**Robert Lempka**  
Executive Director and CEO

## Competitive Strengths

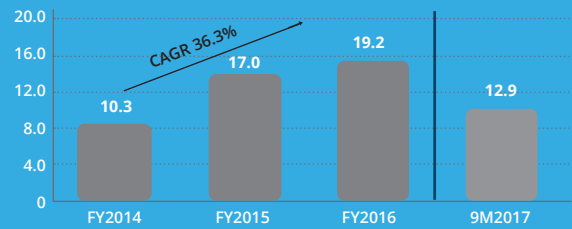
- Scalable business model with a diversified revenue base
- Owns award winning proprietary platforms
- Owns the entire value chain required for its revenue generation
- In-house marketing team has a track record of successfully implementing innovative and efficient marketing campaigns
- Leverage on disruptive technology to deliver services in the FinTech space
- ayondo Account Management System offers customised business intelligence to our B2B partners
- Established and experienced management team

# Financial Highlights

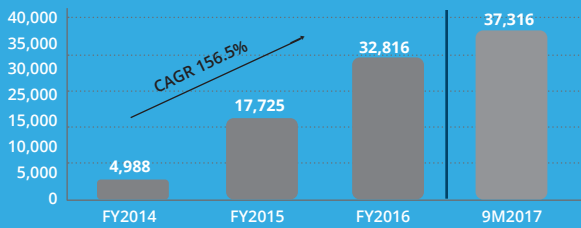
Revenues (CHFm)



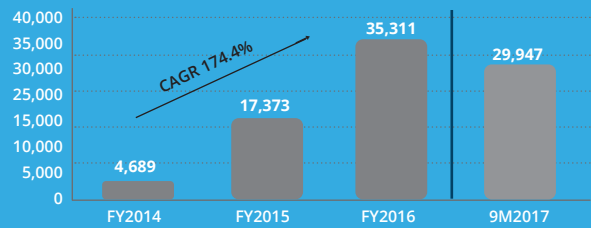
Operating Expenses (CHFm)



Number of active clients



Number of client transactions ('000)



ayondo has won **19 international accolades**



## How does the **Social Trading** platform work?

1

### Find Top Traders

Simple to select, ranked by performance or number of followers



2

### Build your portfolio

Drag traders into the portfolio and see how you would have performed

3

### Copy to your account

Start with as little as USD 2,000 and execute trades automatically





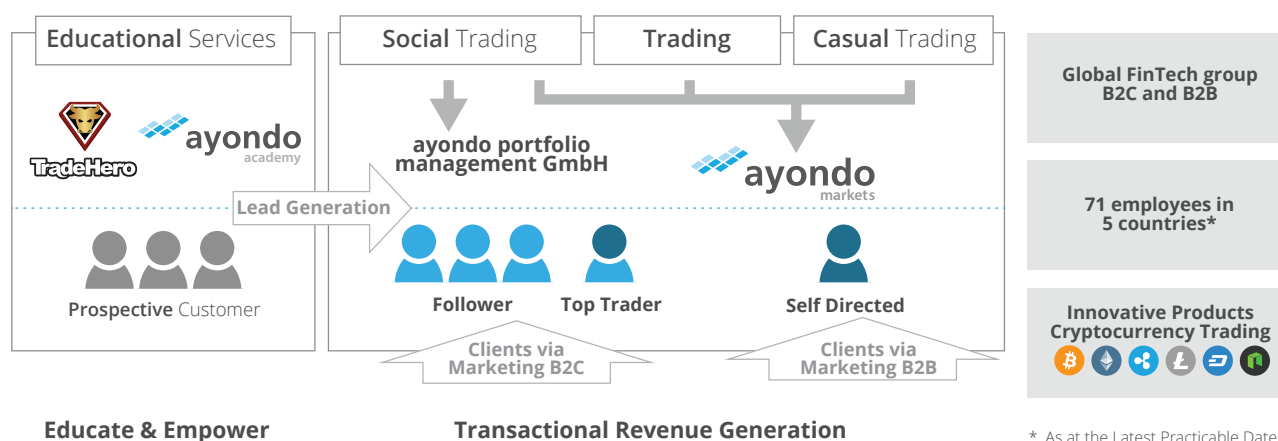
## Prospects

- **Emergence of online brokerage services:** We believe that the trend to cost-effective, transparent and flexible investing creates a growing opportunity for online trading services that are easy to access and use. This can fuel the growth of Social Trading, Self-Directed Trading and Casual Trading activities.
- **Emergence of mobile trading:** A growing generation of young internet savvy individuals, coupled with greater high speed internet penetration across the globe and the development of advanced mobile applications, will likely fuel the growth of mobile trading globally.
- **Growth in self-directed trading market:** The market profile for CFD and financial spread betting activity varies by country. We believe the underlying dynamics are shaped by the maturity of each market. Our Group focuses on two segments of the global markets, namely the 'Developed Markets' and the 'Developing Markets'.
- **Potential growth of Social Trading market:** Social Trading combines new possibilities and technologies from digital revolution and caters for diversification needs of retail investors who do not have access to sophisticated investment products like hedge funds. We believe the Social Trading market will continue to grow in Europe particularly UK and Germany, and in Asia, particularly Singapore and the PRC, where there is ready infrastructure for the development and growth of the Social Trading market.

## Business Strategies and Product Development

- Enhance brand awareness and consolidate position as a global FinTech and leading Social Trading network
- Develop and expand our Group's international reach
- Expansion of White Label Partners network
- Extend the spectrum of customers through education
- Enhancement of our existing products and trading platform

## ayondo at a glance



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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	Thomas Winkler (Executive Chairman) Robert Lempka (Executive Director and Chief Executive Officer) Foo Fatt Kah (Non-Executive Director) Foong Daw Ching (Lead Independent Director) Chan Heng Toong (Independent Director) Lam Shiao Ning (Independent Director)
<b>COMPANY SECRETARY</b>	:	Wee Woon Hong, LLB (Hons)
<b>REGISTERED OFFICE</b>	:	36 Armenian Street #02-08 Singapore 179934
<b>PRINCIPAL PLACE OF BUSINESS</b>	:	10 <sup>th</sup> Floor, Linen Court 10 East Road London N1 6AD United Kingdom
<b>SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT</b>	:	<b>UOB Kay Hian Private Limited</b> 8 Anthony Road #01-01 Singapore 229957
<b>INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT</b>	:	<b>Ernst &amp; Young LLP</b> Public Accountants and Chartered Accountants Singapore One Raffles Quay North Tower, Level 18 Singapore 048583  Partner-in-charge: Chan Yew Kiang (A member of the Institute of Singapore Chartered Accountants)
<b>SOLICITORS TO THE INVITATION AND LEGAL ADVISERS TO OUR COMPANY ON SINGAPORE LAW</b>	:	<b>Opal Lawyers LLC</b> 30 Raffles Place #19-04 Chevron House Singapore 048622
<b>LEGAL ADVISERS TO OUR COMPANY ON SWISS LAW</b>	:	<b>Meyerlustenberger Lachenal AG</b> Schiffbaustrasse 2 Postfach 1765 CH-8031 Zürich Switzerland



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## CORPORATE INFORMATION

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<b>LEGAL ADVISERS TO OUR COMPANY ON GERMAN LAW EXCLUDING REGULATORY AND TAX MATTERS</b>	:	<b>Greenfort – Partnerschaft von Rechtsanwälten mbB</b> Arndtstraße 28 60325 Frankfurt am Main Germany
<b>LEGAL ADVISERS TO OUR COMPANY ON REGULATORY MATTERS UNDER GERMAN LAW</b>	:	<b>Noerr LLP</b> Jungfernstieg 51 20354 Hamburg Germany
<b>LEGAL ADVISERS TO OUR COMPANY ON LAWS OF ENGLAND AND WALES</b>	:	<b>Reed Smith LLP</b> The Broadgate Tower 20 Primrose Street London EC2A 2RS United Kingdom
<b>LEGAL ADVISERS TO OUR COMPANY ON SPANISH LAW</b>	:	<b>Baker &amp; McKenzie Barcelona, S.L.P.</b> Avda. Diagonal, 652 Edif. D, 8th Floor Barcelona 08034 Spain
<b>LEGAL ADVISERS TO OUR COMPANY ON HONG KONG LAW</b>	:	<b>P. C. Woo &amp; Co.</b> Room 1225 12/F, Prince's Building No. 10 Chater Road Central, Hong Kong
<b>SHARE REGISTRAR FOR THE INVITATION AND SINGAPORE TRANSFER AGENT</b>	:	<b>Tricor Barbinder Share Registration Services</b> 80 Robinson Road, #02-00 Singapore 068898
<b>PRINCIPAL BANKER TO AYONDO HOLDING AG IN SWITZERLAND</b>	:	<b>UBS Switzerland AG</b> Bahnhofstrasse 45 8001 Zurich Switzerland
<b>RECEIVING BANKER</b>	:	<b>The Bank of East Asia, Limited</b> Singapore Branch 60 Robinson Road BEA Building Singapore 068892

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## DEFINITIONS

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In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

### Companies within our Group

<i>“ayondo AG”</i>	:	ayondo Holding AG
<i>“ayondo Asia”</i>	:	ayondo Asia Pte. Ltd.
<i>“ayondo HK”</i>	:	Typhoon Technology Limited
<i>“aPM GmbH”</i>	:	ayondo Portfolio Management GmbH
<i>“ayondo Spain”</i>	:	ayondo Markets Limited, a branch of ayondo UK in Spain
<i>“ayondo UK”</i>	:	ayondo Markets Limited
<i>“Company”</i>	:	ayondo Ltd.
<i>“Group”</i>	:	The Company and its subsidiaries, namely:– <ul style="list-style-type: none"><li>(i) ayondo AG</li><li>(ii) Sycap UK</li><li>(iii) ayondo UK</li><li>(iv) ayondo Spain</li><li>(v) ayondo GmbH</li><li>(vi) aPM GmbH</li><li>(vii) STN GmbH</li><li>(viii) ayondo Asia</li><li>(ix) ayondo HK</li></ul>
<i>“STN GmbH”</i>	:	Social Trading Netzwerk GmbH
<i>“Sycap UK”</i>	:	Sycap Group (UK) Limited

### Other Corporations and Agencies

<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“BaFin”</i>	:	Bundesanstalt fuer Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)

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## DEFINITIONS

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<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	The Central Provident Fund
<i>“DonauCapital”</i>	:	DonauCapital Investment GmbH (formerly known as DonauCapital Wertpapier AG)
<i>“FCA”</i>	:	Financial Conduct Authority of the United Kingdom
<i>“Sponsor”, “Issue Manager”, “Underwriter”, “Placement Agent” or “UOBKH”</i>	:	UOB Kay Hian Private Limited
<i>“Independent Auditor and Reporting Accountant”</i>	:	Ernst & Young LLP
<i>“Luminor Funds”</i>	:	Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd.
<i>“Receiving Bank”</i>	:	The Bank of East Asia, Limited
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Tricor Barbinder Share Registration Services
<i>“SIC”</i>	:	Securities Industry Council
<b>General</b>		
<i>“9M”</i>	:	The nine months ended or ending 30 September, as the case may be
<i>“2018 ayondo ESOS”</i>	:	The employee share option scheme adopted by our Company on 23 February 2018, the rules of which are set out in Appendix J of this Offer Document
<i>“Application Forms”</i>	:	The official printed application form to be used for the purpose of the Invitation and which form part of this Offer Document
<i>“Application List”</i>	:	The list of applications for the subscription of the Invitation Shares
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank

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## DEFINITIONS

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- “Associate”* : (a) in relation to any director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the aggregate of the nominal amount of all the voting shares;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Associated Company”* : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or
  - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
- “Audit and Risk Committee”* : The audit and risk committee of our Company as at the date of this Offer Document, unless otherwise stated
- “Audited Consolidated Financial Statements”* : The “Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2014, 2015, 2016 and Nine-Month Periods Ended 30 September 2016 and 2017”, as sets out in Appendix A of this Offer Document
- “BaFin Licence”* : Authorisation by BaFin to conduct banking business or to provide financial services in Germany commercially or on a scale that requires a commercially organised business undertaking

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## DEFINITIONS

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<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	Any or all of the rules in Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“CFO”</i>	:	Chief Financial Officer
<i>“COO”</i>	:	Chief Operating Officer
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as may be amended, varied or supplemented from time to time
<i>“Constitution”</i>	:	The constitution of our Company
<i>“Controlling Shareholder”</i>	:	A person who:  (a) holds directly or indirectly 15% or more of the aggregate of all the total voting shares in our Company (unless otherwise determined by the SGX-ST); or  (b) in fact exercises control over our Company
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Entity”</i>	:	Includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM, the internet banking website, or the mobile banking interface of the relevant Participating Banks, subject to and on the terms and conditions of this Offer Document
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated

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## DEFINITIONS

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<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“GST”</i>	:	Goods and Services Tax
<i>“Independent Directors”</i>	:	The non-executive independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	Our Director, CEO, Controlling Shareholder or any of the Associates of a Director, CEO or Controlling Shareholder
<i>“Invitation”</i>	:	The invitation by our Company to the public in Singapore to subscribe for the Invitation Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document
<i>“Invitation Shares”</i>	:	The 80,770,000 Shares, comprising 8,900,000 Offer Shares and 71,870,000 Placement Shares, which are the subject of the Invitation
<i>“Invitation Price”</i>	:	S\$0.26 for each Invitation Share
<i>“Latest Practicable Date”</i>	:	18 February 2018, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The proposed listing and quotation of all our Shares on Catalist
<i>“Listing Date”</i>	:	The date of admission of our Company to Catalist
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as may be amended, varied or supplemented from time to time
<i>“Sponsorship and Management Agreement”</i>	:	The full sponsorship and management agreement dated 15 March 2018 entered into between our Company and UOBKH pursuant to which UOBKH agreed to sponsor and manage the Listing and Invitation, as described in the “General and Statutory Information – Sponsorship, Management, Underwriting and Placement Agreement” section of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated

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## DEFINITIONS

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<i>“Non-Executive Director”</i>	:	The non-executive Director of our Company (including Independent Directors) as at the date of this Offer Document, unless otherwise stated
<i>“NAV”</i>	:	Net asset value
<i>“NTA”</i>	:	Net tangible assets (after non-controlling interests)
<i>“Offer”</i>	:	The offer of the Offer Shares by our Company to the public in Singapore for subscription at the Invitation Price, subject to and on the terms and conditions of this Offer Document
<i>“Offer Document”</i>	:	This offer document dated 15 March 2018 issued by our Company in respect of the Invitation
<i>“Offer Shares”</i>	:	8,900,000 of the Invitation Shares which are the subject of the Offer
<i>“Option(s)”</i>	:	The option(s) which may be granted pursuant to the 2018 ayondo ESOS
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued and/or transferred upon the exercise of the Options
<i>“PAT”</i>	:	Profit after tax
<i>“PBT”</i>	:	Profit before tax
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2014, FY2015, FY2016 and 9M2017
<i>“Placement”</i>	:	The placement by the Placement Agent of the Invitation Shares on behalf of our Company for subscription at the Invitation Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Shares”</i>	:	71,870,000 Invitation Shares which are subject of the Placement
<i>“PRC”</i>	:	The People’s Republic of China, excluding the special administrative regions of Hong Kong and Macau, and Taiwan for the purpose of this Offer Document
<i>“Pre-IPO CLA”</i>	:	The convertible loan agreements entered into between our Company and the Pre-IPO Investors for the extension to our Company by the Pre-IPO Investors of the Pre-IPO Convertible Loans

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## DEFINITIONS

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<i>“Pre-IPO Convertible Loans”</i>	:	The convertible loans amounting to an aggregate of approximately S\$9,170,326 extended by the Pre-IPO Investors to our Company
<i>“Pre-IPO Investors”</i>	:	Collectively, GRP Limited, Starland Holdings Limited, Kwan Chee Seng, Foo Fatt Kah, Oana-Madalina Baloi, Thomas Winkler, Henrik Peter Takkenberg, Rick Fulton, Robert Lempka, Gianfranco Antonio Calabretti, West Broadway GmbH, Rainer Arno Rueppel, Dominic Morris, Henry Cheong Ying Chew and Terence Tan Eng Chuan
<i>“Pre-IPO Options”</i>	:	The 51,445,800 pre-IPO options, as described in the “Directors, Executive Officers and Staff – Remuneration of Directors, Executive Officers, Staff and Related Staff” section of this Offer Document
<i>“Relevant Period”</i>	:	The Period Under Review and the period from 1 October 2017 to the Latest Practicable Date
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Listing, as described in the “Restructuring Exercise” section of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Chairman, Thomas Winkler, and our Executive Director and CEO, Robert Lempka, as described in the “Directors, Executive Officers and Staff – Service Agreements” section of this Offer Document
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, varied or supplemented from time to time
<i>“SFR”</i>	:	Securities and Futures (Offers of Investments) (Share and Debentures) Regulations 2005 of Singapore, as amended, varied or supplemented from time to time
<i>“SGXNET”</i>	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies



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## DEFINITIONS

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<i>“Shareholder(s)”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Share(s)”</i>	:	Ordinary shares in the capital of our Company
<i>“Singapore”</i>	:	The Republic of Singapore
<i>“Substantial Shareholder”</i>	:	A person who has an interest in the Shares the total votes attached to which is not less than 5% of the total votes attached to all the voting shares of our Company
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers which is administered by the SIC
<i>“UK”</i>	:	The United Kingdom
<i>“Unaudited Pro Forma Consolidated Financial Information”</i>	:	The “Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2016 and the Nine-Month Period Ended 30 September 2017” as set out in Appendix B of this Offer Document
<i>“Underwriting and Placement Agreement”</i>	:	The underwriting and placement agreement dated 15 March 2018 entered into between our Company and UOBKH pursuant to which UOBKH agreed to subscribe and/or procure subscribers for the Invitation Shares at the Invitation Price as described in the “Plan of Distribution” and “General and Statutory Information – Sponsorship, Management, Underwriting and Placement Agreement” sections of this Offer Document
<i>“USA” or “US”</i>	:	The United States of America

### **Currencies, Units and Others**

<i>“S\$” and “cent”</i>	:	Singapore Dollar and cent, respectively, being the lawful currency of Singapore
<i>“CHF”</i>	:	Swiss Franc, being the lawful currency of the Swiss Confederation
<i>“EUR” or “€”</i>	:	Euro Dollar
<i>“GBP” or “£”</i>	:	Pound Sterling, being the lawful currency of the UK
<i>“US\$” and “US cent”</i>	:	United States Dollar and cent, respectively, being the lawful currency of the USA

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## DEFINITIONS

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“m <sup>2</sup> ”	:	Square metre
“%”	:	Per centum or percentage

<b>Names used in this Offer Document</b>	<b>Names in Passport</b>
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“Robert Lempka”	:	Robert Paul Lempka
“Edward Drake”	:	Edward Charles Drake
“Rick Fulton”	:	Richard Stephen Fulton
“Raza Perez”	:	Raza Martinez Perez
“Dominic Morris”	:	Dominic Anthony Morris

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of SFA or any statutory modification thereof, as the case may be.

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

Any reference in this Offer Document, Application Forms and the Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereof, as the case may be.

The exchange rates used in this Offer Document are for reference only. No representations is made that any foreign exchange rate was, could have been, will be or can be converted into Singapore Dollar amounts at any of the exchange rates used in this document, at any other rate or at all.

Any reference in this Offer Document to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any reference in this Offer Document, Application Forms and the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document, Application Forms and the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us”, “our”, “ourselves” or their other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

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## DEFINITIONS

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Any discrepancies in the tables included herein between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

The information on our website(s) or any website(s) directly or indirectly linked to our website(s) does not constitute part of this Offer Document and should not be relied on.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations used in this Offer Document. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

<i>“Adwords”</i>	:	An online advertising service provided by Google in which advertisers bid on certain keywords in order for their clickable ads to appear in Google’s search results
<i>“Active Clients”</i>	:	Users who have placed a trade on at least one occasion during the relevant period
<i>“B2B”</i>	:	Business-to-Business
<i>“B2C”</i>	:	Business-to-Customer
<i>“CFD”</i>	:	Contract for difference, a cash-settled investment in products that are based on currencies, commodities, treasuries, indices and shares
<i>“Fintech”</i>	:	Financial technology
<i>“FIX”</i>	:	Financial information exchange protocol
<i>“IT”</i>	:	Information technology
<i>“latency”</i>	:	The time data takes to travel between its source and destination, generally measured in millisecond
<i>“leverage”</i>	:	The use of borrowed funds when making an investment
<i>“lifecycle costs”</i>	:	Costs of acquiring and maintaining an open position
<i>“long position”</i>	:	A position in which the client believes the value of the underlying financial instrument will increase
<i>“on-boarding”</i>	:	The review process performed before accepting a client
<i>“self-directed trading”</i>	:	Where the client makes and executes his own investment decisions and/or invests in investment products by himself without the assistance of a financial adviser
<i>“short position”</i>	:	A position in which the client believes the value of the underlying financial instrument will decrease
<i>“social trading”</i>	:	Where a group of traders share their live account trades in real time. Social trading allows clients to follow and copy other client’s trades, techniques and strategies

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## GLOSSARY OF TECHNICAL TERMS

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- “spread”* : The difference between the buy and sell price of our products
- “spread bet”* : Offered exclusively in the UK and Ireland, as typically, profits from spread betting are free from capital gains tax and stamp duty in these jurisdictions. Spread betting shares many of the same characteristics and benefits as CFD with one important difference, namely in spread bet, clients bet a specific stake size per point movement of a product rather than trading a specific number of shares or units
- “730 K firm”* : A full-scope IFPRU investment firm that is regulated by the FCA, which is required to comply with the initial capital requirements of €730,000

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “prospects”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) our cost measures, planned strategy and anticipated expansion plans;
- (c) expected growth in demand;
- (d) expected industry trends and developments;
- (e) anticipated expansion plans; and
- (f) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (i) changes in political, social, economic and stock or securities market conditions and the regulatory environment, laws and regulations and interpretation thereof in the countries in which we conduct business or expect to conduct business;
- (ii) changes in currency exchange or interest rates;
- (iii) our anticipated growth strategies and expected internal growth;
- (iv) changes in the availability and prices of goods and services we need to operate our business;
- (v) changes in customers’ preference and needs;
- (vi) changes in technology;
- (vii) changes in competitive conditions and our ability to compete under these conditions;
- (viii) changes in our future capital needs and the availability of financing and capital to fund these needs;
- (ix) the factors described in the “Risk Factors” section of this Offer Document; and
- (x) other factors beyond our control.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All forward-looking statements made by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on those statements which apply only as at the date of this Offer Document. Neither our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements. Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Further, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

We are, however, subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, we become aware of (a) a false or misleading statement or matter in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under the SFA, the SFR or the Catalist Rules; or (c) a new circumstance has arisen since the Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the SFA, the SFR or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged, and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

Where such changes occur and are material or are required to be disclosed by law, we will comply with the relevant provisions of the SFA and make an announcement of the same to the SGX-ST and the public, and, if required, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority pursuant to the SFA. All applicants should take note of any such announcement, or supplementary or replacement offer document and, upon the release of the same, shall be deemed to have notice of such changes.

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## SELLING RESTRICTIONS

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### SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

### UNITED KINGDOM

This Offer Document does not constitute an approved prospectus for the purposes of and as defined in Section 85 of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”), has not been prepared in accordance with the prospectus rules issued by the FCA pursuant to Section 73A of the FSMA and has not been approved by or filed with the FCA or by any other authority which would be a competent authority for the purposes of the Prospectus Directive (as defined below). The Shares may not be offered or sold and will not be offered or sold to the public in the UK (within the meaning of Sections 85 and 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of Section 85 of the FSMA) being made available to the public before the offer is made. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Shares except in circumstances in which Section 21(1) of the FSMA does not apply to our Company.

This Offer Document is only distributed to and is only directed at persons in the UK who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (as defined below): (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”); and/or (ii) who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (d) of the Order; or (iii) who are persons to whom it may otherwise be lawfully communicated (all such persons referred to in (i) to (iii) above together being referred to as “**Relevant Persons**”). The Shares are only available to, and an investment activity will only be engaged with, Relevant Persons. Any person that is not a Relevant Person should not act on or rely on this document or any of its contents.



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## SELLING RESTRICTIONS

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### EUROPEAN ECONOMIC AREA

This Offer Document is not a prospectus for the purposes of the Prospectus Directive (as defined below).

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a “**Relevant Member State**”) an offer to the public of any Shares which are the subject of the offer contemplated by this Offer Document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Sponsor, Issue Manager, Underwriter and Placement Agent nominated by our Company for such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive provided that no such offer of Shares shall result in a requirement for the publication by our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent of an offer document pursuant to Article 3 of the Prospectus Directive.

Neither our Company nor the Sponsor, Issue Manager, Underwriter and Placement Agent have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by the Sponsor, Issue Manager, Underwriter and Placement Agent which constitute the final offering of Shares contemplated in this Offer Document and pursuant to the Sponsorship and Management Agreement and Underwriting and Placement Agreement. Accordingly, no purchaser of Shares, other than the Sponsor, Issue Manager, Underwriter and Placement Agent, is authorised to make any further offer of the Shares on behalf of our Company.

For purposes of this section, the expression an “**offering to the public**” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

### SWITZERLAND

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or trading venue in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the listing rules of the SIX or the listing rules of any other stock exchange or trading venue in Switzerland.

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## SELLING RESTRICTIONS

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This Offer Document is being communicated in Switzerland to a small number of selected investors only. Neither this document nor any other offering or marketing material relating to the Shares or the Invitation may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Invitation, our Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Invitation will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and neither our Company nor the Shares have been or will be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Shares.

### HONG KONG

No Shares may be offered or sold in Hong Kong or offered or directed from outside Hong Kong to any person in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance (including, but not limited to the Securities and Futures (Professional Investor) Rules (Cap. 571D of the Laws of Hong Kong)); or (b) in other circumstances falling within the exemptions provided in the Securities and Futures Ordinance (Cap. 571) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong has been or will be issued other than with respect to such Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that ordinance (including but not limited to the Securities and Futures (Professional Investor) Rules (Cap. 571D of the Laws of Hong Kong)), or as otherwise may be permitted under the laws of Hong Kong. This document and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

The Invitation is not an offer for sale to the public in Hong Kong and it is not our intention that the Invitation Shares be offered for sale to the public in Hong Kong.

### UNITED STATES OF AMERICA

The Shares have not been and will not be registered under the United States Securities Act 1933 (“**US Securities Act**”), and may not be offered or sold within the US except in certain transactions exempt from the registration requirements of the US Securities Act. The Shares are being offered and sold only outside the US in “offshore transactions” in accordance with Regulation S under the US Securities Act. Terms used in this section have the meaning given to them by Regulation S under the US Securities Act.

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## DETAILS OF THE INVITATION

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### LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our existing issued Shares, the Option Shares and the Invitation Shares which are the subject of the Invitation on Catalist. Such permission will be granted when our Company has been admitted to Catalist. The dealing in, and listing and quotation of, our Shares, the Option Shares and the Invitation Shares will be in Singapore Dollars. Acceptance of applications will be conditional upon, amongst others, the allotment and issuance of Invitation Shares and upon the permission granted by the SGX-ST to deal in, and for the listing and quotation of all our existing issued Shares, the Option Shares and the Invitation Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and the applicant will not have any claim against us, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent or our advisers or agents.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. Applicants should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with their professional adviser(s).

The Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Invitation Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our existing issued Shares, the Option Shares and the Invitation Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the SFA, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, has been complied with. The SGX-ST, acting as agent on behalf of the Authority, has not, in any way, considered the merits of our existing issued Shares, the Option Shares and the Invitation Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

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## DETAILS OF THE INVITATION

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We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under the SFA, the SFR or the Catalist Rules; or
- (c) a new circumstance that has arisen since this Offer Document was lodged which would have been required by the SFA, the SFR or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority, pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Invitation Shares and:

- (a) where the Invitation Shares have not been issued to the applicants, we shall either:
  - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to withdraw their applications, and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants with a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and (B) we shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies in respect of any applications, without interest or any share of revenue or other benefit arising therefrom at the applicants' own risk; or
- (b) where the Invitation Shares have been issued to the applicants, but trading has not commenced, we shall either:
  - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the Invitation Shares which they do not wish

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## DETAILS OF THE INVITATION

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to retain title in, and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

- (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants with a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; or
- (iii) (A) treat the issue of the Invitation Shares as void, in which case the issue shall be deemed void and (B) we shall within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return the applicants all monies in respect of any applications, without interest or any share of revenue or other benefit arising therefrom at the applicants' own risk.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, return to him all monies paid by him on account of his application for those Invitation Shares without interest or any share revenue or other benefit arising therefrom and he shall not have any claim against our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares, to us, whereupon we shall, within seven (7) days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Invitation Shares, without interest or any share revenue or other benefit arising therefrom and he will not have any claim against our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, and the issue of those Invitation Shares shall be deemed to be void.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued or transferred. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been allotted and issued to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and we shall, within 14 days from the date of the Stop Order, return the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been allotted and issued to the applicants, the issue of the Invitation Shares shall be deemed to be void and we shall, (i) if no documents purporting to evidence title to those Invitation Shares have been issued to the applicants, within seven

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## DETAILS OF THE INVITATION

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days from the date of the Stop Order, return the applicants all monies the applicants have paid on account of their applications for the Invitation Shares, or (ii) if documents purporting to evidence title to those Invitation Shares have been issued to the applicants, within seven (7) days from the date of the Stop Order, inform the applicants to return such documents to us within 14 days from that date and within seven (7) days from the date of receipt of such documents or the date of the Stop Order, whichever is the later, return the applicants all monies the applicants have paid on account of their applications for the Invitation Shares.

Where monies are to be returned to applicants for the Invitation Shares, it shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom at the applicants' own risk, and the applicants will not have any claim against our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent.

This Offer Document has been seen and approved by our Directors, and they individually and collectively accept full responsibility for the accuracy of the information given in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the facts stated and the opinions, intentions and expectations expressed in this Offer Document are true, fair and accurate and not misleading in all material respects as at the date of this Offer Document, (ii) there are no material facts the omission of which would make any statement in this Offer Document misleading, and (iii) this Offer Document constitutes a full and true disclosure of all material facts about the Invitation, our Group and our Shares. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

Neither our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser regarding an investment in our Shares.

The Invitation Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor, Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Offer Document, the Application Forms nor any document relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statement of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, we will promptly make an announcement of the same to the SGX-ST and if required under the SFA, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority. All applicants should take note of any such announcement, and/or supplementary or replacement offer document and, upon the release of such an announcement, and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

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## DETAILS OF THE INVITATION

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Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company, or our subsidiaries.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose.

**This Offer Document does not constitute an offer, solicitation or Invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.**

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours from:

**UOB Kay Hian Private Limited**  
8 Anthony Road  
#01-01  
Singapore 229957

An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

**The Application List will open immediately upon registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 22 March 2018 or for such further period or periods as our Directors may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.**

**Details of the procedures for applications to subscribe for the Invitation Shares are set out in “Terms, Conditions and Procedures for Applications and Acceptances”, set out in Appendix K of this Offer Document.**

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## INDICATIVE TIMETABLE FOR LISTING

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### INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and trading in our Shares is set out below for your reference:

<b>Indicative Date and Time</b>	<b>Event</b>
15 March 2018 (immediately upon registration of this Offer Document)	Commencement of Offer
22 March 2018 at 12.00 noon	Close of Application List
23 March 2018	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
26 March 2018 at 9.00 a.m.	Commence trading on a “ready” basis
29 March 2018	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List will be 22 March 2018, the Listing Date is 26 March 2018, the SGX-ST’s shareholding spread requirement will be complied with and the Invitation Shares will be allotted and issued and fully paid-up prior to 26 March 2018. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading.

We, with the agreement of the Sponsor, Issue Manager, Underwriter and Placement Agent, may at our discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Application List is open.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in an English language newspaper in Singapore.

We will provide details of the results of the Invitation (including the level of subscription for the Invitation Shares and the basis of allotment of the Invitation Shares pursuant to the Invitation), as soon as practicable after the closure of the Application List through the channels described in (a) and (b) above.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Invitation Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.

**Investors should consult the SGX-ST announcement of the “ready” trading date on the internet (at the SGX-ST website <http://www.sgx.com>) or in local newspaper(s) in Singapore, or check with their brokers on the date on which trading on a “ready” basis will commence.**



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## PLAN OF DISTRIBUTION

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### **The Invitation**

The Invitation is for 80,770,000 Invitation Shares offered in Singapore comprising 8,900,000 Offer Shares and 71,870,000 Placement Shares for subscription under the Offer and the Placement, respectively at the Invitation Price. The Invitation is managed and underwritten by UOBKH.

Prior to the Invitation, there has been no public market for our Shares. The Invitation Price is determined by us in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent after taking into consideration, amongst others, the prevailing market conditions and estimated market demand for the Invitation Shares determined through a book-building process. The Invitation Price is the same for all the Invitation Shares and is payable in full on application.

In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Invitation Shares to be allotted to any single applicant and/or to allot the Invitation Shares above or under such prescribed limit as we shall deem fit.

Pursuant to the Sponsorship and Management Agreement entered into between our Company and UOBKH as set out in the “General and Statutory Information – Sponsorship, Management, Underwriting and Placement Agreement” section of this Offer Document, our Company has appointed UOBKH and UOBKH has agreed to manage and to act as full sponsor for the Listing and to underwrite the Offer and subscribe for and/or procure subscription for the Invitation Shares. The Sponsor and Issue Manager will receive a management fee for its service rendered in connection with the Listing.

### **Offer Shares**

The Offer Shares are made available to members of the public in Singapore for subscription at the Invitation Price. Members of the public may apply for the Offer Shares by way of printed Offer Shares Application forms or by way of Electronic Applications. The terms, conditions and procedures for applications and acceptance are described in Appendix K of this Offer Document.

An applicant who has made an application for Offer Shares by way of an Offer Shares Application Form may not make another separate application for Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, and approved by the SGX-ST, if required.

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## PLAN OF DISTRIBUTION

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### Placement Shares

The Placement Shares are made available to retail and institutional investors in Singapore who may apply through their brokers or financial institutions by way of the Application Forms. Application for the Placement Shares may only be made by way of Application Forms. The terms, conditions and procedures for applications are described in Appendix K entitled “Terms, Conditions and Procedures for Applications and Acceptances” of this Offer Document.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Pursuant to the Underwriting and Placement Agreement as disclosed in the “General and Statutory Information – Sponsorship, Management, Underwriting and Placement Agreement” section of this Offer Document, we have appointed UOBKH as the Placement Agent and UOBKH has agreed to subscribe for and/or procure subscribers at a placement commission of 3.5% of the aggregate Invitation Price for each Placement Share, payable by our Company. Subject to any applicable laws and regulations, our Company agrees that the Placement Agent may, at their absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

The Underwriting and Placement Agreement is conditional upon, amongst others, the Sponsorship and Management Agreement not being terminated or rescinded pursuant to the provisions of the Sponsorship and Management Agreement.

Subscribers of Placement Shares may be required to pay a brokerage of up to 1.0% of the Invitation Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent as well as stamp duties and other charges.

### Subscription for Invitation Shares

As at the date of this Offer Document, our Independent Directors, Mr Foong Daw Ching, Mr Chan Heng Toong and Ms Lam Shiao Ning have indicated interest to subscribe for and/or purchase 150,000, 750,000 and 100,000 Placement Shares, respectively. In the event that any of such persons are allotted Invitation Shares pursuant to the Invitation, the relevant disclosure will be made in accordance with Rule 428 of the Catalist Rules. As far as we are aware, none of our Independent Directors, Non-Executive Director, members of our Company’s management or employees intends to subscribe for more than 5.0% of the Invitation Shares in the Invitation.

Save as disclosed, to the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5.0% of the Invitation Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5.0% of the Invitation Shares. If such person(s) were to make an application for more than 5.0% of the Invitation Shares pursuant to the Invitation and are subsequently allotted such number of Shares, we will make the necessary announcements at the appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

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## PLAN OF DISTRIBUTION

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No Shares shall be issued and allotted on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

### **Interests of the Sponsor, Issue Manager, Underwriter and Placement Agent**

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “General and Statutory Information” of this Offer Document, our Company does not have any material relationship with the Sponsor, Issue Manager, Underwriter and Placement Agent, in relation to the Invitation:

- (a) UOBKH is the Sponsor, Issue Manager, Underwriter and Placement Agent in relation to the Listing;
- (b) UOBKH will be the continuing Sponsor of our Company for a period of at least three years from the date our Company is admitted and listed on Catalist; and
- (c) pursuant to the Sponsorship and Management Agreement and as part of UOBKH’s fees as the Sponsor and Issue Manager, our Company issued 2,548,658 UOBKH Shares at the Invitation Price to UOBKH representing 0.5% of the issued and paid-up share capital of our Company immediately after the Invitation.

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## OFFER DOCUMENT SUMMARY

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*The following summary is qualified in its entirety by, and is subject to, the more detailed information (including the notes thereto) appearing elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. You should carefully consider all the information presented in this Offer Document, particularly the matters set out in the “Risk Factors” section of this Offer Document before deciding on whether or not to invest in our Shares.*

### OVERVIEW OF OUR GROUP

#### Our Company

Our Company was incorporated in Singapore on 4 October 2017 under the Companies Act as a private company limited by shares under the name of “ayondo Pte. Ltd.”. On 23 February 2018, our Company was converted into a public company limited by shares and our name was changed to “ayondo Ltd.”. Our company registration number is 201728417D. Our Company became the holding company of our Group following the completion of the acquisition of ayondo AG pursuant to the Restructuring Exercise on 23 February 2018. For more information, please refer to the “Restructuring Exercise” section of this Offer Document.

#### Our Business

We are a global Fintech group that provides social trading services and brokerage services to both B2C and B2B clients through our two proprietary platforms, (a) WeTrade for social trading; and (b) TradeHub for self-directed trading. Our Group offers CFD and spread bet trading across different markets and financial products such as forex, commodities, treasuries, indices, cryptocurrencies and shares. We also offer educational and casual trading services via mobile applications through our partners. Through our casual trading applications and educational content, we aim to educate and empower customers and prospects and to democratize the financial retail market via our social trading services.

We consider our Group as one of the Fintech pioneers in Europe which has seized the opportunity arising from emerging digital technologies and changing trends in the financial industry. By combining trading and investment with elements of social media, our Group is disrupting the traditional asset management industry by offering an alternative way to trade and invest through social trading. Social trading represents a fast-growing innovation, with an average growth rate of 213%<sup>1</sup>, which allows traders to share and follow other traders’ trading and investment strategies automatically, proportionally and on a real-time basis. Our WeTrade platform provides information on the traders’ portfolios, their trading performance and track record, the number of followers, risk score and their investment strategies.

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<sup>1</sup> Source: Information extracted from an article entitled “*The Fintech Market in Germany – Final Report 17 October 2016*” by Professor Dr. Gregor Dorfleitner, Jun. and Professor Dr. Lars Hornuf which can also be found at [http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/International\\_affairs/Articles/2016-12-13-study-fintech-market-in-germany.pdf?\\_\\_blob=publicationFile&v=2](http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/International_affairs/Articles/2016-12-13-study-fintech-market-in-germany.pdf?__blob=publicationFile&v=2)

The above organisation or author (as the case may be) has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they, nor any party, have not independently verified the accuracy of the relevant information.

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## OFFER DOCUMENT SUMMARY

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Our Group offers social trading services and brokerage services primarily through our subsidiaries, aPM GmbH and ayondo UK, respectively. ayondo UK is a FCA regulated 730 K firm that provides CFDs brokerage services and carries out trade execution for trades generated by our clients. The social trading services were provided through ayondo GmbH, which was a tied agent of DonauCapital until September 2017. With effect from 4 September 2017, our social trading services are provided through our subsidiary, aPM GmbH, which holds a portfolio management licence issued by BaFin.

Further details are set out in the “General Information on Our Group – Business Overview” section of this Offer Document.

### **Our Mission Statement**

Our Group’s missions and aims are to:

- revolutionise the retail trading and investment space;
- always act with complete integrity and transparency;
- empower our clients by providing the most intuitive, rewarding and innovative execution of financial products in the marketplace;
- create a level playing field by providing a one-stop offering, the best possible service, and unique tools to help our clients become happy and successful investors.

### **Our Competitive Strengths**

Our Directors believe our competitive strengths are as follows:

- Our Group owns award winning proprietary platforms;
- Our Group owns the entire value chain required for revenue generation;
- Our in-house marketing team has a track record of successfully implementing innovative and efficient marketing campaigns;
- We leverage on disruptive technology to deliver services in the Fintech space;
- Our ayondo Account Management System offers customised business intelligence to our white label partners;
- We have an established and experienced management team; and
- We have a scalable business model with a diversified revenue base.

Further details are set out in the “General Information on our Group – Competitive Strengths” section of this Offer Document.

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## OFFER DOCUMENT SUMMARY

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### Prospects

Barring any unforeseen circumstance, our Directors believe that the outlook for our business is expected to remain positive, in view of the following factors:

- Emergence of online brokerage services;
- Potential growth of the social trading market;
- Emergence of mobile trading; and
- Growth in the self-directed trading market.

### Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- Enhance brand awareness and consolidate position as a global Fintech and leading social trading network;
- Increase global market share in social trading space;
- Develop and expand our Group's international reach;
- Expand our white label partners networks;
- Extend the spectrum of customers through education; and
- Enhance existing products and trading platforms.

Further details are set out in the "Prospects, Business Strategies and Future Plans" section of this Offer Document.

### Our Contact Details

Our registered office is located at 36 Armenian Street #02-08 Singapore 179934 and our principal place of business is at 10<sup>th</sup> Floor, Linen Court, 10 East Road, London N1 6AD, United Kingdom. The telephone number for our registered office is +65 6816 9169. The telephone and facsimile numbers for our principal place of business are +44 (0) 20 3330 0865 and +44 (0) 20 7404 7731. Our Company Registration Number is 201728417D. Our website address is [www.ayondo.com](http://www.ayondo.com). **Information contained in our website(s) or any website(s) directly or indirectly linked to our website(s) does not constitute part of this Offer Document and should not be relied upon.**

## OFFER DOCUMENT SUMMARY

### SUMMARY OF OUR FINANCIAL INFORMATION

The following tables represent a summary of the financial highlights of our Group. The data presented in this table is derived from the Audited Consolidated Financial Statements, Unaudited Pro Forma Consolidated Financial Information, and the financial statements and notes thereto which are included elsewhere in this Offer Document. You should read the following summary financial information in conjunction with the full text of this Offer Document, including the Audited Consolidated Financial Statements, Unaudited Pro Forma Consolidated Financial Information and the “Management’s Discussion and Analysis of Results of Operations and Financial Position” sections of this Offer Document for a further explanation of the financial data summarised here.

#### Selected items from the consolidated statements of comprehensive income of our Group

(CHF'000)	← Audited →				
	FY2014	FY2015	FY2016	9M2016	9M2017
Revenue	3,726	11,063	18,886	14,996	14,661
Gross profit	2,249	5,943	9,880	8,343	7,258
Loss before tax	(1,644)	(12,338)	(10,766)	(5,774)	(7,039)
Loss after tax	(1,413)	(11,980)	(10,434)	(5,514)	(6,605)
Loss attributable to equity holders of the Company	(1,132)	(11,483)	(10,223)	(5,426)	(6,600)
<b>EPS immediately before the Invitation (CHF cents)<sup>(1)</sup></b>	(0.3)	(2.7)	(2.4)	(1.3)	(1.6)
<b>EPS immediately after the Invitation (CHF cents)<sup>(2)</sup></b>	(0.2)	(2.3)	(2.0)	(1.1)	(1.3)

**Notes:**

- (1) For comparative purposes, EPS immediately before the Invitation for the Period Under Review has been computed based on the profit attributable to the equity holders of our Company and our Company’s share capital immediately before the Invitation of 419,347,552 Shares.
- (2) For comparative purposes, EPS immediately after the Invitation for the Period Under Review has been computed based on the profit attributable to the equity holders of our Company and our Company’s share capital immediately after the Invitation of 502,666,210 Shares.

## OFFER DOCUMENT SUMMARY

### Selected items from the consolidated statements of financial position of our Group

	← Audited →	
(CHF'000)	As at 31 December 2016	As at 30 September 2017
Non-current asset	35,378	36,423
Current assets	38,688	48,556
<b>Total assets</b>	<b>74,066</b>	<b>84,979</b>
Non-current liabilities	13,479	914
Current liabilities	40,934	71,751
<b>Total liabilities</b>	<b>54,413</b>	<b>72,665</b>
NAV	19,653	12,314
NAV attributable to equity holders of the Company	19,665	12,333
NAV per Share (CHF cents) <sup>(1)</sup>	4.7	2.9

**Note:**

- (1) The NAV per Share has been computed based on the respective NAV attributable to the equity holders of our Company as at 31 December 2016 and 30 September 2017 and our Company's share capital immediately before the Invitation of 419,347,552 Shares.

### Selected items from the unaudited pro forma consolidated statements of comprehensive income of our Group<sup>(1)</sup>

	Unaudited	
(CHF'000)	FY2016	9M2017
Revenue	18,886	14,661
Gross profit	9,880	7,258
Loss before tax	(9,174)	(6,541)
Loss after tax	(8,842)	(6,107)
Loss attributable to equity holders of the Company	(8,631)	(6,102)
<b>EPS immediately before the Invitation (CHF cents)<sup>(2)</sup></b>	<b>(2.1)</b>	<b>(1.5)</b>
<b>EPS immediately after the completion of the Invitation (CHF cents)<sup>(3)</sup></b>	<b>(1.7)</b>	<b>(1.2)</b>

**Notes:**

- (1) Please refer to the Unaudited Pro Forma Consolidated Financial Information for the basis of preparation of the pro forma consolidated financial information of our Group.
- (2) For comparative purposes, our EPS immediately before the Invitation for the Period Under Review have been computed based on loss attributable to equity holders of the Company and our Company's share capital immediately before the Invitation of 419,347,552 Shares.
- (3) For comparative purposes, our EPS immediately after the Invitation for the Period Under Review have been computed based on loss attributable to equity holders of the Company and our Company's share capital immediately after the Invitation of 502,666,210 Shares.



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## OFFER DOCUMENT SUMMARY

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### Selected items from the unaudited pro forma consolidated statements of financial position of our Group<sup>(1)</sup>

	Unaudited	
	As at 31 December 2016	As at 30 September 2017
<b>(CHF'000)</b>		
Non-current assets	35,378	36,423
Current assets	40,277	49,854
<b>Total assets</b>	<b>75,655</b>	<b>86,277</b>
Non-current liabilities	747	914
Current liabilities	39,911	56,991
<b>Total liabilities</b>	<b>40,658</b>	<b>57,905</b>
NAV	34,997	28,372
NAV attributable to equity holders of the Company	35,009	28,391
NAV per Share (CHF cents) <sup>(2)</sup>	8.3	6.8

**Notes:**

- (1) Please refer to the Unaudited Pro Forma Consolidated Financial Information for the basis of preparation of the pro forma consolidated financial information of our Group.
- (2) The NAV per Share has been computed based on the respective NAV attributable to the equity holders of our Company as at 31 December 2016 and 30 September 2017 and our Company's share capital immediately before the Invitation of 419,347,552 Shares.

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## THE INVITATION

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- Invitation size** : 80,770,000 Invitation Shares offered in Singapore comprising 8,900,000 Offer Shares and 71,870,000 Placement Shares.
- The Invitation Shares will, upon issue and allotment, be free from all pre-emption rights, charges, liens and other encumbrances, and will rank *pari passu* in all respects with the existing issued Shares.
- Invitation Price** : S\$0.26 for each Invitation Share, payable in full on application.
- The Offer** : The Offer comprises an Offer by our Company to the public in Singapore to subscribe for 8,900,000 Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document.
- The Placement** : The Placement comprises a placement of 71,870,000 Placement Shares at the Invitation Price, subject to and on the terms and conditions of this Offer Document.
- Re-allocation** : The Invitation Shares may be re-allocated between the Offer and the Placement at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent (in consultation with our Company), subject to any applicable laws and regulations including the minimum distribution shareholding spread requirements of the SGX-ST.
- Purpose of the Invitation** : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and internationally and enable us to raise funds from the capital markets to fund our business growth.
- The Invitation will also provide members of the public, our management, employees and our business associates, and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.
- Listing status** : Prior to the Listing, there had been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.
- Risk factors** : Investing in our Shares involves risks which are described in the “Risk Factors” section of this Offer Document.
- Use of Proceeds** : Please refer to the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

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## RISK FACTORS

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*Prospective investors should consider carefully and evaluate the following risk factors (which are not intended to be exhaustive) and all other information contained in this Offer Document, before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares. The following describes some of the significant risks known to us now that could directly or indirectly affect our Company and your investment in, or the value or trading price of, our Shares. The following does not state risk unknown to us now but which could occur in future and risks which we currently believe to be immaterial, which could turn out to be material. Should such risks occur or turn out to be material, they could materially and adversely affect our business.*

*You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties. Please refer to the “Cautionary Note Regarding Forward-Looking Statements” section of this Offer Document. If any of the following risk factors and uncertainties develops into actual events, our business, financial condition or results of operations or cash flows or prospects may be materially and adversely affected. In such circumstances, the trading price of our Shares could decline due to any of these risk factors, and investors may lose all or part of their investment in our Shares. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgment in our Group have been set out below.*

### **RISKS RELATING TO OUR BUSINESS OR OUR INDUSTRY**

***We have a history of losses and negative cash flow and our business may remain unprofitable and may require additional financing***

Our Group has been loss-making and had net losses of CHF1.6 million, CHF11.6 million, CHF9.7 million and CHF7.9 million respectively for FY2014, FY2015, FY2016 and 9M2017. We also had negative operating cash flow of CHF7.4 million, CHF1.8 million, CHF5.5 million and CHF2.8 million respectively for FY2014, FY2015, FY2016 and 9M2017. Further, our Group is in a net current liabilities position of CHF2.2 million and CHF23.2 million as at 31 December 2016 and 30 September 2017. We expect the operating expenses to increase in the future in connection with the continued development and expansion of our business operations. Furthermore, subsequent to Listing, we will incur additional legal, accounting, and other expenses which are not incurred as a private company. There can be no assurance that we will be able to expand our business and secure sufficient clients for our products and services to generate significant revenue and to attain profitability, or if attained, there can be no assurance that we will be able to sustain the profitability. In addition, we may continue to experience negative operating cash flow. In the event the revenue generated from our Group’s operations prove insufficient for our working capital and expansion plans, we may need to access the capital markets for debt or equity financing to fund future capital expenditure. Additional financing may result in a dilution to the shareholdings of the holders of the Shares. There is no assurance that our Group will be able to obtain any additional financing on terms that are acceptable to our Group or at all. If our Group is unable to obtain such financing, our financial performance may be materially and adversely affected.

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***We have a limited operating history and a new business model, which makes it difficult to evaluate our future prospects***

Although ayondo UK (formerly known as Gekko Global Markets Limited) has been operating since 2008, we began our commercial operations as a group in April 2014. We have a short operating history and a new business model, which makes it difficult to evaluate the viability and sustainability of our businesses. Accordingly, we believe that investors' future perceptions and expectations, which can be idiosyncratic and vary widely, and beyond our control, will affect the share price. Investors should consider the business and prospects in light of the challenges we face.

***Our risk model has a limited track record and it has limitations***

ayondo UK recognises the operational limitations of quantifying market risk and has constructed an internal value-at-risk ("VaR") market risk model as a result. This risk model is known as the Global Risk Model. Please refer to the "Risk Management Systems" section of this Offer Document for more information on the Global Risk Model. The Global Risk Model utilises a high degree of correlation offset, particularly within the equity (index and single stock) asset class.

Although the Global Risk Model uses a high confidence interval level of 99% over a two-day period which to the best of the Directors' knowledge and belief, is in line with market practices, a loss that falls outside such confidence interval and exceeds that as stated by the Global Risk Model could be caused by an unforeseen large geopolitical event or terrorist attack and the actual loss could be several magnitudes larger than that forecasted by the Global Risk Model. Notwithstanding that the Global Risk Model has operated over various high volatility events over the last seven years with effective results, such as the UK's exit from European Union, the United States presidential election 2016, the Swiss National Bank's removal of currency peg in 2011, and the Greek debt crisis between 2009 and 2016, there is no assurance that the Global Risk Model will be able to accurately predict market movements and risk arising from such unforeseen severe market risk which may negatively affect our business and financial position.

***We may incur losses as a result of market risk***

We inherit risk from the positions taken by our clients. We manage these exposures on an intra-day basis as trading flows naturally aggregate and net off some of these positions. We hedge the residual exposure but do not hedge all customer positions. For example, our book revenue which is revenue arising from customer positions are not hedged. As such, we may periodically inherit large position concentrations in particular currencies, commodities and other financial instruments, which could potentially lead to market losses. While we manage market risk by identifying situations where there is potential high exposure to market risk and executing hedge trades in the underlying market, there can be no assurance that these tools will at all times be able to successfully manage our market risk. Furthermore, hedges that we put in place may not be perfect hedges against our risk exposure, and as a result may not entirely offset our market losses. In addition, client positions which are not hedged mean that if the market moves against us, a market loss could be incurred. Notwithstanding that, during the Relevant Period, we have not experienced an inability to manage our market risk that resulted in a material adverse impact to our business and financial performance, there is no assurance that we would be able to successfully manage our market risk in the future. Any inability of our Group to manage our market risk could have a material adverse effect on our business and financial performance.

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### ***We may incur losses as a result of liquidity risk***

Although we monitor our broker, liquidity and regulatory capital requirements in real time, we may suffer losses if we are unable to rely on our relationships with banks, regulated brokers and other financial institutions to manage our liquidity and regulatory capital requirements. For example, one or more of our banks or brokers could increase the margin requirement on the instruments that we use to hedge. If this was to occur, it could impact our available liquidity, which could lead to our Group becoming unable or restricted in our ability to meet trading or regulatory capital requirements. Notwithstanding that, during the Relevant Period, we have not experienced an inability to manage our liquidity risk that resulted in a material adverse impact to our business and financial performance, there is no assurance that we would be able to successfully manage our liquidity risk in the future. Any inability to manage liquidity risk generally could have a material adverse effect on our business and financial performance.

### ***We may incur losses as a result of credit risk***

To trade in our products, customers are required to deposit sufficient funds with us in order to cover the minimum margin requirements required by applicable regulations and/or established by our Group for the relevant products. The level of margin posted may not be sufficient to cover losses, in particular where the market moves significantly in a short period of time, resulting in a credit loss to our Group. We utilise several tools to manage customer credit risk, such as increasing margin requirements where customers are required to pay higher margins as a result of perceived concentration risk and automated liquidation where all positions opened by the customer will be closed and liquidated and the customer's account will also be automatically suspended once account value levels drop to pre-determined thresholds. However, there can be no assurance that the risk management tools will be effective during periods of significant market volatility. Notwithstanding that, during the Relevant Period, we have not experienced an inability to manage our credit risk that resulted in a material adverse impact to our business and financial performance, there is no assurance that we would be able to successfully manage our credit risk in the future. In the event of any inability to manage credit risk, we may incur bad debt expenses as customers are unable to make payments to cover their losses entirely and would have a material adverse effect on our business and financial performance.

### ***We could be negatively affected by a significant macroeconomic or geopolitical market event***

A sudden or extreme macroeconomic or unexpected geopolitical event could significantly increase our market, liquidity or credit risk. For example, in January 2015 when the Swiss National Bank unexpectedly ended its policy of maintaining an artificial minimum exchange rate between the Swiss Franc and Euro, the Swiss Franc significantly appreciated within minutes of the announcement (the "**Swiss Bank Event**"). The Swiss Bank Event precipitated the insolvency of certain foreign exchange trading companies and it resulted in increased bad debts for many industry participants. Any extreme market event (whether economic or political in nature) in the future could have a material adverse effect on our Group's business, prospects, financial condition and results of operations.

### ***We may incur losses as a result of cryptocurrencies products we offer on our platforms***

Cryptocurrencies are a form of digital currencies that typically functions as a medium of exchange, a unit of account or a store of value and may be used as a means to pay for goods and services. Cryptocurrencies is in a new and rapidly evolving industry and has seen extreme price volatility.

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For example, Bitcoin has risen from approximately US\$1,012<sup>1</sup> on 2 January 2017 to US\$14,311<sup>1</sup> on 29 December 2017. Cryptocurrencies may continue to experience volatile price swings in the future. While we manage our risk involving cryptocurrencies by identifying situations where there is potential high exposure to market risk relating to cryptocurrencies and executing hedge trades in the underlying market, there can be no assurance that these tools will at all times be able to successfully manage our risk relating to cryptocurrencies. Furthermore, hedges that we put in place may not be perfect hedges against our risk exposure, and as a result, may not entirely offset our market losses. In addition, client positions in cryptocurrencies which are not hedged mean that if the market moves against us, a market loss could be incurred. Any inability of our Group to manage our risk relating to cryptocurrencies could have a material adverse effect on our business and financial performance.

### ***High dependency on information technology in the administration of our business***

We rely on our own proprietary platforms which are highly dependent on technology and communication systems to provide reliable, real-time access to our services and products, to manage customers and to provide trade functionalities. Any damage, malfunction, breakdowns or interruption of our information technology systems or networks either as a one-off event or repeatedly could result in adverse publicity and reputational damage to our business or could also cause our Group to materially breach our contracts with our suppliers and customers.

We have experienced short-term outages in the past. Our systems and networks may also fail as a result of other events, including but not limited to:

- fire, flood or natural disasters;
- power or telecommunications failure;
- cybercrimes, including security breaches or denial of service attacks;
- viruses or defects in our software or hardware; or
- acts of war or terrorism.

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<sup>1</sup> The information have been extracted from information published by Bloomberg L.P.. Bloomberg L.P. has not consented, for the purposes of section 249 of the SFA, to the inclusion of the information quoted in this section, and is therefore not liable for such information under sections 253 and 254 of the SFA. While the reasonable actions have been taken to ensure that the information attributed to Bloomberg L.P. is extracted accurately and has been reproduced in its proper form and context, none of the Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of such information or verified the accuracy of the contents of the relevant information.

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We periodically upgrade our existing systems, and problems implementing these upgrades may lead to delays or loss of services to our client, as well as interruption to our business. In addition, any security breach could expose our Group to claims from our suppliers or customers or subject our Group to disciplinary action by regulatory authorities. While we have disaster recovery procedures in place designed to mitigate the risks above, there can be no assurance that these recovery procedures will account for and protect against all eventualities, or that they will be effective in preventing any interruption to our operations and systems. In addition, we utilise backup operational sites in the event our primary systems fail, but there can be no assurance that we will be able to successfully or promptly migrate the necessary systems in the event of an emergency or outage. Any system failures could result in reputational damage, including a loss of confidence by customers in our services, a loss of clients and potential liabilities.

In addition, our proprietary platforms are internet-based and we offer products and services via the internet which are not controlled by any single entity or regulated by a single jurisdiction. Our proprietary platforms and provision of services over the internet exposes our Group to cyber risks including security and hacking threats. All these risks mentioned above may materially and adversely affect our business and financial performance.

***We may not be able to keep pace with rapid technological changes as well as changes in customers' requirements and preferences, including trading platform design and functionality***

We believe that our technology system attributes to our competitive advantage relative to other market participants and in order to remain competitive, we need to continuously develop and redesign our technology system. If our competitors develop more advanced technologies, we may be required to devote substantial resources to the development of more advanced technology to remain competitive. In doing so, there is an ongoing risk that failures may occur and result in service interruptions or other negative consequences, such as slower quote aggregation, slower trade execution, erroneous trades, or mistaken risk management information. Any disruption or corruption of our technology or our inability to remain technologically competitive in the industry could negatively affect our business and financial performance.

***Our risk management policies may not be effective or may be violated***

The success of our business is dependent on our risk management policies, including but not limited to, anti-money laundering, corruption, financial crime, financial risk, fraud, IT and security, as well as the amount of risk we are willing or able to take. The design and implementation of our policies used to identify, monitor and control risk may not be effective. Our risk limitation methods rely on a combination of industry standard practices, observation of historical market behaviour and human supervision. As such, our risk limitation methods, procedures and practices are subject to human error, technological failure and competitive pressures. There can be no assurance that we will set the risk limitation parameters accurately or that our testing and quality control practices will be effective in preventing technical software or hardware failure or that our employees will accurately or appropriately apply our risk limitation procedures. In addition, we may adjust our trading and risk management strategies in order to remain competitive by achieving optimal outcomes with respect to our risk management and revenue. Our Group may adjust our trading and risk management strategies via adjusting the level of market risk our Group wishes to retain and/or the risk limit in accordance with our risk strategy that has been approved by the Board. Our Group typically adjusts our trading and risk management strategies to adapt to the prevailing market conditions, taking into consideration several factors, including but not limited to (i) correlation between the various asset classes; (ii) any potential concentration risk; (iii) whether the exposure is on an intra-day or overnight basis; and (iv) the liquidity and volatility

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for each of the asset class. However, these trading and risk management strategies may not deliver an optimal outcome. Further, our risk management model has not been reviewed comprehensively by an external review. Nonetheless, our internal auditors have reviewed the risk management practices and the relevant policies during the course of the internal control review and based on the internal control and follow-up review performed by our internal auditors, nothing has come to their attention that the internal controls are not adequate and effective in addressing the financial, operational, compliance, information technology controls and risk management systems of our Company. There can be no assurance that our risk management model will predict future risk exposures effectively or continue to be effective in guarding against risks in the event of rapid growth or unforeseen market development and may not be effective in identifying and mitigating the key risks. In addition, some of our risk management methods are based on an evaluation of information regarding markets, customers and other matters that are based on assumptions that may not be accurate. A failure of our Group to manage our risks effectively could materially and adversely affect our business, operations and financial performance.

We are also exposed to potential losses due to fraud, misconduct and breaches of our terms of business by our customers, counterparties, employees or third parties. For example, people may impersonate customers to engage in fraudulent activities, including the improper use of legitimate customer accounts and our employees may engage in unapproved trading activity or otherwise attempt to defraud our Group. Such activities may be difficult to prevent or detect, and our internal policies to mitigate these risks may be inadequate or ineffective. Notwithstanding that, during the Period Under Review, we have not experienced any incidents where our risk management policies are ineffective or were violated which resulted in a material adverse impact to our business and financial performance, there is no assurance that our risk management policies will be effective or would not be violated in the future. Any occurrence of such activities could have a material adverse effect on our business, operations and financial performance. During the Relevant Period, our Group has not been subject to any inspections or reviews by the relevant regulatory authorities and has not encountered any incidents where our risk management policies are ineffective or being violated.

***We may be required to increase our capital buffers to meet the capital adequacy requirement***

Our Group is required by the FCA, in accordance with requirements under the EU Capital Requirements Directive and the Capital Requirements Regulation (together “**CRD IV**”), to maintain what are generally described as minimum levels of regulatory capital on a consolidated and solo basis, including certain new capital buffers under CRD IV. ayondo UK is required under the rules of the FCA to calculate its capital requirement on a daily basis by calculating its risk in three primary areas, namely operational risk, credit risk and market risk. In calculating market risk, ayondo UK uses the basic indicator approach as opposed to more complicated and costly approaches which are usually used by larger institutions. ayondo UK’s methodology may not recognise the risk offset between two assets and therefore, there could be a potential increase in its market risk and ayondo UK will be required to increase its capital buffers. During the Relevant Period, our Group has increased our capital buffers to increase our CET 1 Capital Ratio. There is no assurance that our Group is able to raise additional capital in the future to meet the capital adequacy requirement. Any inability of our Group to manage our market risk or to increase our capital buffers could have a material adverse effect on our business and financial performance. Please refer to “General Information on Our Group – Capital Adequacy Requirements” section of this Offer Document for further details.



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***High dependency on customer activity and product demand, which may be affected by market volatility and other factors outside of our control***

Our business depends on customer activity and demand for our products. Periods of high volatility in financial markets typically increase customer demand for our products. Conversely, in period of low market volatility, customer activity will decrease due to a perceived lack of attractive trading opportunities for customers. Regardless of market volatility, there can be no assurance that demand for our products will grow or continue at current levels. If customers' preference changes due to negative publicity, political factors, changes in laws or regulations that impose restrictions on their trading or tax treatment, or for any other reason, our business would be negatively affected. The market volatility and other additional factors outside of our control, for instance, declines in the disposable income of customers, may cause a decline in customer activity, which could have a material adverse effect on our business and financial performance.

In addition, our financial performance may fluctuate from period to period due to level of customer activity and demand for our products. As a result, period to period comparisons of our financial performance may not be meaningful, and future revenues and profitability may be subject to significant fluctuations or declines.

***Our Group is dependent on our B2B partners for part of our revenue and is exposed to certain risks resulting from our relationships with our B2B partners***

Through our B2B partners, we offer access to certain customers and geographies to whom and in which we otherwise might not offer our products. We are dependent on our relationship with our B2B partners for part of our revenue. If any of our B2B partners terminates the agreement with our Group or decides not to contract with our Group in the future, we may be unable to obtain agreements on comparable terms and we could suffer a loss of revenue that could adversely affect our business, financial condition, results of operations and prospects.

In addition, our relationships with our B2B partners expose our Group to a variety of risks. In some instances, we do not engage directly with end-customers for their day-to-day account services and we rely on our B2B partners to interact with customers and to service their needs. Our Group is responsible for the customer due diligence for all end clients onboarded by our Group except for those end clients derived from our Group's omnibus white label partners. For the end clients derived by our Group's omnibus white label partners, our Group relies on the customer due diligence performed by the omnibus white label partners and our Group contracts directly with the omnibus white label partners and our customer due diligence requirements are limited to the omnibus white label partners, not the end clients of such omnibus white label partners. The omnibus white label partners are responsible for complying with the customer due diligence requirements in the relevant local jurisdictions. As at the Latest Practicable Date, KGI Fraser Securities Pte. Ltd. ("KGI") is the only such omnibus white label partner contracted to our Group. To the best of the Directors' knowledge and belief, KGI is subject to equivalent requirements to perform customer due diligence under the relevant regulations in Singapore. As a result, we are exposed to potential reputational and litigation risk resulting from the interactions between our B2B partners and their clients that we may not approve or of which we are unaware.

In addition, we have limited authority to audit our B2B partners' regulatory (where applicable) or legal authorisations, and we rely on contractual and other assurances that each B2B partner has the necessary authorities and status to conduct its operations in a particular jurisdiction. As we typically utilise white label partners in jurisdictions in which we do not otherwise operate, changes to local law could prohibit our Group from working with these white label partners and force our Group to seek authorisation in a particular jurisdiction or risk losing certain customers.

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Notwithstanding that, during the Relevant Period, we have not experienced any incidents where there is a change to the local law that prohibit our Group from working with our white label partners or require our Group to see authorisation in any particular jurisdiction which resulted in a material adverse impact to our business and financial performance, there is no assurance that there would not be a change to the local law in the future. Any of these issues or changes in relevant jurisdiction relating to third-party relationships could have a material adverse effect on our business, operations and financial performance.

***Our Group is exposed to certain risks resulting from our relationships with our tied agents***

Three of our B2B partners, namely BUX BV, CFDs.com and Continental Markets Trading are also tied agents of ayondo UK which introduce potential customers to our Group. In regard to BUX BV, we do not engage directly with end-customers for its day-to-day account services and we rely on our tied agents to interact with customers and to service their needs. As a result, we are exposed to potential regulatory, reputational and litigation risk resulting from the interactions between our tied agents and their clients that we may not approve or of which we are unaware. In the event the tied agent acts in a non-compliant manner, our Group may terminate such relationship at its discretion. In addition, we rely on our tied agents to ensure compliance with the applicable law and regulations in the jurisdictions in which they operate. Please refer to the “Risk Management Systems” section of this Offer Document for more details. Notwithstanding our monitoring programme and oversight of the tied agent’s regulatory obligations, if there are changes or issues in the relevant jurisdiction and our tied agents are unable to adapt or make changes in a timely manner, our tied agents may not be in compliance with the laws and regulations in the relevant jurisdictions. As a result, ayondo UK will be exposed to potential disciplinary actions by the FCA and such disciplinary actions could have a material adverse effect on our business, operations and financial performance. Notwithstanding that, as at the Latest Practicable Date, we have not experienced any incidents where our tied agents are not in compliance with the laws and regulations in the relevant jurisdictions that resulted in a material adverse impact to our business and financial performance, there is no assurance that our tied agents would be in compliance with the laws and regulations in the relevant jurisdictions in the future. Further, any termination of our relationship with our tied agents and we are unable to find substitutions in a timely matter, we face the risk of losing certain customers, which will affect our Group’s business and financial performance.

***High dependency on the key management, as well as experienced and capable key employees***

Our business is dependent upon the continued service of our key executives and employees. Our continued success and growth will depend on our ability to retain the services of our key executive and employees. If we lose the services of any member of the key management or any key employees, we may not be able to locate a suitable or qualified replacement, and may incur additional expenses to recruit and train a replacement which may have a material adverse effect on our business, operations and financial performance.

***We may be unable to attract new Active Clients or retain current Active Clients***

Our profitability and growth depends on increasing the quantity and value of our customer base in a cost-effective manner. We spend significant financial resources on marketing including offering a range of educational and promotional events and tools. In addition, we offer significant rebates to certain B2B partners to help maintain existing relationships and incentivise additional

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client activity. There is no assurance that these marketing efforts will be successful and any inability to attract or retain Active Clients in a cost-effective manner, or at all, could negatively affect our business and financial performance.

***Our metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in these metrics may have a material adverse effect on our business and financial performance***

We regularly review metrics, including the average number of Active Clients per month, number of client transactions and transactional revenue per Active Client, to evaluate growth trends, monitor business performance and make strategic decisions. These metrics are calculated using internal company data and have not been validated by an independent third party. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring certain metrics. For example, there may be individuals who have multiple accounts in violation of our terms of service, despite our efforts to detect and suppress such behaviour. We regularly review and may adjust our processes for calculating these metrics to improve their accuracy. In addition, the number of Active Clients may differ from estimates published by third parties due to differences in methodology.

Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of average number of Active Clients were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies.

***Our business may be affected by the inability to protect or enforce our intellectual property rights***

Our ability to compete in the markets in which we operate depends partly upon our intellectual property, including any proprietary software. We rely on trademarks, trade secrets and copyright as well as licence agreements and other contractual provisions to protect our intellectual property and proprietary rights. Please refer to the "Intellectual Property" section of this Offer Document for more details of our intellectual property. There is no assurance that any steps taken by our Group to protect our intellectual property rights are adequate. It may be possible for third parties to unlawfully pass-off our trademarks, platforms or services as theirs or we may unknowingly infringe the intellectual property rights of third parties. Intellectual property litigation for enforcing our intellectual property rights and defending any infringement claims made against our Group could be costly and could have a negative effect on our business, operations and financial performance.

We have no registered intellectual property rights over the source code of our proprietary platforms as intellectual property protection of source code in itself arises automatically upon creation and expression in a tangible form, as copyright. There is no assurance that such copyright protection will be adequate to withstand a challenge to our ownership and the originality of such source code. Although we believe it would be difficult to re-create our proprietary platforms, there is also no assurance that our source code will not be copied, reverse engineered, or de-compiled by our customers for whom we provide customisable platforms or anyone who is granted or otherwise obtaining and using our platforms without authorisations. Policing unauthorised use of proprietary information is complex and expensive and we may not be able to detect and prevent infringement or loss of our intellectual property. Any inability to keep our source code confidential could have a material adverse effect on our business, operations and financial performance.

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We have registered and currently own the exclusive right to use domain names relating to our business. Please refer to “Intellectual Property” section of this Offer Document for more information on our domain names. The registration of such domain names requires period renewal. There is no assurance that we will be able to register domain names that have or may become relevant to our business. In addition, we may be unable to prevent third parties from acquiring and using domain names that infringe or otherwise decrease the value of our intellectual property and other proprietary rights albeit that we are allowed to pursue proceedings for infringement of our intellectual property rights. Failure to renew and/or protect our domain names and an inability to register domain names that have or may become relevant to our business could adversely affect our business and make our website more difficult to locate or access. This could have a material adverse effect on our business, operations and financial performance.

During the Relevant Period, our Group has not experienced any infringement of our intellectual property rights, unauthorised use of our platforms or inability to renew, protect our domain names or to register domain names that have or may be relevant to our business that resulted in a material adverse impact to our Group’s business and financial performance.

***Internet-related issues may reduce or slow the growth in the use of our services in the future***

Critical issues concerning the commercial use of the Internet, such as ease of access, security, privacy, reliability, cost, and quality of service, remain unresolved and may adversely impact the growth of Internet use. If Internet usage continues to increase rapidly, the Internet infrastructure may not be able to support the demands placed on it by this growth, and its performance and reliability may decline. The recent growth in Internet traffic has caused frequent periods of decreased performance, outages and delays. Although our larger institutional customers use leased data lines to communicate with us, our ability to increase the speed with which we provide services to consumers and to increase the scope and quality of such services is limited by and dependent upon the speed and reliability of our customers’ access to the Internet, which is beyond our control. If periods of decreased performance, outages or delays on the Internet occur frequently or other critical issues concerning the Internet are not resolved, overall Internet usage or usage of our web based products could increase more slowly or decline, which would cause our business, results of operations and financial condition to be materially and adversely affected.

***We may not be able to successfully implement our future plans***

We have identified some plans to be carried out in the near future as set out in “Prospects, Trend Information, Strategy and Future Plans” section of this Offer Document, which involve numerous risks, including but not limited to, the incurrence of working capital requirements and will require substantial capital expenditure and financial resources. There is no assurance that these initiatives undertaken will achieve revenue that will be commensurate with our investment costs or that we will be successful in attracting more customers. If we fail to manage our operating costs or achieve a sufficient increase in revenue, we will not be able to recover our investment and our operations and future financial performance would be adversely affected.

***Our Group seeks opportunities for growth through acquisitions, joint ventures, investments and partnerships, which may not be successful***

We have grown our number of clients substantially in recent years. Such growth is mainly derived from white label partners in line with our strategic expansion plan. There is no assurance that we can sustain such growth, or retain the clients or to meet anticipated growth. We may seek

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opportunities for growth through strategic alliances, acquisitions, joint ventures, investments and partnerships that our Group may enter into, which may expose our Group to additional business and operational risks or uncertainties, including but not limited to the following:

- inability to effectively integrate with the partnership;
- inability of our Group to exert control over the actions of our joint venture partners, including any non-performance, default or bankruptcy of the joint venture partners;
- time and resources expended to coordinate internal systems, controls, procedures and policies;
- risk of entering markets that our Group may have no or limited prior experience or dealing with new counterparties;
- risk that an investment or acquisition may reduce our Group's future earnings; and
- exposure to unknown risk and liabilities.

The commencement of our business in other jurisdictions may expose our Group to the risks related to a new business venture as well as to the risks of operating in a new jurisdiction that has economic, legal and regulatory conditions that are different from the existing jurisdictions that we currently operate in. Accordingly, there is no assurance of our success and the sustainability of our business in the other jurisdictions. Inability to adapt or understand our operations to the new market could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to successfully implement our growth strategy or are unable to address the risks associated with our acquisitions, joint ventures, investments and partnerships, or if we encounter unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration between partnerships or strategic alliances, or fail to achieve acquisition synergies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

### ***Our Group operates in a highly competitive industry***

The online retail trading business in which we operate is very competitive, involving a large number of market participants, and it is expected that competition will continue to intensify in the future. While we believe that there are no dominant players with an independent investment platform similar to those of our Group which serves both B2B and B2C markets, we do face competition from existing investment platform providers who compete with our Group in certain aspects of our business and new investment platform service providers. If we are unable to compete effectively and successfully against new entrants and existing competitors, our business and financial performance could be adversely affected. Please refer to "Competition" section of this Offer Document for more details on competition.

We may not be able to compete effectively with our competitors which may have greater financial, technical and marketing resources, stronger public relations expertise and longer operating track records than our Group. These competitors may also have the ability to offer more competitive pricing, adapt quicker to new or emerging technologies, respond faster to changes in customer preferences and devote more resources to the promotion of their investment products and/or services than our Group.

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In addition, our platforms are a substantial part of our business and we have to continue to develop and enhance our platforms in order to remain competitive. Such development or enhancement may require our Group to acquire additional equipment and software and engage independent consultants and developers. There is no assurance that we will be able to continue to design, develop and maintain competitive platforms in a cost-effective manner and in the event of any inability to do so, we would face the risk of our customers migrating to alternative services provided by our competitors with superior technologies or competitive pricing resulting in our business and financial performance being negatively affected.

***Our business model may be replicated quickly by other companies as well as traditional brokerage firm and other financial institutions aiming to engage in our business***

The leading online CFD trading companies have experienced the fast-moving internet development globally in the recent years and have demonstrated strong capacities in business development and innovation. Our Group operates in an emerging industry, and we may be exposed to unprecedented uncertainties and risk. As such, companies intending to expand in the market may be able to study and learn from our experiences and development from our operations. These companies also may have more resources to enter into the business. Given the large amount of strong capacity of technological development the leading online CFD trading companies have, we believe it is possible that the cycle of business development and growth of those companies might be shorter than ours. In addition, the traditional brokerage firm and other financial institutions may enter the social trading market in order to take advantage of the soaring opportunities emerged from online ecosystems. Considering those companies' strong abilities in capturing customer data and promoting their products through their existing channels, we may face severe competition in the near future from these potential competitors.

***We are exposed to foreign exchange risks***

As a result of the geographic diversity of our business, we are affected by changes in foreign currency rates. A significant portion of our trading income is generated in GBP and our reporting currency is CHF. Any material depreciation of GBP can affect the value of our trading income. We also allow our clients to open an account in various currencies which could result in foreign exchange exposures. We may be unable to fully hedge some of our trading positions in certain currencies and may not always obtain funding in all the currencies we require. As a result, material fluctuations in currencies, to the extent exposures are not hedged, could have a material adverse effect on our business, prospects, financial condition. Please refer to "Management's Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Exposure" section of this Offer Document for more details.

***We could be negatively affected by macroeconomic conditions***

Our performance is subject to economic conditions and any sudden macroeconomic event could significantly increase our market, liquidity or credit risk. These macroeconomic factors include:

- legislative and regulatory changes;
- economic and political conditions in the UK, USA, continental Europe and elsewhere in the world;
- concerns about terrorism and war;
- the level and volatility of equity, cryptocurrency and commodity markets;

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- the level and volatility of interest rates and foreign currency exchange rates;
- concerns over inflation and changes in institutional and consumer confidence levels; and
- the disposable income of our clients for spending on our product offerings.

In recent years, the financial markets have been adversely affected by acts of war, terrorism and other armed hostilities. These or similar acts have in the past increased or prolonged, and may in the future increase or prolong, negative economic conditions which could have a material adverse effect on our business and financial performance.

### ***Vulnerability to complaints received by our Group***

Due to the high volume of trades done daily across several jurisdictions on our proprietary platforms, we receive complaints from our customers from time to time, including matters arising from technical difficulties or service delivery relating to our online trading business. We rely on the smooth operation of our proprietary platforms to deliver our services which are in turn highly dependent on our technology and communication systems. During the calendar year of 2016, we received 18 complaints relating to technical difficulties and service delivery, none of which are material nor have developed into any claims. There is no assurance that the number of complaints against our Group will not increase significantly, and that none will develop into claims in the event that the trade volume across the proprietary platforms of our Group expands in the future. Should this arise, we will have to incur more time and resources in managing these complaints and may also incur financial costs in relation thereto.

### ***Our insurance coverage may not be adequate***

While we maintain insurance at a level we believe is appropriate against risks commonly insured in the industry, there is no assurance that such insurance policies will compensate our Group for all potential losses or that our insurers will pay out on our claims. In addition, there can be no guarantee that we will be able to obtain the desired levels of insurance coverage on acceptable terms in the future or that claims made are paid out in a timely manner. There are also certain risks which may be uninsurable or uneconomic to insure, for instance acts of war and acts of terrorism. If such events were to occur, our business and financial performance may be adversely affected.

### ***We may be affected by claims in respect of non-execution or delay in execution of customers' transactions***

The principal business of our Group is our proprietary platforms for our products. Customers utilise WeTrade in the case of social trading or TradeHub in the case of self-directed trading to carry out transactions of financial investment products. Any inability of WeTrade or TradeHub (as the case may be) to execute, or if there is a delay in executing the customer's transactions of financial investment products, we will be exposed to potential claims from our customers. As at the Latest Practicable Date, we have not received any material claims in respect of non-execution or delay of customers' transactions. Notwithstanding so and while we are protected from such claims through disclaimers of liability, there can be no assurance that such disclaimers will adequately protect our Group from such claims. If we are subject to such claims, our business, operations and financial performance may be adversely affected.

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***Inability to renew our contracts for or failure of certain third party systems on which we rely on could adversely affect our business***

Our operations rely on the products and services of certain third party service providers. For instance, we have existing contracts with TXIO Corporation and Klug & Milke GmbH relating to the underlying system of our TradeHub platform and our Account Management System respectively. Any interruption in these third party systems, or deterioration in their performance, could be disruptive to our business. Further, there can be no guarantee that these third party service providers will be able to meet our needs or continue to provide services in an efficient, cost-effective manner, or at all. We pay fees to these providers of information in connection with our business. Whilst we have entered into licence and service agreements with several providers, there can be no guarantee that current licence fees are any indication of the future fees that may be levied or that licences may be renewed in the future. In addition, if these service providers terminate their contracts with our Group and we cannot replace them with alternative suppliers in a timely fashion and on favourable commercial terms, it could impair the quality of, or make it impossible for our Group to deliver our services. In the event of termination of the agreement with TXIO Corporation, our Group believes that it will take around six months to switch from the underlying system of our TradeHub platform to another comparable system and we do not expect such switch to have a significant impact on our Group's operations. Notwithstanding that, during the Relevant Period, we have not experienced an inability to renew our contracts with our third party service providers, any interruption in these third party systems or deterioration in the third party system performance that resulted in a material adverse impact to our Group's business and financial performance, there is no assurance that our Group is able to renew our contracts with our third party service providers, will not experience any interruption in these third party system or deterioration in the third party system performance in the future. Any inability to renew our contracts for or failure of certain third party systems on which we rely on would have a material adverse impact to our Group's business and financial performance.

***Our business is highly dependent on the proper functioning and improvement of our information technology systems and infrastructure as well as our Group's internal control system***

We will be required to maintain disclosures of effectiveness of our internal control procedures. We had previously identified material weaknesses in our internal control and have since implemented and addressed all recommendations to the satisfaction of both the internal auditors and the reporting accountant. Although all recommendations were implemented and addressed by our Group, there is no assurance that additional material internal control weaknesses will not develop or be identified in the future. In addition, as the Fintech industry is an infant industry, our existing internal control procedures may not effectively mitigate any new material internal control requirements and may not sufficiently be in compliance with changes to any rules and regulations. In the event that we fail to achieve and maintain adequate internal control or fail to successfully remediate any material weaknesses, the timeliness and accuracy of our reporting may be adversely affect which could cause investors to lose confidence in our reporting. Our website and software could contain undetected errors or "bugs" that could adversely affect their performance, cause loss or corruption of data, damage software, hardware or other computer equipment, cause the inadvertent transmission of computer viruses or expose our users to increased risk of cyber-attacks, malicious software (malware) or security breaches. The occurrence of errors in any of these may damage our reputation and brand name and result in liability claims which, in turn, could materially and adversely affect our business, financial condition and results of operations.



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### ***Terrorist attacks and other acts of violence or war may affect the market in which we operate, our business operations and our results of operations***

Terrorist attacks or armed conflicts may negatively affect our business operations. They may have a direct impact on our physical offices and facilities. Such terrorist attacks or armed conflicts could have an adverse impact on demand for our services, and our ability to deliver our services to the customers, which in turn may have a material adverse impact on our business, results of operations and financial condition. Political and economic instability in some regions of the world may also result from such terrorist attacks and armed conflicts and could negatively impact our business operations. The consequences of terrorist attacks or armed conflicts are unpredictable and the Directors may not be able to foresee the consequences of such events that may have an adverse effect on our business operations.

### ***Our value of goodwill may be impaired or written off***

The value of our goodwill from our past acquisition and capitalised development costs may be impaired. Goodwill represents a substantial portion of our assets. Goodwill constituted 45.0% and 39.3% of our total assets as of 31 December 2016 and 30 September 2017, respectively. Any further acquisition of potential investments or capitalisation of internally generated intangibles, may lead to additional goodwill and/or intangible assets on our consolidated balance sheet.

In accordance with applicable accounting standards, we periodically evaluate goodwill and capitalised development costs to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to profit and loss may be necessary. Any future evaluations requiring an impairment of our goodwill and capitalised development costs could materially affect our results of operations and Shareholders' equity in the period in which the impairment occurs.

## **RISK RELATING TO THE REGULATORY ENVIRONMENT IN WHICH OUR GROUP OPERATES**

### ***UK Exit from the European Union could impact our Group's profits***

On 23 June 2016, the UK held a referendum, the outcome of which was that UK residents have voted to leave the European Union and on 29 March 2017, UK invoked Article 50 of the Lisbon Treaty. To the best knowledge of the Directors, the formal process for leaving the European Union may take years to complete. Our Group will face risks in view of the UK's exit from the European Union. As a significant proportion of the regulatory regime applicable to our Group in the UK and anticipated regulatory reform is derived from the European Union's directives and regulations, the UK's exit from European Union could materially change the regulatory framework applicable to our operations. For example, changes or limits to the existing regulatory passporting regime may require our Group to become re-authorised in an alternative European jurisdiction. In addition, upon the UK's exit from the European Union, there may be restrictions on the movement of capital and the mobility of personnel. Any of these risks could result in higher operating costs and could have a material adverse effect on our business, operations and financial performance. Please refer to "UK's exit from the European Union" section of this Offer Document for more information on the UK's exit from the European Union.

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### ***Changes in the applicable rules and regulations relating to our products may affect our ability to conduct our business***

Our Group and our products are subject to a wide range of regulations and laws in multiple jurisdictions and regulators in several countries, including the FCA in the UK and the BaFin in Germany, have devoted increasing attention to the industry in which we operate. For example, regulators in several jurisdictions have considered implementing restrictions or prohibitions on the ability of retail clients to trade CFDs, make spread bets and trade similar products on margin. The implementation or change of minimum margin requirements in any of the jurisdictions in which we operate could adversely affect customer activity, and consequently, our revenue.

In December 2016, the FCA has proposed to implement certain new measures primarily intended to enhance consumer protection by limiting the risks of CFD products and to ensure that customers are better informed. These new measures include setting lower average limits for inexperienced retail clients, introducing lower leverage caps and preventing providers from using any form of trading account bonuses or benefits to promote CFD products. In addition, BaFin has also in December 2016 prohibited the marketing, distribution and sale of CFDs with an additional payment obligation. We believe that the existing measures we have in place are in compliance with the order by BaFin and those proposed by the FCA will have a reduced impact on our Group as a result of our more conservative approach to offering leverage. Please refer to “Self-Directed Trading” section of this Offer Document for more details.

As our primary regulator, the FCA generally has broad regulatory authority over a wide-range of aspects of our business, such as the format and content of our marketing communications and our terms of business, and the FCA has highlighted strengthening consumer protection as a key priority in its business plan for 2015 and 2016. Given the evolving and sometimes ambiguous nature of the rules and regulations that apply to our Group and our products in the UK and other jurisdictions, we may occasionally engage in activities that, despite our internal assessment by legal and compliance teams as being permissible, are deemed by regulators as to be violating applicable legislation. Any non-compliance with the laws or regulations in any jurisdiction in which we operate or have clients could negatively affect our business and subject our Group or our Directors and officers to penalties, civil lawsuits, warning notices, fines or other sanctions from regulators.

Although we do not operate in any jurisdictions where our products are prohibited, any changes to laws or regulations, including new requirements in relation to regulatory authorisations, approval or certifications of directors or officers, financial promotions, third-party inducements, taxation, transaction and trade reporting requirements and the internet or e-commerce, or any change in the application or interpretation of existing regulations or laws by regulators or other authorities in any jurisdiction in which we operate, could require our Group to cease or significantly modify our operations, any of which could have a material adverse effect on our business, operations and financial performance.

During the Relevant Period, our Group has not experienced any changes in laws or regulations, application or interpretation of existing regulations or laws by regulators or other authorities in any jurisdiction in which our Group operates which resulted in a material adverse impact to our Group’s business and financial performance.

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### ***Our Group is exposed to litigation risk***

Due to the extent and complexity of the regulatory environment in which we operate and the products and services we offer, many aspects of our business involve significant risks of liability. In recent years, as there has been an increasing incidence of litigation involving the financial services industry, we may potentially face liability for claims for fraud, negligence, violation of securities laws and claims based upon the content that we distribute online. In addition, litigation risk also typically increases following large-scale volatility or disruptive events in the financial markets.

Our insurance may not be adequate to protect our Group against all liability that may be imposed. As a result, litigation brought in future against our Group could have a material adverse effect on our business, prospects, financial condition and results of operations.

### ***We are required to conduct “appropriateness tests” on clients***

As CFDs and spread bets are viewed as “complex products” from a regulatory perspective in the UK and other jurisdictions, we obtain information from prospective clients to enable an assessment about whether they have the knowledge and experience to understand the risks connected with our products. Our Group conducts appropriateness test for all the end-clients on-boarded by our Group as part of our on-boarding process except for those end clients derived from our Group’s omnibus white label partners. For end-clients derived from its omnibus white label partners, our Group relies on the white label partners to perform the appropriateness test during the on-boarding process and our Group contracts directly with the omnibus white label partners and its appropriateness tests are limited to the omnibus white label partners not the end clients of such omnibus white label partners. The omnibus white label partners will retain all responsibility for performing appropriateness tests and all other procedures during the on-boarding process in the relevant local jurisdictions. As at the Latest Practicable Date, KGI is the only such regulated white label partner contracted to our Group. To the best of the Directors’ knowledge and belief, KGI is subject to equivalent requirements to perform appropriateness tests under the relevant regulations in Singapore. If a client is assessed as lacking in the relevant knowledge and experience, they will be notified of their status and assurance will be sought from the applicant that they explicitly understand the risks involved and that they will familiarise themselves with the products before commencing trading.

Regulatory authorities in multiple jurisdictions have recently shown a particular focus on enhanced requirements for “appropriateness test” that regulated firms must undertake to ensure clients have the necessary experience and knowledge to understand the risks involved in the products and services they use. As at the Latest Practicable Date, to the best of the knowledge of our Directors, our on-boarding process including the appropriateness tests are in compliance with the relevant laws and regulations. As a result of increased scrutiny on our industry, future changes to applicable rules may also require our Group to publish enhanced risk disclosures or “warning labels” that disclose the risks associated with our products in greater detail than previously undertaken, as well as impose additional restrictions on our inability to offer our product to retail clients for whom such products are deemed to be non-appropriate.

### ***Changes in tax law could adversely affect our profitability***

Presently, spread betting and CFDs are not subject to UK stamp duty. Furthermore, client winnings from spread betting are exempt from capital gains tax in the UK and Ireland. In addition, within the UK, we pay a general betting levy on spread betting. The taxation of online activities and

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the types of products that we market continue to be evaluated and developed by tax authorities in many of the jurisdictions in which we have clients, and tax authorities may seek to impose taxation on our activities greater than the tax, if any, that has been imposed to date.

In addition, adoption of any reform of or amendment to applicable tax legislation, including applicable tax reporting legislation, such as that relating to the recognition of tax losses, or any other change in the manner in which applicable tax laws are interpreted or enforced could impact clients' demand for our product offerings or reduce our profit, which could have a material adverse effect on our business and financial performance.

***We may be unable to maintain or renew our existing authorisations or obtain the necessary authorisations to expand our business into new jurisdictions***

We have regulatory authorisation from the FCA in the UK and the BaFin in Germany and provide services throughout the EEA in reliance on MiFID passporting. The withdrawal of regulatory authorisations by any applicable regulator, or the transfer of regulatory oversight to a new regulator, could require our Group to cease or modify a significant part of our operations. In particular, if our FCA authorisation was withdrawn or if we were unable to renew our FCA authorisation, we would not be able to operate in the EEA. In addition, we could fail to obtain regulatory authorisation in a jurisdiction where we wish to operate, which could prevent our Group from maintaining or expanding our business. Any of these risks could materially affect our business, operations and financial performance.

The industry which we operate in is rapidly changing. As such, not all of the products and services we develop and offer fall under a defined legal or regulatory regime. These business activities are subject to regulations related to financial services and data privacy, which have increased in recent years and are currently in a state of flux and uncertainty worldwide. Regulatory regimes for these businesses vary significantly from jurisdiction to jurisdiction, adding to the complexity of compliance with these laws and regulations. It is possible that authorities in certain jurisdictions may take the position that we are required to obtain licenses or otherwise comply with laws and regulations which we believe are not required or applicable to our business activities and therefore we may be subject to penalties, fines and sanctions. As a result, we may be required to change the activities that we conduct in such markets, obtain licenses or otherwise comply with regulations. Compliance with these laws may be costly, and there is no guarantee that costs associated with ongoing compliance will not further increase in the future.

In certain jurisdictions, governments have not yet issued relevant regulations or implementation guidelines to relevant regulations, but may issue new regulations or implementation guidelines in the future. In other jurisdictions, the application of existing laws to our business activities may not be entirely clear. The implementation of new regulations or guidelines could require us to change the way we conduct our business, incur new expenses or retain legal counsel or additional staff to ensure compliance with such regulations, which may be significant given the global nature of our business. Any of the foregoing could have a material and adverse effect on our business, financial condition, results of operations and growth prospects. As we further expand internationally, the geographical scope and complexity of the regulation frameworks to which we are subject will increase.

For instance, as disclosed in the "Government Regulations" and "Appendix E – Summary of relevant German Laws and Regulations" sections of this Offer Document, there was a change in BaFin's administrative practice as conveyed to our subsidiary, ayondo GmbH, on 23 June 2015. Following such change, signal following or social trading services were regarded by BaFin as a form of finance portfolio management, for which the service providers are required to obtain the

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portfolio management licence according to the German Banking Act. In November 2016, our new subsidiary, aPM GmbH, obtained the portfolio management licence issued by BaFin in order to undertake the provision of our social trading services. Following which, our Group migrated the existing social trading clients from DonauCapital to aPM GmbH and aPM GmbH commenced the provision of social trading services with effect from 4 September 2017. For the period between 24 June 2015 and 4 September 2017, ayondo GmbH had continued to provide social trading services pending the client migration process from ayondo GmbH to aPM GmbH. The client migration process was completed on 4 December 2017. While we have obtained the portfolio management licence, there is a risk that the German courts might rule that ayondo GmbH did not have the requisite license in place for its business in Germany for the period between 24 June 2015 and 4 September 2017. The Legal Advisers to the Company on regulatory matters under German Law, Noerr LLP, are of the opinion that the probability of the realisation of such risk is low. However, should the German courts rule as such, we may face administrative risks, liability for criminal offences and civil liability which will materially and adversely affect our business, operations and financial performance.

Please refer to the “Government Regulations – Germany” and “Appendix E – Summary of relevant German Laws and Regulations” sections of this Offer Document for more details.

***The prudential capital adequacy and liquidity requirements may affect our ability to distribute profits and/or restrict expansion***

Our Group is required to meet prudential capital adequacy tests in certain jurisdictions in which we operate to ensure that we have sufficient capital to mitigate risks from market movements, client credit and counterparty default and operational risk. In the UK, we are required by the FCA, in accordance with requirements under the EU Capital Requirements Directive and the Capital Requirements Regulation (together “**CRD IV**”), to maintain what are generally described as minimum levels of regulatory capital, including certain capital buffers under CRD IV. Our UK subsidiary, namely ayondo UK, is subject to the FCA liquidity regime in the FCA handbook but our other subsidiaries are not subject to the prudential liquidity requirements set out in CRD IV.

Changes to our prudential capital adequacy and liquidity requirements in any of the jurisdictions in which we operate could negatively affect our hedging strategy, ability to distribute profits, expansion strategy or affect the products that we are able to offer in such jurisdictions. Furthermore, there can be no assurance that qualifying third-party financing, if needed to meet capital adequacy requirements, will be available on commercially acceptable terms, if at all. Any increase in our prudential capital adequacy or liquidity requirements or a failure to meet such requirements could have a material adverse effect on our business and financial performance.

***Our Group may be affected by a resolution process pursuant to the UK Banking Act 2009***

UK FCA regulated firms could be subject to a resolution process under the UK Banking Act. Please refer to “Government Regulations” section of this Offer Document for more information. If any of our UK subsidiaries were to become subject to bail-in or resolution powers, we may experience a dilution or cancellation of its holdings and diminution in value of our shareholding. Some provisions are made in the UK Banking Act for compensation orders to be made in certain specified circumstances but the extent of the compensation will be determined having regard to the particular fact matrix and the principles set out in the UK Banking Act. These essentially require that no shareholder or creditor should be worse off under the resolution regime than it would have been under a hypothetical insolvency which means that it is not certain that compensation would be received in a particular case. Such bail-in or resolution powers are applicable only when it is imminent that our UK subsidiaries are insolvent. Shelley Stock Hunter

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LLP, the statutory auditors for Sycap UK and ayondo UK have expressed an unqualified audit opinion on the financial statements for both entities for the financial year ended 31 December 2016. An emphasis of matter paragraph has been included in the auditor's report for both entities in relation to going concern as the entities are reliant on continued support of ayondo AG, however the audit opinion is not qualified in respect of the emphasis of matter. In the UK, the FCA and the Bank of England are the relevant authorities who will determine whether a firm's financial failure is imminent and the Bank of England is the relevant authority to exercise the bail-in or resolution powers. To the best of the Directors' knowledge and belief, save for the letter from Bank of England dated 20 December 2017 informing our Group that it is not subjected to any additional capital requirement other than the capital adequacy requirement under the relevant FCA regulations, both Sycap UK and ayondo UK have not received any notifications or letters from either the FCA or the Bank of England regarding such bail-in or resolution powers during the Relevant Period. Based on the foregoing, our Directors are of the opinion that it is not imminent that our UK subsidiaries are insolvent and therefore, there will be no material impact to our Group's Restructuring Exercise and/or Listing.

***Our Group must comply with data protection and privacy laws and may be targeted by cybercriminals***

The regulatory framework for privacy issues worldwide is currently in a state of flux and uncertainty and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the Internet and mobile platforms have recently come under increased public scrutiny. Various government and consumer agencies have called for new regulation and changes in industry practices. It is possible that obligations imposed under applicable laws may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to our users or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of information or other data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our users to lose trust in us, which could have an adverse effect on our business.

Our operations are subject to a number of laws relating to data privacy, including the UK Data Protection Act and UK Privacy and Electronic Communications (EC Directive) Regulations 2003 as well as relevant non-EEA data protection and privacy laws. The requirements of these laws may affect our ability to collect and use personal data, transfer personal data to countries that do not have adequate data protection laws and also to utilise cookies in a way that is of commercial benefit to our Group. Enforcement of data privacy legislation has become increasingly frequent and could result in our Group being subjected to claims from our clients that we have infringed their privacy rights, and we could face administrative proceedings (including criminal proceedings) initiated by the Information Commissioner's Office in the UK or similar regulators in other countries of operation. In addition, any enquiries made, or proceedings initiated by, individuals or any of such regulators may lead to negative publicity and potential liability for our Group.

The secure transmission of confidential information over the internet and the security of our systems are essential in maintaining client confidence and ensuring compliance with data privacy legislation. If our Group or any of our third-party suppliers fails to transmit client information and payment details online securely, or if they otherwise fail to protect client privacy in online transactions, or if third parties obtain and/or reveal our confidential information, we may lose clients and potential clients may be deterred from using our products. In addition, there can be no

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assurance that our systems will not be subject to disruption by cybercriminals or other security breaches, which could expose our Group to liability and could have a material adverse effect on our business, operations and financial performance.

### ***We are subject to rules regulating how we hold client money***

The FCA and other regulators in the jurisdictions in which we operate require regulated entities such as our Group to implement systems for ensuring that client money is segregated from that of the regulated entity. In relation to our Group, when our Group receives monies from the client, our Group records the funds received from the client under client fund liability and records a corresponding amount in segregated client funds as the client monies are held separately from the Group's own monies at third party financial institution in accordance with FCA regulations. Our Group performs reconciliation on a daily basis and investigates all discrepancies, if any. During the Relevant Period, there has been no material discrepancies noted. These FCA client money rules have been subject to recent changes requiring firms to re-evaluate the way they deal with client money. The revised rules facilitate different approaches to ensuring the segregation and safekeeping of client money, and there can be no guarantee that the FCA will continue to deem our procedures adequate. The FCA is aware of the practical difficulties in obtaining the required trust letters for holding client money in certain foreign jurisdictions, but there is a risk that it could nevertheless pursue enforcement actions due to an inability to comply with its client funds segregation regulations. There have been a number of recent enforcement cases relating to FCA client money rule breaches on other grounds that have resulted in large fines. In addition, regulators in other jurisdictions in which we operate are also increasingly focused on client money regulation and tightening rules relating to client money segregation. Any fines by the FCA or any other regulator, or the inability of our Group to address future changes to any applicable client money regulations could have a material adverse effect on our business, operations and financial performance. Notwithstanding that, our Directors have confirmed that during the Relevant Period, our Group has not been in breach of the relevant regulations and rules relating to client money segregation.

### ***A reduction in the availability of credit and debit cards as a payment alternative for our clients could damage our business***

Our Group currently allows our clients to use credit and debit cards to fund their accounts, and approximately 46.7%, 32.2%, 25.9% and 25.2% of all payments were made via credit cards and debit cards in FY2014, FY2015, FY2016 and 9M2017 respectively. There is a risk that in the future, due to new regulations, political or other factors, credit and debit card issuing institutions may restrict the use of credit and debit cards as a means to fund accounts used to trade in our products. The elimination or a reduction in the availability of credit and debit cards as a means to fund client accounts could reduce client demand, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

## **RISKS RELATING TO OWNERSHIP OF OUR SHARES**

### ***Irregularity relating to certain transfer of shares affecting ayondo GmbH***

Certain transfer of shares in ayondo GmbH, representing approximately 2.0% of the issued and paid-up capital of ayondo GmbH, were made in 2008 without the legal notification to ayondo GmbH as required under German Law. While the lack of legal notification is not a breach of German Law, there is no guarantee that the then transferee could validly exercise shareholders' rights passing valid shareholders' resolutions between July 2008, being the date of agreement of such transfer of shares, and March 2009, being the date when such legal notification was no

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longer required under German Law. The directors of ayondo GmbH have confirmed that there are no shareholders' resolutions passed during such period which would affect the ownership of shares in ayondo GmbH.

In addition, the transfer of 890 shares in ayondo GmbH in 2010, representing approximately 1.47% of the issued and paid-up capital of ayondo GmbH, was made without the pre-emption waiver by the then shareholders. ayondo GmbH had sent notices of general meeting dated 31 October 2016 to all past and present shareholders of ayondo GmbH in relation to the approval, authorisation and ratification of all the transfer of shares in ayondo GmbH and the shareholders' meeting was held on 21 November 2016. Save for the former shareholder who held no more than 9% of the total issued and paid-up capital of ayondo GmbH at any time during the period when it was a shareholder of ayondo GmbH and who ceased to be a shareholder in 2012, the other past and present shareholders of ayondo GmbH attended the shareholders' meeting on 21 November 2016 and declared that all the transfer of shares in ayondo GmbH were ratified and approved. In the event that there is future challenge over the validity of such transfer of 890 shares by the former shareholder who did not attend the shareholders' meeting on 21 November 2016, we will be exposed to legal proceedings and may have to incur substantial legal costs, time and resources in defending these proceedings. The Directors are of the view that such risk exposure will not have a material adverse impact on our Group as such risk is remote and the affected shares represent approximately 1.47% of the total issued and paid-up capital of ayondo GmbH and the former shareholder has sold his shares in ayondo GmbH in 2012.

***There has been no prior market for our Shares and this offering may not result in an active or liquid market***

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on the Catalist, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained. Active or liquid markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. Liquidity in the market for a particular security is often a function of the volume of the underlying shares that are publicly held by unrelated parties.

There is also no assurance that the market price for our Shares will not decline below the Invitation Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, difference between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

***Investments in securities quoted on the Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST***

Our application is for our Shares to be admitted to the Catalist, a listing platform primarily designed for fast growing and emerging or smaller companies. An investment in shares quoted on the Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Pursuant to the Listing Manual, our Company will be required, amongst others, to retain a sponsor at all times after our admission to the Catalist. In particular, unless approved by the SGX-ST, the Sponsor, Issue Manager, Underwriter and Placement Agent must act as our continuing sponsor for at least three years after our admission to the Catalist.



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## RISK FACTORS

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### ***Volatility of our Shares***

The market price of our Shares may fluctuate significantly and rapidly as a result of, amongst other things, the following factors, some of which are beyond our control and may be unrelated or disproportionate to our financial results:

- (a) the success or failure of our management team in implementing business and growth strategies;
- (b) announcements of gain or loss of significant contracts, acquisitions, strategic alliances or capital commitments;
- (c) changes in our operating results;
- (d) involvement in litigation;
- (e) unforeseen contingent liabilities;
- (f) addition or departure of key personnel;
- (g) changes in share prices of companies with similar business to our Group that are listed in Singapore;
- (h) changes in securities analysts' estimates of our financial performance and recommendations;
- (i) differences between our Group's actual financial operating results and those expected by investors and securities analysts; and
- (j) changes in general market conditions and broad market fluctuations.

### ***We may require additional funding for our future growth***

The net proceeds from the Invitation may not be sufficient to fully implement all our business strategies as set out in the "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" section of this Offer Document. We may also find other opportunities to grow which cannot be predicted at this juncture. Under such circumstances, we may require additional funding either by way of secondary issue of securities after the Invitation or by way of borrowings to raise the required capital to develop these growth opportunities. If new Shares placed to new and/or existing Shareholders are issued after the Invitation, they may be priced at a discount to the then prevailing market price of our Shares trading on the Catalist and existing Shareholders' equity interest may also be diluted.

If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters. If we are unable to procure the additional funding that may be required, our growth or financial performance will be adversely affected.

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## RISK FACTORS

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### ***Future sales of Shares could adversely affect the share price***

Except as described in this Offer Document, there are no restrictions on the ability of our Shareholders to sell their Shares. Any future sales or availability of a significant amount of Shares may exert downward pressure on our share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sales may occur, could materially affect the market price of our Shares. These factors may also affect our ability to attract subscription of additional equity securities in the future.

### ***Investors in our Shares will face immediate and substantial dilution in NAV per Share and may experience future dilution***

Our Invitation Price of S\$0.26 per Share is higher than our NAV per Share of S\$0.12 as at 30 September 2017 based on the issued and paid-up share capital immediately after the Invitation adjusted for the net proceeds from the issue of Invitation Shares and the exchange rate of CHF1.00 to S\$1.4135 as at Latest Practicable Date. If we were liquidated immediately following the Invitation, each investor subscribing for the Invitation Shares would receive less than the price he paid for the Shares. Please refer to the “Dilution” section of this Offer Document for further information.

In addition, we may issue Option Shares under the 2018 ayondo ESOS. To the extent that such share options are ultimately granted and Option Shares are issued pursuant to such grant, there may be further dilution to investors participating in the Invitation. Please refer to “2018 ayondo ESOS” section of this Offer Document for more details.

### ***We may not be able to pay dividends in the future***

Our ability to declare dividends to our Shareholders in the future is dependent on, amongst others, our future financial performance, distributable reserves and cash flows. This may be affected by numerous factors including but not limited to general economic conditions, market sentiment, market competition and the success of our future plans and business strategies, many of which are beyond our control. As such, there is no assurance that we will be able to pay dividends to our Shareholders.

### ***Singapore take-over laws contain provisions, which may vary from those in other jurisdictions, which could adversely affect the market price of the Shares***

The Take-over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control. Under the Take-over Code, except with the consent of the SIC, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the Shares, is required to extend a take-over offer for the remaining Shares in accordance with the Take-over Code. Except with the consent of the SIC, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the Shares in any six (6) month period. While the Take-over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefits from a potential change of control.

## USE OF PROCEEDS AND LISTING EXPENSES

The estimated net proceeds to be raised by our Company from the issue of the Invitation Shares, after deducting the estimated expenses incurred in relation to the Invitation of approximately S\$2.5 million, are approximately S\$18.5 million.

The allocation of each principal intended use of proceeds from the issue of the Invitation Shares and the estimated listing expenses are set out below:

Use of proceeds from the Invitation	Estimated amount (S\$'000)	As a Percentage of Gross Proceeds from the Invitation (%)
Business expansion through:		
Platform enhancement	2,100	10.0
Marketing spend	5,250	25.0
General working capital purposes	2,600	12.4
Repayment of loans <sup>(1)</sup>	8,500	40.5
<b>Net proceeds from the Invitation</b>	<b>18,450</b>	<b>87.9</b>
<b>Estimated listing expenses<sup>(2)</sup></b>		
Listing and processing fees	70	0.3
Professional fees and expenses	1,700	8.1
Underwriting and Placement commission	735	3.5
Miscellaneous expenses	45	0.2
	2,550	12.1
<b>Gross proceeds from the Invitation</b>	<b>21,000</b>	<b>100.0</b>

**Notes:**

- (1) Our Company intends to repay the following indebtedness amounting to approximately S\$8.5 million comprising of the following:

Nature of indebtedness	Amount (S\$'000)	Maturity profile	Purpose
Interest accrued for convertible bonds pursuant to CB1	790	31 December 2017	Business expansion and working capital purposes
Interest accrued for convertible bonds pursuant to CB2	370	31 December 2017	Business expansion and working capital purposes
Interest accrued for convertible bonds pursuant to CB3	525	31 December 2017	Business expansion and working capital purposes
Interest accrued for Pre-IPO Convertible Loan pursuant to Pre-IPO CLA	224	30 September 2018	Working capital
Shareholder loan from Thomas Winkler	592	30 September 2018	Working capital
Shareholder loan from Baltische Bauentwicklungsgesellschaft mbH	339	30 September 2018	Working capital
Shareholder loan from Global Money Ventures AG	185	30 September 2018	Working capital

## USE OF PROCEEDS AND LISTING EXPENSES

Nature of indebtedness	Amount (S\$'000)	Maturity profile	Purpose
Shareholder loan from Kwan Chee Seng	1,126	30 September 2018	Working capital
Shareholder loan from Foo Fatt Kah	1,126	30 September 2018	Working capital
Loan from Starland Holdings Limited	1,027	30 September 2018	Working capital
Loan from GRP Limited	2,180	30 September 2018	Working capital
<b>Total</b>	<b>8,484</b>		

Our Group has previously entered into agreements to extend the repayment date of the interest accrued until the date of admission of our Company to Catalist.

- (2) Of the total estimated listing expenses, approximately S\$1.3 million will be capitalised against share capital and the balance of the estimated listing expenses will be charged to the profit or loss account of our Company.

In the reasonable opinion of our Directors, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, our Company must raise gross proceeds of a minimum of CHF15.0 million (approximately S\$20.8 million based on the exchange rate of CHF1.00 to S\$1.3875 as at the date of this Offer Document) from the Invitation.

As part of its terms of reference, our Audit and Risk Committee will monitor the use of the net proceeds to be raised from the Invitation. Our Company will make periodic announcements on the use of the proceeds from the Invitation as and when the proceeds from the Invitation are materially disbursed, and provide a status report on the use of the proceeds attributable to our Company from the Invitation in our annual reports.

Please refer to the “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” section of this Offer Document for further details. In particular, our future plans may be funded apart from the proceeds from the Invitation, either through internally generated funds and/or external borrowings.

Pending the deployment of the net proceeds from the issue of the Invitation Shares as aforesaid, the funds will be placed in short-term deposits with financial institutions and/or used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

In the event that any part of our proposed uses of the net proceeds from the Invitation does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short-term deposits for so long as our Directors deem it to be in the interests of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET at the SGX-ST’s website, <http://www.sgx.com>.

## INVITATION STATISTICS

<b>INVITATION PRICE</b>	S\$26.0 cents (approximately 18.4 CHF cents <sup>(1)</sup> )
<b>NAV<sup>(2)</sup></b>	
NAV per Share based on the Unaudited Pro Forma Consolidated Financial Information of our Group as at 30 September 2017:	
(a) before adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our Company's pre-Invitation share capital of 419,347,552 Shares	6.8 CHF cents
(b) after adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our Company's post-Invitation share capital of 502,666,210 Shares	8.2 CHF cents
Premium of Invitation Price over the NAV per Share based on the Unaudited Pro Forma Consolidated Financial Information of our Group as at 30 September 2017:	
(a) before adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our Company's pre-Invitation share capital of 419,347,552 Shares	170.6%
(b) after adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our Company's post-Invitation share capital of 502,666,210 Shares	124.4%
<b>EPS<sup>(3)</sup></b>	
Historical EPS based on the Unaudited Pro Forma Consolidated Financial Information of our Group for FY2016 based on our Company's pre-Invitation share capital of 419,347,552 Shares	(2.1) CHF cents
Historical EPS based on the Unaudited Pro Forma Consolidated Financial Information of our Group for FY2016 based on our Company's pre-Invitation share capital of 419,347,552 Shares, assuming that the Service Agreements had been in place from the beginning of FY2016	(2.1) CHF cents
<b>PER</b>	
Historical PER based on the Invitation Price and historical EPS of our Group for FY2016	N.M.
Historical PER based on the Invitation Price and historical EPS of our Group for FY2016, assuming that the Service Agreements had been in place from the beginning of FY2016	N.M.
<b>Net Operating Cash Flow<sup>(4)</sup></b>	
Historical net cash flow from operations per Share for FY2016 based on the Unaudited Pro Forma Consolidated Financial Information for FY2016 and our Company's pre-Invitation share capital of 419,347,552 Shares	(1.3) CHF cents
Historical net cash flow from operations per Share based on the Unaudited Pro Forma Consolidated Financial Information for FY2016 and our Company's pre-Invitation share capital of 419,347,552 Shares, assuming that the Service Agreements had been in place from the beginning of FY2016	(1.3) CHF cents

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## INVITATION STATISTICS

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### **Price to Net Operating Cash Flow<sup>(4)</sup>**

Invitation Price to historical net cash flow from operations per Share based on Unaudited Pro Forma Consolidated Financial Information for FY2016 based on the pre-Invitation share capital of 419,347,552 Shares N.M.

Invitation Price to historical net cash flow from operations per Share based on Unaudited Pro Forma Consolidated Financial Information for FY2016 and our Company's pre-Invitation share capital of 419,347,552 Shares, assuming that the Service Agreements had been in place from the beginning of FY2016 N.M.

### **Market Capitalisation**

Market capitalisation based on the Invitation Price and post-Invitation share capital of 502,666,210 Shares S\$130.7 million

#### **Notes:**

- (1) The Invitation Price was translated based on the exchange rate of CHF1.00 to S\$1.4135 as at the Latest Practicable Date.
- (2) NAV per Share is computed based on the NAV attributable to the equity holders of the Company.
- (3) EPS is computed based on the profit attributable to the equity holders of the Company.
- (4) Net operating cash flows refers to net cash generated from operating activities of our Group for FY2016. Please refer to "Appendix B – Unaudited Pro Forma Consolidated Financial Information" section of this Offer Document for more details.
- (5) N.M. means not meaningful.

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## EXCHANGE RATES

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### Swiss Franc

The table below sets out, for each of the financial years and period included, the average and closing exchange rates between S\$ and CHF. The table below indicates how much S\$ is required to purchase CHF1.00.

	S\$: CHF1.00	
	Average <sup>(1)</sup>	Closing <sup>(1)</sup>
FY2014	1.3853	1.3330
FY2015	1.4294	1.4215
FY2016	1.4014	1.4199
9M2017	1.4126	1.4022

The table below sets out the highest and lowest exchange rates between S\$ and CHF in each of the six (6) calendar months prior to the Latest Practicable Date and for the period from 1 February 2018 to the Latest Practicable Date. The table indicates the amount of S\$ required to purchase CHF1.00 in each such period.

	S\$: CHF1.00	
	Highest <sup>(1)</sup>	Lowest <sup>(1)</sup>
August 2017	1.4191	1.3989
September 2017	1.4217	1.3886
October 2017	1.3989	1.3660
November 2017	1.3736	1.3566
December 2017	1.3793	1.3572
January 2018	1.4088	1.3584
Period from 1 February 2018 to the Latest Practicable Date	1.4219	1.4038

Source: Bloomberg L.P.

At the Latest Practicable Date, the exchange rate between S\$ and CHF was S\$1.4135 to CHF1.00.

The above exchange rates have been presented solely for information purposes and should not be construed as representations that such CHF amounts actually represent such Singapore Dollar amounts or could have been or could be converted into Singapore Dollar(s) at the rate indicated above, at any other rate, or at all, and vice versa.

**Note:**

- (1) The above exchange rates have been extracted from information published by Bloomberg L.P.. Bloomberg L.P. has not consented, for the purposes of section 249 of the SFA, to the inclusion of the information quoted in this section, and is therefore not liable for such information under sections 253 and 254 of the SFA. While reasonable actions have been taken to ensure that the information attributed to Bloomberg L.P. is extracted accurately and has been reproduced in its proper form and context, none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of such information or verified the accuracy of the contents of the relevant information.

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## DIVIDEND POLICY

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Our Company was incorporated on 4 October 2017 and has not distributed any dividend on our Shares since incorporation. None of our Subsidiaries distributed dividends during the Relevant Period.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, financial position, results of operations, cash flow, capital needs, general business condition, the terms of the borrowing arrangements (if any), plans for expansion and other factors which our Directors may deem appropriate (“**Dividend Factors**”).

Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. In making their recommendations, our Directors will consider, amongst others, our retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which our Directors may deem appropriate. Our Company may pay all dividends out of our profits. For information relating to taxes payable on dividends, please refer to “Taxation” section of this Offer Document.

All dividends are paid pro-rata among the Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any Share provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. The form, frequency and amount of future dividends will depend on the Dividend Factors.



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## SHARE CAPITAL

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### SHARE CAPITAL

Our Company was incorporated in Singapore on 4 October 2017 under the Companies Act as a private company limited by shares under the name of “ayondo Pte. Ltd.”. On 23 February 2018, our Company was converted into a public company limited by shares and our name was changed to “ayondo Ltd.”.

As at the date of incorporation, our issued and paid-up share capital was S\$1.00 comprising one (1) Share allotted and issued to Foo Fatt Kah. As at the date of this Offer Document, our issued and paid-up ordinary share capital is S\$21,082,300 comprising 419,347,552 Shares.

Pursuant to the written resolutions passed on 23 February 2018, 12 March 2018 and 14 March 2018, our then Shareholders approved, amongst others, the following:

- (a) the allotment and issue of 714,066 Shares in the share capital of our Company pursuant to the Restructuring Exercise;
- (b) the allotment and issue of 17,204,048 Shares in the share capital of our Company pursuant to the conversion of the Pre-IPO Convertible Loans;
- (c) the allotment and issue of 6,547,324 Shares in the share capital of our Company pursuant to the reimbursement of Acquisition Expenses to Starland Holdings Limited;
- (d) the grant of 51,445,800 Pre-IPO Options, and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon exercise of the Pre-IPO Options;
- (e) the allotment and issue of 10,000,000 Shares in the share capital of our Company pursuant to CB1 and CB2;
- (f) the allotment and issue of 2,548,658 Shares in the share capital of our Company as part of UOBKH’s fees as the Sponsor and Issue Manager;
- (g) the conversion of our Company into a public company limited by shares;
- (h) the adoption of a new set of Constitution;
- (i) the issue and allotment of the Invitation Shares pursuant to the Invitation, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (j) the sub-division of every one Share into 540 Shares;
- (k) the adoption of the 2018 ayondo ESOS, and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon exercise of the Options granted under the 2018 ayondo ESOS;
- (l) the approval of the listing and quotation of all the issued Shares (including the Invitation Shares to be allotted and issued pursuant to the Invitation and Option Shares) on Catalist; and

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## SHARE CAPITAL

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- (m) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to: (a)(i) issue (in addition to the Invitation Shares) Shares whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require Shares to be issued 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 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 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 Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustments shall be made in compliance with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company) does not exceed 100.0% of the post-Invitation issued share capital excluding treasury shares and subsidiary holdings, and provided further that the aggregate number of Shares to be issued (including 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 post-Invitation issued share capital excluding treasury shares and subsidiary holdings;
  - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under subparagraph (1) above, the percentage of Shares that may be issued shall be based on the post-Invitation issued Share capital of our Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or subdivision of Shares; and
  - (3) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company; and
  - (4) unless revoked or varied by our Company in a general meeting by ordinary resolution, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

As at the date of this Offer Document, our Company has only one class of shares in the capital of our Company, being ordinary shares. A summary of our Constitution relating to, among others, the voting rights of our Shareholders is set out in “Appendix C – Summary of Constitution of our Company” section of this Offer Document.

Options have been granted by ayondo AG to employees, directors and consultants of ayondo AG and its subsidiaries and certain third parties, giving them the right to purchase shares in ayondo AG (“**AG Options**”). On 12 March 2018, our Company has granted Pre-IPO options to replace all the AG Options based on the terms in “Appendix I – Terms and Conditions of the Pre-IPO Options”

## SHARE CAPITAL

section of this Offer Document. Details of the Pre-IPO Options granted by our Company are set out in the “Directors, Executive Officers and Staff – Remuneration of Directors, Executive Officers and Related Staff” section of this Offer Document. Save as aforesaid, no person has been, or is permitted to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries. Please refer to “Appendix I – Terms and Conditions of the Pre-IPO Options” of this Offer Document for the rules of the Pre-IPO Options.

As at the Latest Practicable Date, save as disclosed in the “Directors, Executive Officers and Staff – Remuneration of Directors, Executive Officers and Related Employees” section of this Offer Document, no option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$21,082,300 comprising 419,347,552 Shares. Upon the allotment and issue of the Invitation Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be S\$42,745,151 comprising 502,666,210 Shares.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and immediately after the Invitation are as follows:

	<b>Number of new Shares issued</b>	<b>Resultant Issued and Paid-up Share Capital Number of Shares</b>	<b>(S\$)</b>
Issued and paid-up Shares as at our incorporation	1	1	1
Issue of Shares pursuant to the Restructuring Exercise	714,066	714,067	16,944,811
Sub-division	–	385,596,180	16,944,811
Conversion of Pre-IPO Convertible Loans	17,204,048	402,800,228	19,941,756
Issue of Shares pursuant to the reimbursement of Acquisition Expenses to Starland Holdings Limited	6,547,324	409,347,552	21,082,300
Issue of adjustment shares pursuant to CB1 and CB2 <sup>(1)</sup>	10,000,000	419,347,552	21,082,300
Issue of Invitation Shares pursuant to the Invitation	80,770,000	500,117,552	42,082,500
Issue of UOBKH Shares pursuant to the Invitation	2,548,658	502,666,210	42,745,151 <sup>(2)</sup>
Post-Invitation issued and paid-up share capital	–	502,666,210	42,745,151 <sup>(2)</sup>

**Note:**

- (1) The issuance of 10,000,000 Shares was the result of the adjustment of conversion price mechanism under CB1 and CB2. The 10,000,000 Shares were issued to investors under CB1 and CB2 on a pro rata basis based on their respective investment amounts. Please refer to the “Capitalisation and Indebtedness” section of this Offer Document for more details on CB1 and CB2.
- (2) Based on the gross proceeds from the issue of the Invitation Shares pursuant to the Invitation, before taking into account the capitalisation of approximately S\$1.3 million being a portion of the expenses incurred in relation to the Invitation.

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## SHARE CAPITAL

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The Shareholders' equity of our Company as at the date of incorporation (being 4 October 2017), as adjusted for the Restructuring Exercise and after the Invitation is set out below:

	<b>As at the Date of Incorporation</b>	<b>Immediately before the Invitation</b>	<b>Immediately after the Invitation</b>
<b>Shareholders' equity</b>			
Issued and fully paid-up Shares (number of Shares)	1	419,347,552	502,666,210
Issued and fully paid-up share capital (S\$)	1	21,082,300	41,479,574 <sup>(1)</sup>

**Note:**

- (1) Takes into account the capitalisation of approximately S\$1.3 million being a portion of the expenses incurred in relation to the Invitation and does not tally with the Company's Audited Consolidated Financial Statements in Appendix A of this Offer Document.

Save as disclosed above, there were no changes in the issued and paid-up share capital of our Company since incorporation.

## SHAREHOLDERS

### SHAREHOLDERS

Our Shareholders and their respective shareholdings immediately before and after the Invitation are set out below:

	Immediately before the Invitation				Immediately after the Invitation				After the Invitation and assuming acquisition of all outstanding ayondo AG shares and all the Pre-IPO Options have been exercised <sup>(1)</sup>			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
<b>Directors:</b>												
Thomas Winkler <sup>(2)(6)(9)(10)</sup>	2,145,517	0.5	27,760,860	6.6	2,145,517	0.4	27,760,860	5.6	11,390,317	2.1	27,760,860	5.0
Robert Lempka <sup>(3)(6)(9)</sup>	918,484	0.2	23,549,400	5.6	918,484	0.2	23,549,400	4.8	11,783,284	2.1	23,549,400	4.3
Foo Fatt Kah <sup>(4)</sup>	6,688,057	1.6	101,174,765	24.1	6,688,057	1.3	101,174,765	20.1	6,688,057	1.2	101,174,765	18.0
Foong Daw Ching <sup>(13)</sup>	-	-	-	-	150,000	0.1	-	-	150,000	0.1	-	-
Chan Heng Toong <sup>(13)</sup>	-	-	-	-	750,000	0.1	-	-	750,000	0.1	-	-
Lam Shiao Ning <sup>(13)</sup>	-	-	-	-	100,000	0.1	-	-	100,000	0.1	-	-
<b>Controlling Shareholders (other than Directors) and their Associates</b>												
Luminor Pacific Fund 1 Ltd. <sup>(4)(5)(6)</sup>	56,660,756	13.5	-	-	56,660,756	11.3	-	-	56,660,756	10.1	-	-
Luminor Pacific Fund 2 Ltd. <sup>(4)(5)(6)</sup>	44,514,009	10.6	-	-	44,514,009	8.9	-	-	44,514,009	7.9	-	-
Kwan Chee Seng <sup>(5)</sup>	13,636,507	3.3	107,722,089	25.7	13,636,507	2.7	107,722,089	21.4	13,636,507	2.4	107,722,089	19.2
Kwan Yu Wen <sup>(6)</sup>	-	-	101,174,765	24.1	-	-	101,174,765	20.1	-	-	101,174,765	18.0
GRP Limited <sup>(5)</sup>	-	-	6,547,324	1.6	-	-	6,547,324	1.3	-	-	6,547,324	1.2
Starland Holdings Limited <sup>(5)</sup>	6,547,324	1.6	-	-	6,547,324	1.3	-	-	6,547,324	1.2	-	-

## SHAREHOLDERS

	Immediately before the Invitation				Immediately after the Invitation				After the Invitation and assuming acquisition of all outstanding ayondo AG shares and all the Pre-IPO Options have been exercised <sup>(1)</sup>			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
<b>Executive Officers</b>												
Sarah Bylewski	2,480,220	0.6	-	-	2,480,220	0.5	-	-	6,935,220	1.1	-	-
Rick Fulton	-	-	-	-	-	-	-	-	3,780,000	0.7	-	-
Edward Drake	-	-	-	-	-	-	-	-	3,780,000	0.7	-	-
Angela Sadler	402,300	0.1	-	-	402,300	0.1	-	-	2,022,300	0.4	-	-
Raza Perez	-	-	-	-	-	-	-	-	3,591,000	0.6	-	-
<b>Pre-IPO Investors</b>												
WestBroadway GmbH <sup>(7)</sup>	18,968,580	4.5	-	-	18,968,580	3.8	-	-	18,968,580	3.4	-	-
Rainer Arno Rueppel	15,387,300	3.7	-	-	15,387,300	3.1	-	-	17,428,500	3.1	-	-
Gianfranco Antonio Calabretti	10,641,006	2.5	-	-	10,641,006	2.1	-	-	10,641,006	1.9	-	-
Dominic Morris	3,186,578	0.8	-	-	3,186,578	0.6	-	-	3,726,578	0.6	-	-
Henry Cheong Ying Chew	4,018,369	1.0	-	-	4,018,369	0.8	-	-	4,018,369	0.7	-	-
Terence Tan Eng Chuan	4,018,369	1.0	-	-	4,018,369	0.8	-	-	4,018,369	0.7	-	-
Henrik Peter Takkenberg	6,963,196	1.7	-	-	6,963,196	1.3	-	-	6,963,196	1.2	-	-
Oana-Madalina Baloi	1,716,109	0.4	-	-	1,716,109	0.3	-	-	1,716,109	0.3	-	-

## SHAREHOLDERS

	Immediately before the Invitation				Immediately after the Invitation				After the Invitation and assuming acquisition of all outstanding ayondo AG shares and all the Pre-IPO Options have been exercised <sup>(1)</sup>			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
<b>Other Shareholders</b>												
Global Money Ventures AG <sup>(6)</sup>	17,535,420	4.2	6,013,980	1.4	17,535,420	3.5	6,013,980	1.2	17,535,420	3.1	6,013,980	1.1
Next Generation Finance Management AG <sup>(9)</sup>	6,013,980	1.4	-	-	6,013,980	1.2	-	-	6,013,980	1.1	-	-
Baltische Bauentwicklungsgesellschaft mbH <sup>(10)</sup>	3,788,100	0.9	-	-	3,788,100	0.8	-	-	3,788,100	0.7	-	-
Astrid Winkler	423,360	0.1	-	-	423,360	0.1	-	-	423,360	0.1	-	-
Franz Joachim Muller	297,000	0.1	-	-	297,000	0.1	-	-	1,377,000	0.2	-	-
Kantial s/o Champakkal Ramdas	1,097,151	0.3	-	-	1,097,151	0.2	-	-	1,097,151	0.2	-	-
Aventine Ventures Pte Ltd	415,800	0.1	-	-	415,800	0.1	-	-	415,800	0.1	-	-
Angelic Cheah Yee Ping	393,660	0.1	-	-	393,660	0.1	-	-	393,660	0.1	-	-
Crosslantic Fund 1 GmbH & Co. KG	25,260,120	5.9	-	-	25,260,120	4.9	-	-	25,260,120	4.5	-	-
Mercer Street Capital GmbH <sup>(7)</sup>	1,620,000	0.4	-	-	1,620,000	0.3	-	-	1,620,000	0.3	-	-
Marc Philipp Bernegger	888,300	0.2	-	-	888,300	0.2	-	-	2,929,500	0.5	-	-
Other Pre-IPO Option Holders <sup>(11)</sup>	-	-	-	-	-	-	-	-	8,407,800	1.5	-	-
UOBKH	-	-	-	-	2,548,658	0.5	-	-	2,548,658	0.5	-	-
Other shareholders <sup>(12)</sup>	162,721,980	38.8	-	-	162,721,980	32.3	-	-	169,965,540	30.3	-	-
Public shareholders <sup>(14)</sup>	-	-	-	-	79,770,000	15.9	-	-	79,770,000	14.2	-	-
<b>Total</b>	<b>419,347,552</b>	<b>100.0</b>			<b>502,666,210</b>	<b>100.0</b>			<b>561,355,570</b>	<b>100.0</b>		

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## SHAREHOLDERS

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### Notes:

- (1) This column illustrates the respective shareholdings of our Directors and Shareholders immediately after the Invitation, assuming acquisition of all outstanding ayondo AG shares and exercise of all outstanding Pre-IPO Options (which can only be exercised from the Listing Date).
- (2) Astrid Winkler is the spouse of Thomas Winkler and Thomas Winkler holds 50.0% of the issued capital of Global Money Ventures AG, 20.7% of the issued capital of Next Generation Finance Management AG and 12.9% of the issued capital of Baltische Bauentwicklungsgesellschaft mbH. Global Money Ventures AG in turn owns 38.6% of the issued capital of Next Generation Finance Management AG and 7.5% of the issued capital of Baltische Bauentwicklungsgesellschaft mbH. Our Executive Chairman, Thomas Winkler, is deemed to be interested in the 423,360 Shares held by his spouse, Astrid Winkler and by virtue of Section 4 of the SFA and Section 7 of the Companies Act, Thomas Winkler is deemed to be interested in the Shares held by the following companies:
  - (i) 17,535,420 Shares held by Global Money Ventures AG;
  - (ii) 6,013,980 Shares held by Next Generation Finance Management AG; and
  - (iii) 3,788,100 Shares held by Baltische Bauentwicklungsgesellschaft mbH.In addition, amongst the Other Shareholders, Thomas Winkler is related to the following persons:
  - (i) Malina Johanna Winkler and Nicolas Emanuel Winkler who are his children;
  - (ii) CFB Holding AG which is owned by his brother-in-law and sister;
  - (iii) Franz Joachim Muller who is his brother-in-law;
  - (iv) Peter Winkler-Payot who is his brother;
  - (v) Sophie Winkler-Payot who is his sister-in-law; and
  - (vi) Tim Muller who is his nephew.
- (3) Robert Lempka holds 20.7% of the issued capital of Next Generation Finance Management AG and 49.0% of the issued capital of Global Money Ventures AG which also owns 38.6% of the issued capital of Next Generation Finance Management AG. By virtue of Section 4 of the SFA, our Executive Director and Chief Executive Officer, Robert Lempka, is deemed to be interested in the Shares held by the following companies:
  - (i) 17,535,420 Shares held by Global Money Ventures AG; and
  - (ii) 6,013,980 Shares held by Next Generation Finance Management AG.
- (4) Our Non-Executive Director, Foo Fatt Kah, is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Foo Fatt Kah is deemed interested in the Shares of the Company held by Luminor Funds.
- (5) Kwan Chee Seng, is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Chee Seng is deemed interested in the Shares of the Company held by Luminor Funds. Starland Holdings Limited is a 83.2%-owned subsidiary of GRP Chongqing Land Pte. Ltd., a wholly-owned subsidiary of GRP Land Pte. Ltd. which is in turn wholly-owned by GRP Limited. Kwan Chee Seng has a shareholding interest of 32.5% in GRP Limited as at the Latest Practicable Date. By virtue of Section 7 of the Companies Act, Kwan Chee Seng is deemed to be interested in all the Shares held by GRP Limited and Starland Holdings Limited.
- (6) Kwan Yu Wen holds 20% of the share capital of Luminor Capital Pte. Ltd, the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Yu Wen is deemed interested in the Shares of the Company held by Luminor Funds. Kwan Yu Wen is also an immediate family member of Kwan Chee Seng.
- (7) West Broadway GmbH is an investment holding company and its shareholders are Hermann Watzinger (50.0%) and Bettina Stark-Watzinger (50.0%). Bettina Stark-Watzinger is the spouse of Hermann Watzinger. Mercer Street Capital GmbH is an investment holding company and its shareholders are Hermann Watzinger (50.0%) and Vijaykumar Vankadari (50.0%). By virtue of Section 4 of the SFA, Hermann Watzinger and Bettina Stark-Watzinger are deemed interested in the Shares held by West Broadway GmbH and Mercer Street Capital GmbH while Vijayjumar Vankadari is deemed interested in the Shares held by Mercer Street Capital GmbH.
- (8) Global Money Ventures AG is an investment holding company and its shareholders are Thomas Winkler (50.0%), Robert Lempka (49.0%) and Franz Joachim Muller, brother-in-law of Thomas Winkler (1.0%). The directors of Global Money Ventures AG are Thomas Winkler and Robert Lempka.
- (9) Next Generation Finance Management AG is an investment holding company and its shareholders are Thomas Winkler (20.7%), Robert Lempka (20.7%), Global Money Ventures AG (38.6%), Rainer Arno Rueppel (10.0%) and



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## SHAREHOLDERS

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Marc Philipp Bernegger (10.0%). Rainer Arno Rueppel and Marc Philipp Bernegger are not related to the Directors or Substantial Shareholders. The directors of Next Generation Finance Management AG are Thomas Winkler, Robert Lempka, Rainer Arno Rueppel and Marc Philipp Bernegger.

- (10) Baltische Bauentwicklungsgesellschaft mbH is a company engaged in managing real properties in Germany and its shareholders are Thomas Winkler (12.9%), Robert Lempka (9.2%), Global Money Ventures AG (7.5%), Jürgen Heinz Breuer (56.7%) and other minority shareholders (13.7%). Jürgen Heinz Breuer and other minority shareholders are not related to the Directors or Substantial Shareholders. Jürgen Heinz Breuer is the sole director of Baltische Bauentwicklungsgesellschaft mbH. Jürgen Heinz Breuer is deemed interested in the Shares held by Baltische Bauentwicklungsgesellschaft mbH.
- (11) Please refer to “Pre-IPO Options” section of this Offer Document for further details.
- (12) None of the shareholders has an aggregate interest, direct or indirect, in 5.0% or more of the post-Invitation share capital of our Company. Save as disclosed in point (2) above, none of the abovementioned Shareholders is related to any of our Directors or Substantial Shareholders.
- (13) Our Independent Directors, Mr Foong Daw Ching, Mr Chan Heng Toong and Ms Lam Shiao Ning have indicated interest to subscribe for and/or purchase 150,000, 750,000 and 100,000 Placement Shares respectively.
- (14) This refers only to the number of Invitation Shares offered at the Invitation.

Save as disclosed above, there are no other relationships among our Directors and Substantial Shareholders. Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, other natural or legal person or any government.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Invitation Shares which are the subject of the Invitation. There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 October 2017 and the Latest Practicable Date.

### SIGNIFICANT CHANGES IN THE PERCENTAGE OF OWNERSHIP

Save as disclosed in this section and the “Share Capital” and “Restructuring Exercise” sections of this Offer Document, there has been no significant changes in the percentage ownership of our Shares from the date of incorporation of our Company until the Latest Practicable Date.

### MORATORIUM

#### Executive Directors

Our Executive Chairman, Thomas Winkler, and our Executive Director and Chief Executive Officer, Robert Lempka, have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of (i) their respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) and (ii) the new Shares which may be issued to each of them upon the exercise of their Pre-IPO Options ((i) and (ii) collectively be referred to as “**Share Interests in our Company**”) for a period of 12 months commencing from the Listing Date, and for a period of 12 months thereafter, not to, reduce their Share Interests in our Company to below 50.0% of each of their original shareholdings in our Company.

## SHAREHOLDERS

Each of our Executive Chairman, Thomas Winkler, and our Executive Director and Chief Executive Officer, Robert Lempka, has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of Global Money Ventures AG for a period of 24 months commencing from the Listing Date.

Each of our Executive Chairman, Thomas Winkler, our Executive Director and Chief Executive Officer, Robert Lempka, and Global Money Ventures AG has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of Baltische Bauentwicklungsgesellschaft mbH for a period of six (6) months commencing from the Listing Date.

Next Generation Finance Management AG is an investment holding company and its shareholders are Thomas Winkler (20.7%), Robert Lempka (20.7%), Global Money Ventures AG (38.6%), Marc Philipp Bernegger (10.0%) and Rainer Arno Rueppel (10.0%). Next Generation Finance Management AG has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of its shareholdings in our Company as follows:

Name	Number of Shares immediately after the Invitation (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	Number of Shares moratorised for a period of six months commencing from Listing Date ("First 6 Months")	Number of Shares moratorised for a period of six months following the First 6 Months ("First 12 Months")	Number of Shares moratorised for a period of 12 months following the First 12 Months
Next Generation Finance Management AG	6,013,980	1.1	6,013,980	4,811,184	2,405,592

Each of our Executive Chairman, Thomas Winkler, our Executive Director and Chief Executive Officer, Robert Lempka, and Global Money Ventures AG, has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of Next Generation Finance Management AG for a period of 24 months commencing from the Listing Date.

In addition, Marc Philipp Bernegger and Rainer Arno Rueppel have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of Next Generation Finance Management AG for a period of six (6) months commencing from the Listing Date.

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## SHAREHOLDERS

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### Controlling Shareholders and their Associates

Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd. have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months commencing from the Listing Date, and for a period of six months thereafter, not to, reduce their respective interests to below 50.0% of their respective original shareholdings in our Company.

Luminor Capital Pte. Ltd. ("**Luminor Capital**") is a discretionary fund manager of the Luminor Funds. Foo Fatt Kah, being a 50.0% shareholder of Luminor Capital, Kwan Chee Seng being a 30.0% shareholder of Luminor Capital and Kwan Yu Wen being a 20.0% shareholder of Luminor Capital will be deemed interested in the Shares held by the Luminor Funds. Accordingly, Luminor Capital, Foo Fatt Kah, Kwan Chee Seng and Kwan Yu Wen will each be deemed a Controlling Shareholder of our Company.

Foo Fatt Kah and Kwan Chee Seng have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months commencing from the Listing Date, and for a period of six (6) months thereafter, not to, reduce their respective interests to below 50.0% of their respective original shareholdings in our Company.

Each of Kwan Chee Seng, Foo Fatt Kah and Kwan Yu Wen, has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of Luminor Capital for a period of 12 months commencing from the Listing Date.

Starland Holdings Limited is a 83.17%-owned subsidiary of GRP Chongqing Land Pte. Ltd., a wholly-owned subsidiary of GRP Land Pte. Ltd. which is in turn wholly-owned by GRP Limited. Kwan Chee Seng is an executive director and a controlling shareholder of GRP Limited and a non-executive director of Starland Holdings Limited. Accordingly, GRP Limited, GRP Land Pte. Ltd., GRP Chongqing Land Pte. Ltd. and Starland Holdings Limited are associates of Kwan Chee Seng.

Starland Holdings Limited and GRP Limited have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months commencing from the Listing Date, and for a period of six (6) months thereafter, not to, reduce their respective interests to below 50.0% of their respective original shareholdings in our Company (the "**Moratorium Period**") save that Starland Holdings Limited may transfer its shareholdings (the "**Transferred Shares**") in the share capital of our Company to GRP Limited only during the Moratorium Period. For the avoidance of doubt, in the event the Transferred Shares is transferred to GRP Limited during the Moratorium Period, GRP Limited has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of the Transferred Shares for a period of six (6) months commencing from the date of admission of our Company to Catalist, and for a period of six (6) months thereafter, not to, reduce its interest in the Transferred Shares to below 50.0% of the original number of Transferred Shares.

## SHAREHOLDERS

### Executive Officers

The following Executive Officers have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, (i) their respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) and (ii) the new Shares which may be issued to each of them upon the exercise of their Pre-IPO Options ((i) and (ii) collectively be referred to as “Share Interests in our Company”) as follows:

Name	Number of Shares immediately after the Invitation (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	Number of Shares moratorised for a period of six months commencing from Listing Date (“First 6 Months”)	Number of Shares moratorised for a period of six months following the First 6 Months (“First 12 Months”)	Number of Shares moratorised for a period of 12 months following the First 12 Months
Sarah Brylewski	6,935,220	1.1	6,935,220	6,935,220	3,467,610
Rick Fulton	3,780,000	0.7	3,780,000	3,780,000	1,890,000
Edward Drake	3,780,000	0.7	3,780,000	3,780,000	1,890,000
Angela Sadler	2,022,300	0.4	2,022,300	2,022,300	1,011,150
Raza Perez	3,591,000	0.6	3,591,000	3,145,500	1,350,000

### Pre-IPO Investors

Each of the following Pre-IPO Investors has each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company immediately after the Invitation, being the profit portion of their investment, for a period of 12 months commencing from the Listing Date. The total number of Shares which will be moratorised are as follows:

Name	Number of Shares immediately after the Invitation under Moratorium (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)
Henry Cheong Ying Chew	1,326,062	0.2
Terence Tan Eng Chuan	1,326,062	0.2

## SHAREHOLDERS

### Pre-IPO Option Holders

Save for those specifically mentioned in this “Moratorium” section of this Offer Document, the Pre-IPO Option Holders who are not a Director or associates of Director or Executive Officer, who collectively hold an aggregate of 51,445,800 Pre-IPO Options, have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of the new Shares which may be issued to each of them upon the exercise of their Pre-IPO Options for a period of six (6) months commencing from the Listing Date, and for a period of six (6) months thereafter, not to, reduce their respective interests in our Company to below 50.0% of their respective original shareholdings in our Company.

The following Pre-IPO Option Holders have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, their shareholdings in our Company as follows:

Name	Number of Shares immediately after the Invitation (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	Number of Shares moratorised for a period of six months commencing from Listing Date (“First 6 Months”)	Number of Shares moratorised for a period of six months following the First 6 Months (“First 12 Months”)	Number of Shares moratorised for a period of 12 months following the First 12 Months
Marc Philipp Bernegger	2,929,500	0.5	2,929,500	2,041,200	1,020,600
Franz Joachim Muller	1,377,000	0.2	1,377,000	540,000	–

### Others

Each of the following persons has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of 12 months commencing from the Listing Date, and for a period of 12 months thereafter, not to, reduce their respective interests to below 50.0% of their respective original shareholdings in our Company.

Name	Number of Shares immediately after the Invitation (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)
Astrid Winkler	423,360	0.1
Global Money Ventures AG	17,535,420	3.1

## SHAREHOLDERS

Each of the following persons has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, their shareholdings in our Company as follows:

Name	Number of Shares immediately after the Invitation (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)	Number of Shares moratorised for a period of six months commencing from Listing Date ("First 6 Months")	Number of Shares moratorised for a period of six months following the First 6 Months ("First 12 Months")	Number of Shares moratorised for a period of 12 months following the First 12 Months
Gianfranco Antonio Calabretti	10,641,006	1.9	10,641,006	803,673	–
Rainer Arno Rueppel	17,428,500	3.1	17,428,500	2,041,200	1,020,600
Dominic Anthony Morris	3,726,578	0.6	3,726,578	1,728,289	270,000
West Broadway GmbH <sup>(1)</sup>	18,968,580	3.4	18,968,580	–	–
Henrik Peter Takkenberg	6,963,196	1.2	6,963,196	413,318	–
Oana-Madalina Baloi	1,716,109	0.3	1,716,109	858,055	–

**Note:**

(1) West Broadway GmbH is an investment holding company and its shareholders are Hermann Watzinger (50%) and Bettina Stark-Watzinger (50%). Bettina Stark-Watzinger is the spouse of Hermann Watzinger.

In addition, Hermann Watzinger has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of his shareholdings in the share capital of West Broadway GmbH for a period of six (6) months commencing from the Listing Date.

Kantilal S/O Champaklal Ramdas, Aventine Ventures Pte. Ltd. and Angelic Cheah Yee Ping have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months commencing from the Listing Date, and for a period of six (6) months thereafter, not to, reduce their respective interests to below 50.0% of their respective original shareholdings in our Company.

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## SHAREHOLDERS

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Each of the following shareholders, who were allotted and issued Shares pursuant to the Restructuring Exercise, have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months commencing from the Listing Date.

<b>Name</b>	<b>Number of Shares immediately after the Invitation (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)</b>	<b>% of Post-Invitation share capital (assuming acquisition of all outstanding ayondo AG shares and all Pre-IPO Options have been exercised)</b>
Crosslantic Fund 1 GmbH & Co. KG	25,260,120	4.4
Baltische Bauentwicklungsgesellschaft mbH	3,788,100	0.7
Other shareholders <sup>(1)</sup>	169,965,540	30.3

**Note:**

- (1) Shareholders who each hold less than 5.0% of our Company's issued share capital immediately after the Invitation. Save as disclosed, none of the Shareholders is related to any of our Directors or Substantial Shareholders.

### UOBKH

Pursuant to the Sponsorship and Management Agreement and as part of UOBKH's fees as the Sponsor and Issue Manager, our Company issued and allotted to UOBKH 2,548,658 Shares at the Invitation Price to UOBKH, representing 0.5% of the issued and paid-up share capital of our Company immediately after the Invitation. UOBKH has undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of its shareholdings in the share capital of our Company immediately after the Invitation for a period of three (3) months commencing from the Listing Date.

### Investors who are connected to the Sponsor

As at the date of this Offer Document, there are no investors who are connected to the Sponsor.

## CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group:

- (a) based on an actual basis as at 30 September 2017 on the Audited Consolidated Financial Statements;
- (b) based on the unaudited management accounts of our Group as at 31 December 2017;
- (c) as adjusted for the issuance of the Pre-IPO Convertible Loans; and
- (d) as adjusted for the net proceeds from the issue of the Invitation Shares.

You should read this in conjunction with the Audited Consolidated Financial Statements and the “Management’s Discussion and Analysis of Results of Operations and Financial Position” section of this Offer Document.

	As at 30 September 2017	As at 31 December 2017	As at 31 December 2017 and as adjusted for the Restructuring Exercise and the conversion of CB1, CB2 and the Pre-IPO Convertible Loans	As at 31 December 2017 and as adjusted for the Restructuring Exercise, the conversion of CB1, CB2 and the Pre-IPO Convertible Loans and Net Proceeds from the Placement
<b>(CHF'000)</b>				
<b>Cash and cash equivalents</b>	1,313	882	882	13,935 <sup>(7)</sup>
<b>Indebtedness</b>				
<b>Current</b>				
– secured and guaranteed	–	–	–	–
– secured and non-guaranteed	–	–	–	–
– unsecured and guaranteed	–	–	–	–
– unsecured and non-guaranteed				
– Convertible Loans	13,924 <sup>(1)</sup>	20,864 <sup>(2)(3)</sup>	5,646 <sup>(5)</sup>	5,646 <sup>(5)</sup>
– Loans and advances	6,562	1,568	1,568	1,568
<b>Non-current</b>				
– secured and guaranteed	–	–	–	–
– secured and non-guaranteed	–	–	–	–
– unsecured and guaranteed	–	–	–	–
– unsecured and non-guaranteed	–	–	–	–
<b>Total indebtedness</b>	20,486	22,432	7,214	7,214
<b>Total shareholders’ equity</b>	12,314	9,976	25,194 <sup>(5)</sup>	38,247
<b>Total capitalisation and indebtedness</b>	32,800	32,408	32,408	45,461

**Notes:**

- (1) Pursuant to the Pre-IPO CLA, certain of the existing loans amounting to CHF2.4 million were converted to Pre-IPO Convertible Loans. Please refer to the “Pre-IPO Convertible Loans” section in this Offer Document for further details.
- (2) Pursuant to the Pre-IPO CLA, CHF1.6 million were granted to the Company for the funding of the professional costs and expenses incurred in connection with the Listing and for general working capital purposes. Please refer to the “Pre-IPO Convertible Loans” section in this Offer Document for further details.



## CAPITALISATION AND INDEBTEDNESS

- (3) Our Company and Starland Holdings Limited have entered into an agreement pursuant to which our Company agreed to assume the sum of S\$1,140,544 (“**Acquisition Expenses**”) as part of the expenses incurred in relation to the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited. It was agreed that our Company will only reimburse the Acquisition Expenses to Starland Holdings Limited upon occurrence of the Listing by converting the Acquisition Expenses into Shares upon the Listing. As at the date of this Offer Document, the Acquisition Expenses has been converted and an aggregate of 6,547,324 Shares were issued to Starland Holdings Limited.
- (4) Based on the terms of the Pre-IPO CLA, convertible loans amounting to approximately CHF2.4 million were converted to 17,204,048 Shares prior to the registration of the Offer Document. Please refer to the “Restructuring Exercise” section of this Offer Document for further details.
- (5) The Pre-IPO Investors holding the Pre-IPO Convertible Loans amounting to CHF5.6 million have elected not to convert and have each undertaken that each of them will not exercise the right to convert the Pre-IPO Convertible Loans.
- (6) Based on the terms of the CB1 and CB2, convertible bonds amounting to approximately CHF12.8 million were converted to ayondo AG shares as at the date of this Offer Document. Please refer to the “Borrowings” section of this Offer Document for further details.
- (7) Adjusted to include the net proceeds from the Invitation of approximately S\$13.1 million. Based on the exchange rate of CHF1.00: S\$1.4135 as at the Latest Practicable Date.

Since 1 January 2018 and up to the Latest Practicable Date, there were no material changes to our capitalisation and indebtedness as disclosed above, save for the changes in our retained earnings arising from the day-to-day operations in the ordinary course of business.

### Borrowings

#### Issuance of Convertible Bonds in January 2014

In January 2014, ayondo AG (under its former name of Next Generation Finance Invest AG) and its wholly-owned subsidiary, Christal Finance Ltd. (“**Christal**”) entered into an investment agreement with, amongst others, Luminor Pacific Fund 2 Ltd. (“**CB1**”). Christal was a special investment vehicle of ayondo AG set up to facilitate the delisting of ayondo AG from Berne stock exchange at that time. Below are the details of Convertible Bonds in January 2014:

Name of Investor	Amount (CHF)	Number of ayondo AG Shares to be issued	Number of Warrants issued
Luminor Pacific Fund 2 Ltd.	5,000,000	60,241	12,048
Kwan Chee Seng	440,000	5,301	1,060
Foo Fatt Kah	40,000	482	97
Kantilal S/O Champaklal Ramdas	20,000	241	–
<b>Total</b>	<b>5,500,000</b>	<b>66,265</b>	<b>13,205</b>

Pursuant to CB1, convertible bonds of the principal amount of CHF5,500,000 were initially issued to various investors by Christal (whose obligations were subsequently assumed by ayondo after completion of ayondo AG’s delisting exercise and the dissolution of Christal).

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## CAPITALISATION AND INDEBTEDNESS

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The maturity date of the bonds is four (4) years from the date of issuance, carries nil interest for the first two (2) years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum on all overdue payment.

The terms of the conversion of the convertible bonds, are amongst others:

- (i) The investors have the option and right to convert all or part of the convertible bonds into ayondo AG shares upon the earliest of (a) a listing event; (b) a change of control or (c) at the election of the investors at their discretion after the first anniversary of the respective completion dates;
- (ii) The subscription price for each ayondo AG share shall be (a) CHF83 per ayondo AG share; or (b) at any subsequently adjusted price which represents a valuation of CHF38,000,000 of ayondo AG on a fully-diluted basis, whichever is lower;
- (iii) Any part of the principal amount and interest of the convertible bond to be applied for the conversion into ayondo AG shares shall be converted at the rate of exchange for each Singapore dollar to Swiss Franc as extracted from the Business Times of Singapore on the date falling three days before the issue of the written notice by the investors;
- (iv) Upon conversion of the convertible bonds, ayondo AG shall issue to the investors such number of free warrants, pro rata their investment, with an aggregate exercise price equivalent to 20% of the principal amount of the convertible bonds. Please refer to the “Interested Person Transactions – Issuance of Warrants” section of this Offer Document for more details;
- (v) Upon the occurrence of an event of default:
  - (a) ayondo AG shall repay to the investors the repayment price pro rata their investment, which is an amount equivalent to the principal amount, pro rata their investment, plus an annual premium of 12% calculated on a per annum basis from the relevant completion date to the repayment date;
  - (b) ayondo AG shall undertake to issue to the investors such number of additional free warrants with an aggregate exercise price equivalent to 30% of the value of the principal amount and pro rata their investment and having an expiry date being two (2) years from the repayment event.

As at the date of this Offer Document, the principal amount of CHF5,500,000 under the CB1 had been converted and an aggregate of 66,265 ayondo AG shares were issued to the investors. The interest accrued for convertible bonds pursuant to CB1 will be repaid using the proceeds from the Invitation. Please refer to the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

## CAPITALISATION AND INDEBTEDNESS

### Issuance of Convertible Bonds in July 2014

ayondo AG and ayondo Asia entered into a convertible bond agreement dated 23 July 2014 (“CB2”) with, amongst others, Luminor Pacific Fund 1 Ltd. and Foo Fatt Kah. Below are the details of the Convertible Bonds in July 2014 pursuant to CB2:

Name of Investor	Amount (\$\$)	Number of ayondo AG Shares to be issued	Number of Warrants issued
Luminor Pacific Fund 1 Ltd.	4,200,000	36,713	7,343
Kwan Chee Seng	350,000	3,059	612
Foo Fatt Kah	350,000	3,059	612
Kantilal S/O Champaklal Ramdas	100,000	874	–
<b>Total</b>	<b>5,000,000</b>	<b>43,705</b>	<b>8,567</b>

The maturity date of the bonds is four (4) years from the date of issuance, carries nil interest for the first two (2) years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum on all overdue payment.

The terms of the conversion of the convertible bonds, are amongst others:

- (i) The investors have the option and right to convert all or part of the convertible bonds into ayondo AG shares upon the earliest of (a) a listing event; (b) a change of control or (c) at the election of the investors at their discretion after the first anniversary of the completion date of the relevant tranches;
- (ii) The subscription price for each ayondo AG share shall be (a) CHF83 per ayondo AG share; or (b) at any subsequently adjusted price which represents a valuation of CHF38,000,000 of ayondo AG on a fully-diluted basis, whichever is lower;
- (iii) Any part of the principal amount and interest of the convertible bond to be applied for the conversion into ayondo AG shares shall be converted at the rate of exchange for each Singapore dollar to Swiss Franc as extracted from the Business Times of Singapore on the date falling three days before the issue of the written notice by the investors;
- (iv) Upon conversion of the convertible bonds, ayondo AG shall issue to the investors such number of free warrants, pro rata their investment, with an aggregate exercise price equivalent to 20% of the principal amount of the convertible bonds. Please refer to the “Interested Person Transactions – Issuance of Warrants” section of this Offer Document for more details;

## CAPITALISATION AND INDEBTEDNESS

- (v) Upon the occurrence of an event of default:
- (a) ayondo AG shall repay to the investors the repayment price pro rata their investment, which is an amount equivalent to the principal amount, pro rata their investment, plus an annual premium of 12% calculated on a per annum basis from the relevant completion date to the repayment date;
  - (b) ayondo AG shall undertake to issue to the investors such number of additional free warrants with an aggregate exercise price equivalent to 30% of the value of the principal amount and pro rata their investment and having an expiry date being two (2) years from the repayment event.

As at the date of this Offer Document, the principal amount of S\$5,000,000 under CB2 had been converted and an aggregate of 43,705 ayondo AG shares were issued to the investors. The interest accrued for convertible bonds pursuant to CB2 will be repaid using the proceeds from the Invitation. Please refer to the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

### Pre-IPO Convertible Loans

The details of the Pre-IPO Convertible Loans are set out below.

#### (a) Convertible Loan Tranche 1 – Existing loans which were converted to Pre-IPO Convertible Loans

##### *Singapore Investors*

Date of Pre-IPO CLA	Name of Pre-IPO Investor	Convertible Loan Amount (S\$)	Interest rate per annum (%)	Maturity profile
27 October 2017	GRP Limited	2,179,627	8.00	By 30 September 2018
	Starland Holdings Limited	1,027,153	8.00	By 30 September 2018
	Kwan Chee Seng	1,126,300	8.00	By 30 September 2018
	Foo Fatt Kah	1,126,300	8.00	By 30 September 2018
	<b>Total</b>	<b>5,459,380</b>		

Pursuant to the Pre-IPO CLA with the Singapore Investors, amongst others:

- (i) the Singapore Investors shall have the option to elect to convert the Pre-IPO Convertible Loans (in whole and not in part) into such number of new Shares at a conversion price which is a price at 33% discount to the Invitation Price by giving a written notice to our Company no later than seven days before the date of lodgement of this Offer Document;
- (ii) the interest payable on Pre-IPO Convertible Loans with the Singapore Investors shall fall due and payable in arrears in cash upon conversion;

## CAPITALISATION AND INDEBTEDNESS

- (iii) If the conversion does not occur due to whatsoever reason, the interest shall fall due and payable in arrears only on the date of repayment of the Pre-IPO Convertible Loan.

Each of the Singapore Investors has elected not to convert and has undertaken that each of them will not exercise the right to convert the Pre-IPO Convertible Loans. Pursuant to the Pre-IPO CLA with the Singapore Investors, where the Singapore Investor elects not to convert the Pre-IPO Convertible Loan, the Pre-IPO Convertible Loans and all accrued and unpaid interest shall be repayable within 14 days from the date of admission of our Company to the Catalist. These Pre-IPO Convertible Loans with the Singapore Investors will be fully repaid using the proceeds from the Invitation. Please see the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

### *Investors outside Singapore*

<b>Date of Pre-IPO CLA</b>	<b>Name of Pre-IPO Investor</b>	<b>Convertible Loan Amount (S\$)</b>	<b>Interest rate per annum (%)</b>	<b>Maturity profile</b>
1 October 2017	Oana-Madalina Baloi	298,946 <sup>(1)</sup>	8.00	By 30 September 2018
	Thomas Winkler	160,000 <sup>(2)</sup>	8.00	By 30 September 2018
	Thomas Winkler	140,000 <sup>(1)</sup>	8.00	By 30 September 2018
	Henrik Peter Takkenberg	144,000 <sup>(2)</sup>	8.00	By 30 September 2018
	Rick Fulton	360,000 <sup>(3)</sup>	8.00	By 30 September 2018
	Robert Lempka	160,000 <sup>(2)</sup>	8.00	By 30 September 2018
	Gianfranco Antonio Calabretti	140,000 <sup>(1)</sup>	8.00	By 30 September 2018
	<b>Total</b>	<b>1,402,946</b>		

Pursuant to the Pre-IPO CLA with the investors outside Singapore, amongst others:

- (i) the investors outside Singapore shall have the option to elect to convert the Pre-IPO Convertible Loans (in whole and not in part) into such number of new Shares at a conversion price which is a price at 33% discount to the Invitation Price by giving a written notice to our Company no later than seven days before the date of lodgement of this Offer Document;
- (ii) the interest payable on Pre-IPO Convertible Loans with the investors outside Singapore shall fall due and payable in arrears in cash upon conversion;
- (iii) If the conversion does not occur due to whatsoever reason, the interest shall fall due and payable in arrears only on the date of repayment of the Pre-IPO Convertible Loan.

Save for Rick Fulton, each of the investors outside Singapore has elected to convert and has undertaken that each of them will exercise the right to convert the Pre-IPO Convertible Loans. Rick Fulton has elected not to convert and has undertaken that he will not exercise the right to convert his Pre-IPO Convertible Loan.

## CAPITALISATION AND INDEBTEDNESS

### (b) Convertible Loan Tranche 2 – New loans as Pre-IPO Convertible Loans

Date of Pre-IPO CLA	Name of Pre-IPO Investor	Convertible Loan Amount (S\$)	Interest rate per annum (%)	Maturity profile
1 October 2017	West Broadway GmbH	144,000 <sup>(2)</sup>	8.00	By 30 September 2018
2 October 2017	Rainer Arno Rueppel	140,000 <sup>(1)</sup>	8.00	By 30 September 2018
1 October 2017	Gianfranco Antonio Calabretti	140,000 <sup>(1)</sup>	8.00	By 30 September 2018
1 October 2017	Thomas Winkler	70,000 <sup>(1)</sup>	8.00	By 30 September 2018
11 October 2017	Dominic Morris	414,000 <sup>(3)</sup>	8.00	By 30 September 2018
11 October 2017	Henry Cheong Ying Chew	700,000 <sup>(1)</sup>	8.00	By 31 May 2019
12 October 2017	Terence Tan Eng Chuan	700,000 <sup>(1)</sup>	8.00	By 31 May 2019
	<b>Total</b>	<b>2,308,000</b>		

Pursuant to the Pre-IPO CLA, the above Pre-IPO Investors granted the Pre-IPO Convertible Loans to our Company and ayondo AG. The proceeds from the above Pre-IPO Convertible Loans are for the funding of the professional costs and expenses to be incurred in connection with the Listing and for general working capital purposes.

Pursuant to the Pre-IPO CLA with the above Pre-IPO Investors for the Convertible Loan Tranche 2 (except Henry Cheong Ying Chew and Terence Tan Eng Chuan), amongst others:

- (i) the Pre-IPO Investors (except Henry Cheong Ying Chew and Terence Tan Eng Chuan) shall have the option to elect to convert the Pre-IPO Convertible Loans (in whole and not in part) into such number of new Shares at a conversion price which is a price at 33% discount to the Invitation Price by giving a written notice to our Company no later than seven days before the date of lodgement of this Offer Document; and
- (ii) no interest shall be payable on all new loans granted by the Pre-IPO Investors (except Henry Cheong Ying Chew and Terence Tan Eng Chuan) upon conversion.

Each of Gianfranco Antonio Calabretti and Dominic Morris has elected to convert and has undertaken that he will exercise his right to convert the Pre-IPO Convertible Loan. Each of West Broadway GmbH, Rainer Arno Rueppel and Thomas Winkler has elected not to convert and each of them has undertaken that each of them will not exercise the right to convert the Pre-IPO Convertible Loans.

Pursuant to the Pre-IPO CLA with Henry Cheong Ying Chew and Terence Tan Eng Chuan, amongst others:

- (i) at any time before the maturity date and upon the occurrence of the conversion event, namely the clearance from SGX-ST being obtained for the lodgement of this Offer

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## CAPITALISATION AND INDEBTEDNESS

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Document in connection with the Listing, the Pre-IPO Convertible Loans (in whole and not in part) shall automatically be converted into such number of new Shares at a conversion price which is a price at 33% discount to the Invitation Price; and

- (ii) no interest shall be payable on all new loans granted by the Pre-IPO Investors upon conversion.

**Notes:**

- (1) This is based on the exchange rate of CHF1:S\$1.40 as per the Pre-IPO CLA.
- (2) This is based on the exchange rate of EUR1:S\$1.60 as per the Pre-IPO CLA.
- (3) This is based on the exchange rate of GBP1:S\$1.80 as per the Pre-IPO CLA.

**(c) Expenses incurred in relation to the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited**

On 27 October 2017, our Company and Starland Holdings Limited have entered into an agreement pursuant to which our Company agreed to assume the sum of S\$1,140,544 (“**Acquisition Expenses**”) as part of the expenses incurred in relation to the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited (“**Proposed Acquisition**”). As the conditions precedent for the Proposed Acquisition were not fulfilled or waived by the extended long-stop date of 30 September 2017 and the parties to the Proposed Acquisition had not agreed on any further extension of time, the Proposed Acquisition did not complete. Notwithstanding so, our Company has agreed to reimburse Starland Holdings Limited the Acquisition Expenses which were determined based on the purposes of the expenses and the Acquisition Expenses comprise of third-party professional fees incurred in relation to the listing of our Company via a reverse-takeover. In addition, it was agreed that our Company will only reimburse the Acquisition Expenses to Starland Holdings Limited upon the occurrence of the Listing and the Acquisition Expenses shall be automatically be converted into Shares at the date of conversion selected by our Company.

As at the date of this Offer Document, the Acquisition Expenses has been converted and an aggregate of 6,547,324 Shares were issued to Starland Holdings Limited.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments by our Shareholders in us, and none of our Controlling Shareholders’ and Substantial Shareholders’ Shares have been pledged, charged or mortgaged as collateral to secure any credit facilities. Save as disclosed, as at the Latest Practicable Date, our Group do not have any banking or credit facilities from financial institutions or other borrowings and indebtedness.

Save as aforesaid and as disclosed in the “Management’s Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources” section of this Offer Document, our Group does not have any material unused sources of liquidity.

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## DILUTION

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Dilution is the amount by which the Invitation Price to be paid by new investors for the Invitation Shares in the Invitation (“**New Investors**”) exceeds the NAV per Share immediately after the Invitation. Our NAV per Share<sup>(1)</sup> as at 30 September 2017 before adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our Company’s pre-Invitation share capital of 419,347,552 Shares, was approximately 9.6 cents.

Pursuant to the Invitation in respect of 80,770,000 Invitation Shares at the Invitation Price, our NAV per Share<sup>(1)</sup> after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company’s post-Invitation share capital of 502,666,210 Shares, would be 11.7 cents. This represents an immediate increase in NAV per Share<sup>(1)</sup> of 2.1 cents to our existing Shareholders and an immediate dilution in NAV per Share<sup>(1)</sup> of 14.3 cents to our New Investors.

The following table illustrates such dilution on a per Share basis as at 30 September 2017:

	<b>Cents (S\$)</b>
Invitation Price	26.0
NAV per Share <sup>(1)</sup> as at 30 September 2017 based on our Company’s Pre-Invitation share capital of 419,347,552 Shares and before adjusting for the net proceeds from the issue of the Invitation Shares	9.6
Increase in NAV per Share <sup>(1)</sup> attributable to existing Shareholders based on our Company’s post-Invitation number of shares of 502,666,210 Shares and after adjusting for the net proceeds from the issue of Invitation Shares	2.1
NAV per Share <sup>(1)</sup> after the Invitation <sup>(2)</sup>	11.7
Dilution in NAV per Share <sup>(1)</sup> to New Investors pursuant to the Invitation	14.3
	14.3
Dilution in NAV per Share <sup>(1)</sup> to New Investors as a percentage of Invitation Price pursuant to the Invitation	55.0%
	55.0%

**Notes:**

- (1) NAV was translated based on the exchange rate of CHF1.00: S\$1.4135 as at the Latest Practicable Date.
- (2) The computed NAV per Share after the Invitation does not take into account our actual financial performance from 1 October 2017 up to the Latest Practicable Date. Depending on our actual financial results, our NAV per Share after the Invitation may be higher or lower than the above computed NAV.



## DILUTION

The following table summarises the total number of Shares acquired by an existing Shareholder pursuant to the cash consideration paid since the date of incorporation of our Company, the total consideration paid and the average effective cost per Share to them and to our New Investors pursuant to the Invitation:

	Number of Shares Acquired	Cash Consideration (S\$)	Average Effective Cash Cost per Share (cents)
<b>Directors</b>			
Thomas Winkler <sup>(1)</sup>	1,722,157	300,000	0.17
Robert Lempka	918,484	160,000	0.17
Foo Fatt Kah	–	– <sup>(2)</sup>	–
<b>Controlling Shareholders (who are not Directors)</b>			
Luminor Pacific Fund 1 Ltd.	–	– <sup>(2)</sup>	–
Luminor Pacific Fund 2 Ltd.	–	– <sup>(2)</sup>	–
Kwan Chee Seng	–	– <sup>(2)</sup>	–
<b>Pre-IPO Investors (who are not Directors)</b>			
Rainer Arno Rueppel	–	– <sup>(2)</sup>	–
Gianfranco Antonio Calabretti	1,607,346	280,000	0.17
Dominic Morris	2,376,578	414,000	0.17
Henry Cheong Ying Chew	4,018,369	700,000	0.17
Terence Tan Eng Chuan	4,018,369	700,000	0.17
Henrik Peter Takkenberg	826,636	144,000	0.17
Oana-Madalina Baloi	1,716,109	298,946	0.17
<b>Others</b>			
Global Money Ventures AG <sup>(3)</sup>	–	– <sup>(2)</sup>	–
Next Generation Finance Management AG <sup>(4)</sup>	–	– <sup>(2)</sup>	–
Astrid Winkler <sup>(1)</sup>	–	– <sup>(2)</sup>	–
Starland Holdings Limited <sup>(5)</sup>	6,547,324	1,140,544	0.17
<b>New Investors pursuant to the Invitation</b>	<b>80,770,000</b>	<b>21,000,200</b>	<b>0.26</b>

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## DILUTION

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**Notes:**

- (1) Thomas Winkler and Astrid Winkler are spouses.
- (2) No cash consideration were paid by the respective shareholders as the Shares in the capital of our Company were issued as the consideration for the acquisition of ayondo AG by our Company. Please refer to the “Restructuring Exercise” section of this Offer Document for more details.
- (3) Global Money Ventures AG is an investment holding company and its shareholders are Thomas Winkler (50.0%), Robert Lempka (49.0%) and Franz Joachim Muller, brother-in-law of Thomas Winkler (1.0%). The directors of Global Money Ventures AG are Thomas Winkler and Robert Lempka.
- (4) Next Generation Finance Management AG is an investment holding company and its shareholders are Thomas Winkler (20.7%), Robert Lempka (20.7%), Global Money Ventures AG (38.6%), Rainer Arno Rueppel (10.0%) and Marc Philipp Bernegger (10.0%). Rainer Arno Rueppel and Marc Philipp Bernegger are not related to the Directors or Controlling Shareholders. The directors of Next Generation Finance Management AG are Thomas Winkler, Robert Lempka, Rainer Arno Rueppel and Marc Philipp Bernegger.
- (5) Kwan Chee Seng, is a director and shareholder of Luminor Capital Pte. Ltd., the fund manager of Luminor Funds which manages Luminor Funds on a discretionary basis. By virtue of Section 4 of the SFA, Kwan Chee Seng is deemed interested in the Shares of the Company held by Luminor Funds. Starland Holdings Limited is a 83.2%-owned subsidiary of GRP Chongqing Land Pte. Ltd., a wholly-owned subsidiary of GRP Land Pte. Ltd. which is in turn wholly-owned by GRP Limited. Kwan Chee Seng has a shareholding interest of 32.5% in GRP Limited as at the Latest Practicable Date. By virtue of Section 7 of the Companies Act, Kwan Chee Seng is deemed to be interested in all the Shares held by GRP Limited and Starland Holdings Limited.

Save as disclosed above and in the “Restructuring Exercise” and “Share Capital” sections of this Offer Document, none of our Directors, Substantial Shareholders or their Associates has acquired any Shares during the period of three years prior to the date of lodgement of this Offer Document.

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## RESTRUCTURING EXERCISE

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### RESTRUCTURING EXERCISE

We undertook the following Restructuring Exercise to streamline and rationalise our Group structure in connection with the Invitation:

#### (i) Acquisition of ayondo AG

ayondo AG has been contacting all of its shareholders in relation to the Restructuring Exercise, where up to 727,481 shares would be acquired by our Company. As at the date of this Offer Document, more than 195 shareholders have responded and agreed to appoint our Executive Chairman, Thomas Winkler, and our Executive Director and Chief Executive Officer, Robert Lempka as their attorneys to act on their behalf in relation to the Restructuring Exercise. Following the Restructuring Exercise, our Company would acquire 727,151 shares representing approximately 99.95% of the issued and paid-up capital of ayondo AG. Out of the 727,151 shares, the completion of the acquisition of 13,084 shares or 1.8% of the issued and paid-up capital of ayondo AG held by certain shareholders of ayondo AG residing in Germany (the “**Affected German Shareholders**”) will take place at anytime during the period of one month after a moratorium of six (6) months from the Listing Date as the Affected German Shareholders would be subject to an income tax liability in Germany from the sale of non-business assets including shares in corporations as a result of the Restructuring Exercise. As the Affected German Shareholders will be subject to a moratorium of six (6) months post-IPO (“**AGS Moratorium**”), the acquisition of shares from these Affected German Shareholders by the Company shall only take place subsequent to the AGS Moratorium, where the Affected German Shareholders will not be restricted to any sales of shares to pay for such income tax. Our Company is of the view that it is not a circumvention of the relevant tax laws as the completion of the sale and purchase agreement coincide with expiry of the AGS Moratorium. The aggregate consideration for the entire issued and paid-up capital of ayondo AG is S\$17.3 million based on the consolidated NAV of ayondo AG as at 30 September 2017 of CHF12.3 million (approximately S\$17.3 million based on the exchange rate of CHF1.00: S\$1.40209 as at 30 September 2017). The consideration was fully satisfied by the allotment and issue of up to 727,481 Shares in the capital of our Company.

As at the date of this Offer Document, our Company owns approximately 98.15% of the issued and paid-up capital of ayondo AG and after the completion of the acquisition of ayondo AG shares from the Affected German Shareholders, our Company will own up to approximately 99.95% of the issued and paid-up capital of ayondo AG.

The completion of the shares acquisition from the Affected German Shareholders after listing and in the event the shares acquisition from the Affected German Shareholders is not completed within the stipulated period will not have material implications on our Group as the Affected German Shareholders, who collectively hold approximately 1.8% of the total issued share capital of ayondo AG, will not be in a position under Swiss law to hinder any decisions of ayondo AG.

#### (ii) Sub-division

On 12 March 2018, 714,067 Shares in the capital of our Company were sub-divided into 385,596,180 Shares.

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## RESTRUCTURING EXERCISE

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### (iii) Conversion of Pre-IPO Convertible Loans

Under the terms of the Pre-IPO CLA, the Pre-IPO Investors are entitled to convert the Pre-IPO Convertible Loans into such number of new Shares (the “**Conversion Shares**”) at the issue price which is equal to 67% of the Invitation Price (the “**Conversion Price**”). In the event the Pre-IPO Investor elects not to convert the Pre-IPO Convertible Loan into Conversion Shares, the interest on the Pre-IPO Convertible Loan shall be payable by our Company in arrears on the date of repayment of the Pre-IPO Convertible Loan.

On 13 March 2018, our Company issued and allotted 17,204,048 Conversion Shares to the Pre-IPO Investors, credited as fully paid, pursuant to the conversion of the Pre-IPO Convertible Loans. The number of Conversion Shares issued and allotted to each Pre-IPO Investor who elected to convert the Pre-IPO Convertible Loan into Conversion Shares was as follows:

<b>Name of Pre-IPO Investor</b>	<b>Number of Conversion Shares</b>
Oana-Madalina Baloi	1,716,109
Thomas Winkler	1,722,157
Henrik Peter Takkenberg	826,636
Robert Lempka	918,484
Gianfranco Antonio Calabretti	1,607,346
Dominic Morris	2,376,578
Henry Cheong Ying Chew	4,018,369
Terence Tan Eng Chuan	4,018,369

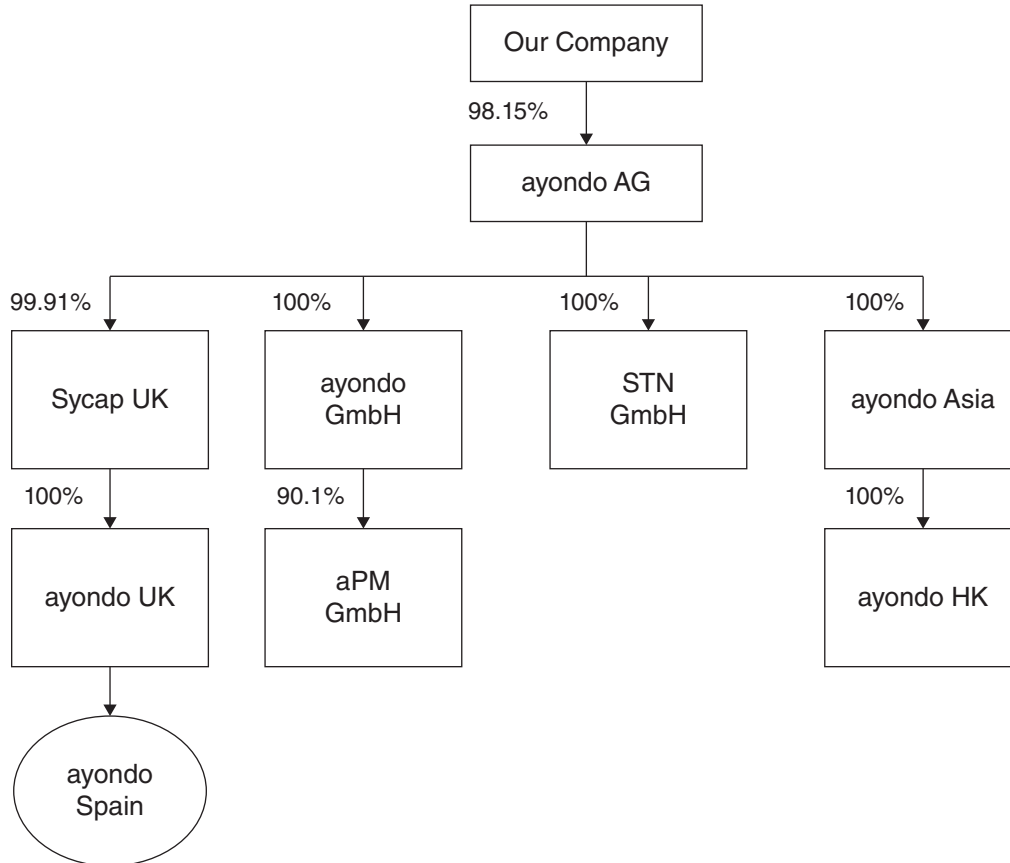
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## GROUP STRUCTURE

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### GROUP STRUCTURE

Our Group structure as at the date of this Offer Document is as follows:



## GROUP STRUCTURE

The details of our subsidiaries as at the date of this Offer Document are as follows:

Name	Date and country of incorporation	Principal place of business	Total issued and paid-up capital	Principal businesses	Effective percentage held by our Group (%)
ayondo AG <sup>(1)</sup>	21 January 2009 Switzerland	Switzerland	CHF36,374,050	Acquisition and permanent management of participations in other companies, especially in the field of financing services	98.15 <sup>(2)</sup>
ayondo UK	22 January 1996 UK	UK	£15,592,244	Provision of CFD and Spread Betting financial services	99.91
ayondo GmbH	5 September 2007 Germany	Germany	€60,364	Provision of social trading services	100
Sycap UK	8 June 2009 UK	UK	£8,064,432	Provision of CFD and Spread Betting financial services	99.91 <sup>(3)</sup>
ayondo Asia	1 July 2014 Singapore	Singapore	S\$0.10	Business office	100
STN GmbH	20 November 2014 Germany	Germany	€25,000	Provision of social trading services	100
aPM GmbH	10 August 2015 Germany	Germany	€50,000	Provision of social trading services	90.1 <sup>(4)</sup>
ayondo HK	24 March 2016 Hong Kong	Hong Kong	HK\$2	Business representative office	100
ayondo Spain	9 May 2016 Spain	Spain	Not applicable	Branch	— <sup>(5)</sup>

**Notes:**

- (1) As at the Latest Practicable Date, ayondo AG also holds shares in the following companies and its shareholding percentage in the companies as follows:
- (i) 15,000 ordinary shares in MyHero Limited representing approximately 0.03% of the total issued and paid-up capital of MyHero Limited (on a fully converted basis)
  - (ii) 20,000 ordinary shares in Oanda Corporation representing less than 0.50% of the total issued and paid-up capital of Oanda Corporation
  - (iii) 3,906 ordinary shares in Yavalu GmbH representing 10.34% of the total issued and paid-up capital of Yavalu GmbH
- (2) As at the date of this Offer Document, our Company owns approximately 98.15% of the issued and paid-up capital of ayondo AG and after the completion of the acquisition of ayondo AG shares from the Affected German Shareholders, our Company will own up to approximately 99.95% of the issued and paid-up capital of ayondo AG. Our Company has reached out to all its shareholders to partake in the Restructuring Exercise, where around five shareholders, holding the remaining approximately 0.05% of the issued and paid-up capital of ayondo AG

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## GROUP STRUCTURE

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(“**Remaining Shares**”) have yet to respond. The Remaining Shares will be acquired as and when our Company receives a positive response from the remaining shareholders and on the same terms as the acquisition from other shareholders of ayondo AG. In the event the shareholders holding the remaining approximately 0.05% of the issued and paid-up capital of ayondo AG sought to exchange for shares in our Company, our Company will disclose and announce each instances of such share exchange. If the acquisition of the Remaining Shares is not completed prior to the Listing, there will be no material implications on our Group as the Remaining Shares representing approximately 0.05% of the total issued share capital of ayondo AG, will not be in a position under Swiss law to hinder any decisions of ayondo AG.

- (3) The remaining 0.09% of the issued and paid up capital of Sycap UK are held by other minority shareholders who are not related to any of our Directors and/or Substantial Shareholders.
- (4) The remaining 9.90% of the issued and paid up capital of aPM GmbH is held by ayondo GmbH on trust for DonauReal Beteiligungs GmbH, subject to a put and call option where ayondo GmbH is entitled to acquire the same for a consideration of €4,950. DonauReal Beteiligungs GmbH is held by Kurt Ziegler (95%), who is the managing director of aPM GmbH, and a minor shareholder (5.0%), who is unrelated to our Directors and/or Substantial Shareholders. Under the call option, at any time prior to the termination of the trust agreement or the transfer of all of the 9.90% of the issued and paid up capital of aPM GmbH as instructed by ayondo GmbH, ayondo GmbH is entitled to purchase all of the 9.90% of the issued and paid up capital of aPM GmbH from DonauReal Beteiligungs GmbH. The call option can be exercised by serving a written notice of exercise on DonauReal Beteiligungs GmbH. If the call option is exercised, ayondo GmbH has to pay a purchase price of €4,950 or, at the choice of DonauReal Beteiligungs GmbH, transfer or issue 1,000 shares of ayondo AG at an issue price of CHF97 for each share of ayondo AG. Upon receipt of the written notice of exercise, the trust agreement terminates and ayondo GmbH becomes the beneficial owner of the entire issued and paid up capital of aPM GmbH. Pursuant to the put option, in the event of an exit event which includes share sale, assets sale, listing and capital raising or at any time prior to the termination of the trust agreement or the transfer of all of the 9.90% of the issued and paid up capital of aPM GmbH as instructed by ayondo GmbH, ayondo GmbH is entitled to request DonauReal Beteiligungs GmbH to sell remaining all of the 9.90% of the issued and paid up capital of aPM GmbH. DonauReal Beteiligungs GmbH shall serve a written notice on ayondo GmbH and if the put option is exercised, DonauReal Beteiligungs GmbH has to transfer the remaining 9.90% of the issued and paid up capital of aPM GmbH to ayondo GmbH. As consideration for this assignment, DonauReal Beteiligungs GmbH is entitled to purchase 1,000 shares of ayondo AG at an issue price of CHF97 for each share of ayondo AG.
- (5) ayondo Spain is a branch of ayondo UK and has no distinct corporate personality.
- (6) Please refer to the “Restructuring Exercise” section of this Offer Document for more details.

None of our subsidiaries is listed on any stock exchange. We do not have any associated companies.

None of our Independent Directors sits on the board of our principal subsidiaries.

## SUMMARY OF OUR FINANCIAL INFORMATION

The following selected Group financial information should be read in conjunction with the full text of this Offer Document, including the Audited Consolidated Financial Statements, as well as the “Management’s Discussion and Analysis of Results of Operations and Financial Position” section of this Offer Document, and the related notes elsewhere in this Offer Document.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(CHF'000)	←	Audited			→
	FY2014	FY2015	FY2016	9M2016	9M2017
Trading revenue	3,726	11,063	18,886	14,996	14,661
Fees and partner rebates	(1,477)	(5,120)	(9,006)	(6,653)	(7,403)
<b>Net operating income</b>	<b>2,249</b>	<b>5,943</b>	<b>9,880</b>	<b>8,343</b>	<b>7,258</b>
Other income	19	34	327	256	110
Staff expenses	(4,145)	(4,605)	(5,741)	(4,099)	(4,812)
Marketing expenses	(1,543)	(6,116)	(3,300)	(2,344)	(2,239)
Other operating expenses	(4,625)	(6,244)	(10,129)	(6,658)	(5,815)
<b>Total operating expenses</b>	<b>(10,294)</b>	<b>(16,931)</b>	<b>(18,843)</b>	<b>(12,845)</b>	<b>(12,756)</b>
<b>Operating loss</b>	<b>(8,045)</b>	<b>(10,988)</b>	<b>(8,963)</b>	<b>(4,502)</b>	<b>(5,498)</b>
Finance income	86	–	1	1	1
Finance costs	(727)	(1,333)	(1,804)	(1,273)	(1,542)
Share of results of associates	(458)	(17)	–	–	–
Net impairment of financial assets	–	–	–	–	–
Remeasurement gain on initial equity interest	7,500	–	–	–	–
<b>Loss before tax</b>	<b>(1,644)</b>	<b>(12,338)</b>	<b>(10,766)</b>	<b>(5,774)</b>	<b>(7,039)</b>
Income tax credit	231	358	332	260	434
<b>Loss for the year/period, net of tax</b>	<b>(1,413)</b>	<b>(11,980)</b>	<b>(10,434)</b>	<b>(5,514)</b>	<b>(6,605)</b>
<b>Loss for the year/period, net of tax, attributable to:</b>					
Equity holders of the Company	(1,132)	(11,483)	(10,223)	(5,426)	(6,600)
Non-controlling interests	(281)	(497)	(211)	(88)	(5)
<b>EPS immediately before the Invitation (CHF cents)<sup>(1)</sup></b>	<b>(0.3)</b>	<b>(2.7)</b>	<b>(2.4)</b>	<b>(1.3)</b>	<b>(1.6)</b>
<b>EPS immediately after the Invitation (CHF cents)<sup>(2)</sup></b>	<b>(0.2)</b>	<b>(2.3)</b>	<b>(2.0)</b>	<b>(1.1)</b>	<b>(1.3)</b>

**Notes:**

- (1) For comparative purposes, the EPS immediately before the Invitation for the Period Under Review has been computed based on the loss attributable to equity holders of the Company and our Company’s share capital immediately before the Invitation of 419,347,552 Shares.
- (2) For comparative purposes, the EPS immediately after the Invitation for the Period Under Review has been computed based on the loss attributable to equity holders of the Company and our Company’s share capital immediately after the Invitation of 502,666,210 Shares.



## SUMMARY OF OUR FINANCIAL INFORMATION

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(CHF'000)	← Audited →			
	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 September 2017
<b>Non-current assets</b>				
Property, plant and equipment	70	51	160	129
Intangible assets	33,865	34,417	35,218	36,294
Loans to associates and related parties	30	–	–	–
Investments in associate	335	318	–	–
<b>Total non-current assets</b>	<b>34,300</b>	<b>34,786</b>	<b>35,378</b>	<b>36,423</b>
<b>Current assets</b>				
Trade and other receivables	12,810	20,641	33,881	46,032
Derivative financial instrument	3	18	67	146
Cash and bank balances	543	3,405	3,808	1,446
Investment securities	1,020	1,020	932	932
<b>Total current assets</b>	<b>14,376</b>	<b>25,084</b>	<b>38,688</b>	<b>48,556</b>
<b>Total assets</b>	<b>48,676</b>	<b>59,870</b>	<b>74,066</b>	<b>84,979</b>
<b>Current liabilities</b>				
Convertible bonds	–	–	499	9,248
Trade and other payables	12,995	23,612	37,304	51,020
Bank overdraft	282	86	19	133
Loans from related parties	789	658	3,058	6,562
Derivative financial instrument	35	172	54	4,788
<b>Total current liabilities</b>	<b>14,101</b>	<b>24,528</b>	<b>40,934</b>	<b>71,751</b>
<b>Non-current liabilities</b>				
Convertible bonds	5,926	7,239	8,058	–
Employee benefit liabilities	483	524	747	914
Derivative financial instrument	4,427	4,916	4,674	–
<b>Total non-current liabilities</b>	<b>10,836</b>	<b>12,679</b>	<b>13,479</b>	<b>914</b>
<b>Total liabilities</b>	<b>24,937</b>	<b>37,207</b>	<b>54,413</b>	<b>72,665</b>

## SUMMARY OF OUR FINANCIAL INFORMATION

	← Audited →			
(CHF'000)	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 September 2017
<b>Equity</b>				
Share capital	31,530	37,164	45,251	50,006
Treasury shares	(13)	1	–	–
Other reserves	1,058	6,279	4,752	(612)
Accumulated losses	(8,480)	(19,951)	(30,338)	(37,061)
	24,095	23,493	19,665	12,333
Non-controlling interests	(356)	(830)	(12)	(19)
<b>Total equity</b>	<b>23,739</b>	<b>22,663</b>	<b>19,653</b>	<b>12,314</b>
<b>Total equity and liabilities</b>	<b>48,676</b>	<b>59,870</b>	<b>74,066</b>	<b>84,979</b>
NAV per Share (CHF cents) <sup>(1)</sup>	5.7	5.6	4.7	2.9

**Note:**

- (1) The NAV per Share has been computed based on the respective NAV attributable to the equity holders of our Company as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 September 2017 and our Company's share capital immediately before the Invitation of 419,347,552 Shares.

## SUMMARY OF OUR FINANCIAL INFORMATION

The following selected pro forma consolidated financial information of our Group should be read in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements, the Unaudited Pro Forma Consolidated Financial Information, where the selected Group's financial information has been derived from.

### PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME<sup>(1)</sup>

(CHF'000)	Unaudited	
	FY2016	9M2017
Trading revenue	18,886	14,661
Fees and partner rebates	(9,006)	(7,403)
<b>Net operating income</b>	<b>9,880</b>	<b>7,258</b>
Other income	327	110
Staff expenses	(5,741)	(4,812)
Marketing expenses	(3,300)	(2,239)
Other operating expenses	(10,240)	(6,643)
<b>Total operating expenses</b>	<b>(18,954)</b>	<b>(13,584)</b>
<b>Operating loss</b>	<b>(9,074)</b>	<b>(6,326)</b>
Finance income	1	1
Finance costs	(101)	(216)
<b>Loss before tax</b>	<b>(9,174)</b>	<b>(6,541)</b>
Income tax credit	332	434
<b>Loss for the year/period, net of tax</b>	<b>(8,842)</b>	<b>(6,107)</b>
<b>Loss for the year/period, net of tax, attributable to:</b>		
Equity holders of the Company	(8,631)	(6,102)
Non-controlling interests	(211)	(5)
<b>EPS immediately before the Invitation (CHF cents)<sup>(2)</sup></b>	<b>(2.1)</b>	<b>(1.5)</b>
<b>EPS immediately before the Invitation (CHF cents)<sup>(3)</sup></b>	<b>(1.7)</b>	<b>(1.2)</b>

**Notes:**

- (1) Please refer to the Unaudited Pro Forma Consolidated Financial Information for the basis of preparation of the pro forma consolidated financial information of our Group.
- (2) For comparative purposes, our EPS immediately before the Invitation for the Period Under Review have been computed based on loss attributable to equity holders of the Company and our Company's share capital immediately before the Invitation of 419,347,552 Shares.
- (3) For comparative purposes, our EPS immediately after the Invitation for the Period Under Review have been computed based on loss attributable to equity holders of the Company and our Company's share capital immediately after the Invitation of 502,666,210 Shares.

## SUMMARY OF OUR FINANCIAL INFORMATION

### UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION<sup>(1)</sup>

(CHF'000)	Unaudited	
	As at 31 December 2016	As at 30 September 2017
<b>Non-current assets</b>		
Property, plant and equipment	160	129
Intangible assets	35,218	36,294
<b>Total non-current assets</b>	<b>35,378</b>	<b>36,423</b>
<b>Current assets</b>		
Trade and other receivables	33,881	46,032
Derivative financial instrument	67	146
Cash and bank balances	5,397	2,744
Investment securities	932	932
<b>Total current assets</b>	<b>40,277</b>	<b>49,854</b>
<b>Total assets</b>	<b>75,655</b>	<b>86,277</b>
<b>Current liabilities</b>		
Convertible bonds	–	–
Trade and other payables	37,304	51,020
Bank overdraft	19	133
Loans from related parties	2,534	5,717
Derivative financial instrument	54	121
<b>Total current liabilities</b>	<b>39,911</b>	<b>56,991</b>
<b>Non-current liabilities</b>		
Convertible bonds	–	–
Employee benefit liabilities	747	914
Derivative financial instrument	–	–
<b>Total non-current liabilities</b>	<b>747</b>	<b>914</b>
<b>Total liabilities</b>	<b>40,658</b>	<b>57,905</b>
<b>Equity</b>		
Share capital	35,799	29,185
Merger reserve	30,161	37,692
Other reserves	189	(612)
Accumulated losses	(31,140)	(37,874)
	35,009	28,391
Non-controlling interests	(12)	(19)
<b>Total equity</b>	<b>34,997</b>	<b>28,372</b>
<b>Total equity and liabilities</b>	<b>75,655</b>	<b>86,277</b>
<b>NAV per Share (CHF cents)<sup>(2)</sup></b>	<b>8.3</b>	<b>6.8</b>

**Notes:**

- (1) Please refer to the Unaudited Pro Forma Consolidated Financial Information for the basis of preparation of the pro forma consolidated financial information of our Group.
- (2) The NAV per Share has been computed based on the respective NAV attributable to the equity holders of our Company as at 31 December 2016 and 30 September 2017 and our Company's share capital immediately before the Invitation of 419,347,552 Shares.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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*The following discussion of our business, financial performance and financial position has been prepared by our management and should be read in conjunction with the Audited Consolidated Financial Statements, and the Unaudited Pro Forma Consolidated Financial Information as set out in Appendix A and Appendix B of this Offer Document respectively and the related notes elsewhere in this Offer Document.*

*This discussion contains forward-looking statements that involve risks, uncertainties and reflect our current views with respect to future events and our Group's financial performance. Our actual results may differ significantly from those projected in the forward-looking statements had the Group actually existed earlier. Factors that might cause future results to differ significantly from those projected in this Offer Document, particularly in the "Risk Factors" section of this Offer Document.*

*Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty, or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Offer Document for further details.*

### OVERVIEW

We are a global Fintech group that provides social trading services and brokerage services to both B2C and B2B clients through our two proprietary platforms, (a) WeTrade for social trading; and (b) TradeHub for self-directed trading. Our Group offers CFD and spread bet trading across different markets and financial products such as forex, commodities, treasuries, indices, cryptocurrencies and shares. We also offer educational and casual trading services via mobile applications through our partners. Through our casual trading applications and educational content, we aim to educate and empower customers and prospects and to democratize the financial retail market via our social trading services.

We consider our Group as one of the Fintech pioneers in Europe which has seized the opportunity arising from emerging digital technologies and changing trends in the financial industry. By combining trading and investment with elements of social media, our Group is disrupting the traditional asset management industry by offering an alternative way to trade and invest through social trading. Social trading represents a fast-growing innovation, with an average growth rate of 213%, which allows traders to share and follow other traders' trading and investment strategies automatically, proportionally and on a real-time basis. Our WeTrade platform provide information on the traders' portfolios, their trading performance and track record, the number of followers, risk score and their investment strategies.

Our Group offers social trading services and brokerage services primarily through its subsidiaries, aPM GmbH and ayondo UK, respectively. The ayondo UK is a FCA regulated 730 K firm that provides CFDs brokerage services and carries out trade execution for trades generated by our clients. The social trading services were provided through the ayondo GmbH, which was a tied agent of DonauCapital until September 2017. With effect from 4 September 2017, our social trading services are provided through aPM GmbH, which holds a portfolio management licence issued by BaFin.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Factors affecting our Group's results of operations

Our results of operations may be affected by, amongst others, the following factors:

#### (i) *Number of Active Clients*

Our Group's revenue is dependent on the number of actively trading clients that our Group is able to attract and retain or reactivate in the event that clients cease trading. For FY2016, we have approximately 32,816 Active Clients. Our Group's client base is predominately retail clients.

The table below sets forth our Group's number of Active Clients for the Period Under Review:

	FY2014	FY2015	FY2016	9M2016	9M2017
Number of Active Clients <sup>(1)</sup>	4,988	17,725	32,816	27,622	37,316

**Note:**

(1) Active Clients represent those individual clients who have placed a trade on at least one occasion during the relevant period.

We devote significant resources to attracting new clients to open accounts and trade. We use our own website, emails and our social media channels to promote our products and services to existing clients and prospects. In addition, we advertise on third-party websites and utilise search engines to attract potential clients. We also engage in targeted off-line marketing in more traditional media channels such as financial press and television, outdoor advertising and sponsorships.

#### (ii) *Client trading volume*

Our Group's results of operations largely depend on the client trading volume. For FY2016, commission and spread (i.e., the difference between the bid and ask price on its CFD and spread bet products) constituted 85.2% of our Group's trading revenue. Our Group generates revenue based on the notional value of trades our clients transact.

The tables below set forth the number of client transactions and the notional value of client transactions for the Period Under Review:

##### Number of client transactions

('000)	FY2014	FY2015	FY2016	9M2016	9M2017
Number of client transactions	4,689	17,373	35,311	26,352	29,947

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Notional value of client transactions

CHF	FY2014	FY2015	FY2016	9M2016	9M2017
Notional value of client transactions (billion)	34.7	93.8	131.8	97.9	77.1
Average notional value of client transaction per transaction	7,391	5,400	3,733	3,716	2,575

The increase in notional value of client transactions between FY2014 to FY2016 was largely due to the growth in number of Active Clients. The decrease in notional value of client transactions from 9M2016 to 9M2017 was mainly due to the decrease in number of client transaction per Active Clients from 954 trades in 9M2016 to 803 trades in 9M2017.

### Transactional revenue per Active Client<sup>(1)</sup>

The table below sets forth our Group's revenue per Active Client for the Period Under Review:

CHF	FY2014	FY2015	FY2016	9M2016	9M2017
Transactional revenue ('000)	3,726	11,063	18,886	14,996	14,661
Transactional revenue per Active Client	747	624	576	543	393

#### **Note:**

- (1) Transactional revenue per Active Client is defined as our total revenue from transactional spreads and commissions and financing income for the relevant period divided by the number of Active Clients during the Period Under Review. The calculation is made on a period and not a trailing basis, 12 months and nine-month revenue per Active Client figures may not be comparable.

The decrease in average transactional revenue per Active Client is mainly due to (i) the increase in revenue contribution from the casual segment from 3.0% in FY2014 to 27.2% in FY2016 which further increased to 35.5% in 9M2017; and (ii) the average revenue per Active Client for the casual segment is lower with a range of between approximately CHF109 to CHF230 for the Period Under Review as compared with the self-directed segment with an average revenue per Active Client ranging between CHF1,293 to CHF1,778, the social segment with an average revenue per Active Client ranging between approximately CHF553 and CHF1,139 and the introduced segment with an average revenue per Active Client ranging between CHF678 to CHF1,431 for the Period Under Review. This was partially offset by the increase in the number of Active Client from 4,988 in FY2014 to 37,316 in 9M2017.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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***(iii) Changes in laws and regulations governing capital market activities and financial advisory services which will have an impact on our Group's ability to conduct businesses***

The jurisdictions in which our Group operate are highly regulated. Applicable regulations largely influence the type of product offerings our Group may offer clients and consequently have a significant effect on our Group's revenue. Our Group's business is subject to direct and indirect regulation by a variety of regulators in multiple jurisdictions, and may be subjected to additional regulations in the future.

***(iv) The capability of our distribution partners (including but not limited to white-labels, joint ventures) to attract new customers***

Through our distribution partners, we offer access to certain customers and geographies to whom and in which our Group might not otherwise offer our products.

***(v) Competition***

Our Group's revenue depends on our ability to offer our products at competitive spreads. Our Group monitors the competitive landscape to ensure its products are offered at competitive spreads. Further, with respect to its CFD, our Group has access to more favourable trading prices generally available only to financial institutions and hence able to offer more competitive spreads to our clients. In addition, we compete with other market participants not only in respect of spreads and product offerings, but also in other areas such as the speed, capacity and attractiveness of our leading platform.

***(vi) Existing capacity and availability of resources***

Our Group's success has been, and will continue to be, attributable in significant part to our technology, capacity and availability of resources.

***(vii) Foreign exchange fluctuations***

We report revenue in the CHF, although we generate significant revenue in EUR and GBP fluctuation in the exchange rate may impact the revenue recognised in our reporting currency.

Please refer to the "Risk Factors" section of this Offer Document for a more comprehensive discussion of the above and on other factors which may affect our business operations, revenue and overall financial performance.

### **Factors affecting fees and rebates**

Our fees and rebates are affected by, *inter alia*, the following factors:

- (i) trade volume;
- (ii) rebates: commercial terms negotiated with partners; products traded by the clients associated with the partner; changes in underlying market spread;



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (iii) trading counterparty charges: specific commercial terms negotiated with hedging counterparties;
- (iv) client bonus: commercial terms associated with client bonuses (details of all past and current offers which show respective terms can be found here: <http://www.ayondo.com/en/offers/>); and
- (v) government legislation on betting duties.

### Trading Revenue

Our Group's trading revenue is generated primarily through transactional commission and spread, financing income and trading income arising from clients' trading activities. The level of revenue is influenced by the number of clients actively trading and the value of those trades.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Group and the revenue can be reliably measured, regardless of when the payment is being made. Trading income includes gains and losses on the operation of the spread trading markets and trading in financial markets, and foreign exchange gains and losses on positions. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue together with gains and losses realised on positions that have closed.

The following tables set out the breakdown of our trading revenue by customer profile and source for the Period Under Review:

#### Revenue by customer profile

Revenue by customer profile	Audited									
	FY2014		FY2015		FY2016		9M2016		9M2017	
	CHF '000	%	CHF '000	%	CHF '000	%	CHF '000	%	CHF '000	%
Self-Directed	1,955	52.5	2,521	22.8	2,089	11.1	1,743	11.6	1,801	12.3
Social	306	8.2	2,727	24.7	5,913	31.2	4,367	29.1	3,410	23.3
Casual	113	3.0	1,497	13.5	5,131	27.2	4,077	27.2	5,205	35.5
Introduced	1,277	34.3	4,269	38.6	5,734	30.4	4,786	31.9	4,244	28.9
Other	75	2.0	49	0.4	19	0.1	23	0.2	1	0.0
<b>Total</b>	<b>3,726</b>	<b>100.0</b>	<b>11,063</b>	<b>100.0</b>	<b>18,886</b>	<b>100.0</b>	<b>14,996</b>	<b>100.0</b>	<b>14,661</b>	<b>100.0</b>

#### Self-directed

Revenue is generated from self-directed services through spread and financing income charged to clients. Clients can make and execute their own investment decisions and/or invest in investment products by themselves through our Group's TradeHub platform.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Social

Social trading is a new form of trading that allows traders to follow the trading strategies of other traders and copy their trades. The traders providing trading signals are termed "Top Traders" and the other traders following the Top Traders are termed "Followers". Our Group's social trading services are conducted through our Group's platform known as "WeTrade". Spreads and financing income are earned from the trades executed through the WeTrade platform.

### Casual

Our Group is collaborating with one of its white label partners, BUX BV, to provide an unconventional platform for investors to trade. BUX BV offers a trading application for smartphones that simplifies trading of instruments in financial markets for social and casual usage and introduces its services with a view to make trading of financial products accessible and enjoyable for everybody, bringing back the fun to the financial world.

All transactions from BUX BV are processed via our Group's TradeHub platform and our Group earns commission and financing income on such transactions.

### Introduced

By using our Group's technology and our B2B partners' distribution channels, our B2B partners help to introduce and connect new clients to our Group, thus reducing the marketing costs involved in acquiring such new clients. The B2B partners are white label partners and introducing brokers. Our Group provides self-directed trading services using its technology but customises the platform to incorporate the brand of the white label partner. Introducing brokers will promote our Group's services via their own distribution channels, redirecting client traffic to our platforms in the process. As at the Latest Practicable Date, our Group has more than 25 active B2B partners. Please refer to the "Distribution Partners" section of this Offer Document for more details.

### Revenue by source

Revenue by source	Audited									
	FY2014		FY2015		FY2016		9M2016		9M2017	
	CHF '000	%	CHF '000	%	CHF '000	%	CHF '000	%	CHF '000	%
Commission and spread	3,032	81.4	9,675	87.5	16,094	85.2	13,236	88.3	11,271	76.9
Financing income	619	16.6	1,339	12.1	2,773	14.7	1,737	11.6	3,389	23.1
Other	75	2.0	49	0.4	19	0.1	23	0.1	1	0.0
<b>Total</b>	<b>3,726</b>	<b>100.0</b>	<b>11,063</b>	<b>100.0</b>	<b>18,886</b>	<b>100.0</b>	<b>14,996</b>	<b>100.0</b>	<b>14,661</b>	<b>100.0</b>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Commission and spread

We earn revenue by maintaining a transactional spread (the difference between the bid and ask price) on our CFD and spread bet products. Our Group sets the transactional spread taking into consideration several factors, among others, (a) the asset classes; (b) the trading volume of the underlying security (security with higher trading volume would generally have tighter spread); (c) volatility of the underlying security; and (d) the level of competition in the respective jurisdictions (where greater competition would lead to lower spreads). Our Group monitors the competitive landscape to ensure its products are offered at competitive spread. The difference between the prices which buyers are willing to pay for the financial instruments and the prices which sellers are willing to accept for the financial instruments directly affects our Group's results, as compressed bid-ask spreads, if not offset by higher trading volumes, will result in lower profitability. The bid and ask prices are continuously updated during the trading day with a bid and ask price depending on the underlying liquidity for each of our products.

Commission relates to an amount charged on transactions through BUX BV. Clients are charged a commission per trade instead of paying spread on the opening and closing of a trade. Under this mechanism, the price that a client buys and sells at is the same, there is no spread between the two. Commissions are charged based upon the notional size of the trade and differ depending upon the asset class and trade size. We charge and collect the full amount of the commission from clients and recognise the full commission that was charged to the clients as revenue. The amount in excess of the pre-agreed commissions to be charged to BUX BV will be paid out as rebates. As at the Latest Practicable Date, actual commission rates range from 22 basis points ("bp") on cryptocurrencies, 9bp on single stocks, 6.5bp on commodities, 2bp on stock indices and 1.8bp on currencies. These charges will be slightly lower for high notional size trades.

### Financing income

Positions held by clients overnight may be subjected to financing charges, which can be positive or negative depending on the direction of their holdings and the applicable financing rate, calculated on a daily basis. A long position incurs financing charges, as the client is effectively borrowing capital from our Group for the difference between the notional value of the transaction and the initial margin deposited with us. Conversely, the client may receive a financing credit for holding a short position and the financing charges or credits are automatically computed and are charged or credited to the clients' accounts respectively at a time determined by the type of product that is held by the clients.

### **Fees and Rebates**

Fees and rebates mainly comprised of rebates paid to white-label partners, introducing brokers and certain of our Group's Top Trader from our social trading platform, WeTrade, costs of broker fees incurred in transacting hedging activity, client bonuses and betting duty tax. Fees and rebates amounted to 39.6%, 46.3%, 47.7%, 44.4% and 50.5% of our Group's trading revenue for FY2014, FY2015, FY2016, 9M2016 and 9M2017 respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table sets out the breakdown of the fees and rebates by nature:

### Breakdown of fees and rebates by nature

Fees and rebates by nature	Audited									
	FY2014		FY2015		FY2016		9M2016		9M2017	
	CHF '000	%	CHF '000	%	CHF '000	%	CHF '000	%	CHF '000	%
Rebates	851	57.7	3,968	77.4	7,630	84.7	6,121	92.0	5,720	77.3
Client bonuses	467	31.6	848	16.6	816	9.1	169	2.5	757	10.2
Trading counterparty charges	98	6.6	280	5.5	502	5.6	319	4.8	852	11.5
Betting duty tax	61	4.1	24	0.5	58	0.6	44	0.7	74	1.0
<b>Total</b>	<b>1,477</b>	<b>100.0</b>	<b>5,120</b>	<b>100.0</b>	<b>9,006</b>	<b>100.0</b>	<b>6,653</b>	<b>100.0</b>	<b>7,403</b>	<b>100.0</b>

#### (i) Rebates

Rebates amounted to approximately CHF0.9 million, CHF4.0 million, CHF7.6 million, CHF6.1 million and CHF5.7 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017 respectively. Rebates relates to the amounts of transactional revenue (spread, commission and financing income) that are paid back to either clients or B2B partners. These rebates are typically a proportion of transactional revenue of customers introduced to our Group by our partners as an incentive for the introduction. We also pay rebates to top traders based on the proportion of transactional revenue earned on customers who follow them. Rebates for top traders as a percentage of gross commission earned on a follower's trade range from 2% to 12%.

#### (ii) Client bonuses

Client bonuses are incurred when there are client promotions that seek to reward a client for opening an account, depositing funds and/or trading. Client bonuses amounted to approximately CHF0.5 million, CHF0.8 million, CHF0.8 million, CHF0.2 million and CHF0.8 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017 respectively.

#### (iii) Trading counterparty charges

Trading counterparty charges are charges levied against us for the trading activity executed via our hedging counterparties (including but not limited to, commission, margin financing, foreign exchange conversion charges). Trading counterparty charges amounted to approximately CHF0.1 million, CHF0.3 million, CHF0.5 million, CHF0.3 million and CHF0.9 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017 respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### *(iv) Betting duty tax*

Betting duty tax are legislative monetary obligations arising from trade activities that are payable to local regulatory and governmental bodies which mainly relates to UK betting duty. Please refer to the "Taxation" section of this Offer Document for more details. Betting duty tax amounted to approximately CHF61,000, CHF24,000, CHF58,000, CHF44,000 and CHF74,000 in FY2014, FY2015, FY2016, 9M2016 and 9M2017 respectively. Nonetheless, our Group had previously applied and obtained the bookmakers licence. The aggregate Irish betting duty tax paid amounted to approximately CHF12,111 for the Period Under Review.

### **Other Income**

Other income amounted to approximately CHF19,000, CHF34,000, CHF0.3 million, CHF0.3 million and CHF0.1 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. In FY2014, other income mainly related to a profit on disposal of a holding in Sycap Group AB ("**Sycap AB**"). In FY2015, other income mainly related to income from STN GmbH. In FY2016, other income mainly relates to profit on disposal of a holding of Stockpulse GmbH in September 2016. The equity interest in Sycap AB and Stockpulse GmbH were disposed by the Group as Sycap AB was a dormant company and both Sycap AB and Stockpulse GmbH were non-core assets.

### **Staff Expenses**

Staff expenses comprise mainly employee salary, social security and pension costs, and performance related pay. Staff expenses amounted to CHF4.1 million, CHF4.6 million, CHF5.7 million, CHF4.1 million and CHF4.8 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. The increase in staff expenses is mainly attributable to the increase in number of employees from 41 in FY2014 to 72 in FY2016, particularly in the software development and IT marketing, and sales and customer service functions, in line with the business expansion of our Group.

### **Marketing Expenses**

Marketing expenses comprise mainly of advertising expenses, event costs and other marketing costs. Marketing expenses accounted for 41.4%, 55.3%, 17.5%, 15.6% and 15.3% of our Group's trading revenue in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

### **Other Operating Expenses**

Other operating expenses comprise mainly of legal and professional fees, IT costs, depreciation expense, and other administrative expenses. Other operating expenses accounted for 124.1%, 56.4%, 53.6%, 44.4% and 39.7% of our Group's trading revenue in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

### **Finance Income**

Finance income comprise of interest income. Finance income amounted to approximately CHF86,000, Nil, CHF1,000, CHF1,000 and CHF1,000 in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Finance income in 2014 related to the loan interest received from the Sycap UK in first quarter of FY2014 prior to its consolidation into our Group.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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### **Finance Costs**

Finance costs comprise mainly of interest payable on convertible loans issued. Finance costs accounted for 19.5%, 12.0%, 9.6%, 8.5% and 10.5% of our Group's trading revenue in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

### **Share of Results of Associates**

Share of results of associates relates to our Group's share of net income from ayondo GmbH, Sycap UK, Stockpulse GmbH and 2iQ Research GmbH. We acquired additional equity interest in ayondo GmbH and Sycap UK in February 2014 and April 2014, respectively which resulted in ayondo GmbH and Sycap UK being recognised as subsidiaries of our Group. Further, we disposed of our equity interest in Stockpulse GmbH and 2iQ Research GmbH subsequently on 5 September 2016 and 31 October 2016, respectively. Please refer to the "General Information on our Group – History" section of this Offer Document for further details.

### **Remeasurement Gain on Initial Equity Interest**

Remeasurement gain on initial equity interest relates to the one-off gain recognised as a result of measuring the 36.3% and 49.5% equity interest in ayondo GmbH and Sycap UK, respectively at fair value following the acquisition of additional equity interest in ayondo GmbH and Sycap UK. Please refer to the "General Information on our Group – History" section of this Offer Document for further details.

### **Income Tax Credit**

Income tax credit relates to tax credit received in compliance with the UK tax regulation, where certain expenditure on research and development qualifies for tax credit. The application is usually filed in the following year and payment is processed after examination.

Income tax credit amounted to CHF0.2 million, CHF0.4 million, CHF0.3 million, CHF0.3 million and CHF0.4 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

#### Switzerland

Our subsidiary was taxed accordingly to the prevailing tax regulations in Switzerland. The corporate income tax rate applicable to our Company in Switzerland was 8.5% in FY2014, FY2015, FY2016, 9M2016 and 9M2017.

#### United Kingdom

Our subsidiary was taxed according to the prevailing tax regulations in United Kingdom and the corporate income tax applicable to our subsidiary was 20.0% during the Period Under Review.

#### Germany

Our subsidiary was taxed according to the prevailing tax regulations in Germany and the corporate income tax applicable to our subsidiary was 30.0% during the Period Under Review.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Spain

Our subsidiary was taxed according to the prevailing tax regulations in Spain and the corporate income tax applicable to our subsidiary was 25.0% during the Period Under Review.

### Singapore

Our subsidiary was taxed according to the prevailing tax regulations in Singapore and the corporate income tax applicable to our subsidiary was 17.0% during the Period Under Review.

### **Inflation**

Our financial performance during the Period Under Review was not materially affected by inflation.

## **REVIEW OF PAST PERFORMANCE**

### ***FY2015 VS FY2014***

#### **Trading Revenue**

Trading revenue increased by approximately CHF7.4 million, or 200.0%, from CHF3.7 million in FY2014 to CHF11.1 million in FY2015. The increase in trading revenue was mainly attributable to the increase in revenue from commission and spread of CHF6.6 million, or 219.1%, from CHF3.0 million in FY2014 to CHF9.7 million in FY2015. The main driver of this revenue growth was the increase in the number of Active Clients from 4,988 in FY2014 to 17,725 in FY2015 and as a result, notional value of client transactions from CHF34.7 billion in FY2014 to CHF93.8 billion in FY2015.

#### **Fees and Rebates**

Fees and rebates increased by approximately CHF3.6 million, or 240.0%, from CHF1.5 million in FY2014 to CHF5.1 million in FY2015. This was mainly attributable to (i) the increase in rebates from CHF0.9 million in FY2014 to CHF4.0 million in FY2015; and (ii) the increase in trading counterparty charges from CHF0.1 million in FY2014 to CHF0.3 million in FY2015, in line with the increase in trading volume. Client bonuses increased by CHF0.3 million, or 60.0%, from CHF0.5 million in FY2014 to CHF0.8 million in FY2015 in line with the general increase in Active Clients generating higher bonus requirements.

#### **Net Operating Income**

As a result of the foregoing, net operating income increased by CHF3.7 million, or 168.2%, from CHF2.2 million in FY2014 to CHF5.9 million in FY2015. Overall net operating income margin decreased from 60.4% in FY2014 to 53.7% in FY2015.

#### **Other Income**

Other income increased by approximately CHF15,000, or 78.9%, from CHF19,000 in FY2014 to CHF34,000 in FY2015 mainly attributable to the gain on disposal of Sycap UK.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Staff Expenses

Staff expenses increased by approximately CHF0.5 million, or 12.2%, from CHF4.1 million in FY2014 to CHF4.6 million in FY2015. The increase in staff expenses is mainly attributable to the increase in number of employees from 41 in FY2014 to 49 in FY2015 in line with the business expansion of our Group.

### Marketing Expenses

Marketing expenses increased by approximately CHF4.6 million, or 306.7%, from CHF1.5 million in FY2014 to CHF6.1 million in FY2015. The increase in marketing expense was mainly attributable to the marketing expenses incurred for the TV campaign to market its CFD and spread bet trading products in FY2015 pursuant to a media agreement entered into between our Group and SevenVentures in December 2014. In addition, our Group was the main sponsor of FSV Frankfurt from the summer season of 2015 to the summer season of 2017.

### Other Operating Expenses

Other operating expenses increased by approximately CHF1.6 million, or 34.8%, from CHF4.6 million in FY2014 to CHF6.2 million in FY2015. The increase was mainly attributable to (i) the increase in professional fees by CHF0.3 million; (ii) the increase in IT expenses by CHF0.3 million; (iii) the increase in research expenses by CHF0.2 million; and (iv) the increase in regulatory fees by CHF0.2 million, as a result of the full year contribution from ayondo GmbH and Sycap UK in FY2015.

### Finance Income

Finance income decreased by approximately CHF0.1 million, from CHF0.1 million in FY2014 to Nil in FY2015. The decrease in finance income was mainly due to reduction in the repayment of interest bearing loans from Sycap UK upon consolidation of Sycap UK in April 2014.

### Finance Costs

Finance costs increased by approximately CHF0.6 million, or 85.7%, from CHF0.7 million in FY2014 to CHF1.3 million in FY2015. The increase in finance costs was mainly due to the higher level of borrowings in FY2015 as a result the issuance of an additional convertible bonds of CHF4.7 million in FY2015.

### Share of Results of Associates

Share of results of associates increased by approximately CHF0.4 million, or 96.6%, from a loss of CHF0.5 million in FY2014 to a loss of CHF17,000 in FY2015. The decrease in share of losses from associates was mainly due to the acquisition of additional equity interest in ayondo GmbH and Sycap UK in February 2014 and April 2014 respectively, which resulted in ayondo GmbH and Sycap UK Limited being recognised as subsidiaries of the Group. Please refer to the "General Information on Our Group – History" section of the Offer Document for further details.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### **Remeasurement Gain on Initial Equity Interest**

Remeasurement gain on initial equity interest relates to the one-off gain recognised as a result of measuring the 36.3% and 49.5% equity interest in ayondo GmbH and Sycap UK, respectively, at fair value following the acquisition of additional equity interest in ayondo GmbH and Sycap UK. Please refer to the "General Information on Our Group – History" section of this Offer Document for further details.

### **Loss for the year**

As a result of the foregoing, our Group's loss after tax for the year increased by CHF10.6 million, or 757.1%, from CHF1.4 million in FY2014 to CHF12.0 million in FY2015.

### ***FY2016 VS FY2015***

#### **Trading Revenue**

Trading revenue increased by approximately CHF7.8 million, or 70.3%, from CHF11.1 million in FY2015 to CHF18.9 million in FY2016. The increase in trading revenue was mainly attributable to the increase in revenue from commission and spread of CHF6.4 million, or 66.0%, from CHF9.7 million in FY2015 to CHF16.1 million in FY2016 due to continued growth in the number of clients. The number of Active Clients grew from 17,725 in FY2015 to 32,816 in FY2016 and the notional value of client transactions grew from CHF93.8 billion in FY2015 to CHF131.8 billion in FY2016.

#### **Fees and Rebates**

Fees and rebates increased by approximately CHF3.9 million, or 76.5%, from CHF5.1 million in FY2015 to CHF9.0 million in FY2016. This was mainly attributable to (i) the increase in rebates from CHF4.0 million in FY2015 to CHF7.6 million in FY2016; and (ii) the increase in trading counterparty charges from CHF0.3 million in FY2015 to CHF0.5 million in FY2016, in line with the increase in trading volume.

#### **Net Operating Income**

As a result of the foregoing, net operating income increased by CHF4.0 million, or 67.8%, from CHF5.9 million in FY2015 to CHF9.9 million in FY2016. Overall net operating income margin decreased slightly from 53.7% in FY2015 to 52.3% in FY2016.

#### **Other Income**

Other income increased by approximately CHF0.3 million, or 782.4%, from CHF34,000 in FY2015 to CHF0.3 million in FY2016. The increase in other income was mainly due to the gain of CHF0.2 million from the disposal of Stockpulse GmbH in September 2016.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Staff Expenses

Staff expenses increased by approximately CHF1.1 million, or 23.9%, from CHF4.6 million in FY2015 to CHF5.7 million in FY2016. The increase in staff expenses was mainly attributable to the increase in number of employees from 49 in FY2015 to 72 in FY2016, particularly in the software development and IT marketing, and sales and customer service functions, in line with the business expansion of our Group.

### Marketing Expenses

Marketing expenses decreased by approximately CHF2.8 million, or 45.9%, from CHF6.1 million in FY2015 to CHF3.3 million in FY2016. The decrease in marketing expenses was mainly due to the termination of the agreement with SevenVentures in September 2015. This was partially offset by the increase in marketing effort through digital medium such as Adwords and YouTube campaigns.

### Other Operating Expenses

Other operating expenses increased by approximately CHF3.9 million, or 62.9%, from CHF6.2 million in FY2015 to CHF10.1 million in FY2016. The increase in operating expenses was mainly due to an increase in foreign exchange losses of CHF0.7 million, an increase in operating expenses of CHF0.5 million relating to the development of the Singapore operations, and CHF1.4 million relating to increased legal and professional fees.

### Finance Costs

Finance costs increased by approximately CHF0.5 million, or 38.5%, from CHF1.3 million in FY2015 to CHF1.8 million in FY2016 mainly due to interest on convertible bonds issued in April 2015 being accrued over the full FY2016.

### Share of Results of Associates

Share of results of associates increased by approximately CHF17,000 from a loss of CHF17,000 in FY2015 to Nil in FY2016 as we no longer hold any associates after disposing Stockpulse GmbH and 2iQ Research GmbH in September 2016. There was no share of result of associates recognised during FY2016.

### Loss for the year

As a result of the foregoing, our Group's loss after tax for the period decreased by CHF1.6 million, or 13.3%, from CHF12.0 million in FY2015 to CHF10.4 million in FY2016.

### *9M2017 VS 9M2016*

#### Trading Revenue

Trading revenue decreased by approximately CHF0.3 million, or 2.0%, from CHF15.0 million in 9M2016 to CHF14.7 million in 9M2017. The decrease was mainly attributable to a decrease in revenue from commission and spread of CHF1.9 million, or 14.4%, from CHF13.2 million in 9M2016 to CHF11.3 million in 9M2017 as a result of decrease in notional value of client

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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transactions from CHF97.9 billion in 9M2016 to CHF77.1 billion in 9M2017. This was partially offset by the increase in revenue from financing income of CHF1.7 million, or 100.0%, from CHF1.7 million in 9M2016 to CHF3.4 million in 9M2017 mainly due to an increase in month-end average client overnight position from CHF115.9 million in 9M2016 to CHF253.6 million in 9M2017.

### **Fees and Rebates**

Fees and rebates increased by approximately CHF0.7 million, or 10.5%, from CHF6.7 million in 9M2016 to CHF7.4 million in 9M2017. This was mainly attributable to (i) an increase in trading counterparty charges from CHF0.3 million in 9M2016 to CHF0.9 million in 9M2017 and (ii) an increase in client bonuses awarded from CHF0.2 million in 9M2016 to CHF0.8 million in 9M2017. This was partially offset by the decrease in rebates from CHF6.1 million in 9M2016 to CHF5.7 million in 9M2017 in line with the decrease in commission and spread income.

### **Net Operating Income**

As a result of the foregoing, net operating income decreased by CHF1.0 million, or 12.0%, from CHF8.3 million in 9M2016 to CHF7.3 million in 9M2017. Overall net operating income margin decreased from 55.6% in 9M2016 to 49.5% in 9M2017.

### **Other Income**

Other income decreased by approximately CHF0.2 million, or 66.7%, from CHF0.3 million in 9M2016 to CHF0.1 million in 9M2017. The decrease in other income was mainly due to an one-off gain of CHF0.2 million from the disposal of Stockpulse GmbH in September 2016.

### **Staff Expenses**

Staff expenses increased by approximately CHF0.7 million, or 17.1%, from CHF4.1 million in 9M2016 to CHF4.8 million in 9M2017. The increase in staff expenses was mainly attributable to the increase in number of employees from 70 in 9M2016 to 73 in 9M2017, in line with the business expansion of our Group.

### **Marketing Expenses**

Marketing expenses were remain relatively constant at CHF2.3 million in 9M2016 and CHF2.2 million in 9M2017 as our Group maintains our marketing strategies mainly in advertising through digital medium such as Adwords and YouTube campaigns.

### **Other Operating Expenses**

Other operating expenses decreased by approximately CHF0.9 million, or 13.4%, from CHF6.7 million in 9M2016 to CHF5.8 million in 9M2017. The decrease in operating expenses is mainly due to net foreign exchange gain of CHF0.9 million in 9M2017 as compared to a net foreign exchange loss of CHF0.9 million recognised in 9M2016. This was partially set off by an increase in legal, other professional fees and consultancy fees of approximately CHF0.8 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Finance Costs

Finance costs increased by approximately CHF0.2 million, or 15.4%, from CHF1.3 million in 9M2016 to CHF1.5 million in 9M2017. This increase is mainly attributable to an increase in loan from related parties of CHF3.5 million in 9M2017.

### Loss for the period

As a result of the foregoing, our Group's loss after tax for the period increased by CHF1.1 million, or 20.0%, from CHF5.5 million in 9M2016 to CHF6.6 million in 9M2017.

## REVIEW OF PAST FINANCIAL POSITION

### Non-current assets

#### As at 31 December 2016

Our Group's non-current assets comprised property, plant and equipment, and intangible assets. As at 31 December 2016, our Group's non-current assets amounted to approximately CHF35.4 million or 47.8% of our Group's total assets.

As at 31 December 2016, the intangible assets amounted to CHF35.2 million, or 99.5% of the total non-current assets and comprised of CHF1.8 million relating to our Group's WeTrade, TradeHub and ayondo Account Management System, and CHF33.4 million relating to goodwill arising out of the acquisition of shares in our subsidiaries.

As at 31 December 2016, property, plant and equipment amounted to CHF0.2 million, or 0.5% of the total non-current assets and comprised of furniture, office fittings and equipment.

#### As at 30 September 2017

Our Group's non-current assets comprised property, plant and equipment, and intangible assets. As at 30 September 2017, our Group's non-current assets amounted to approximately CHF36.4 million or 42.8% of the Group's total assets.

As at 30 September 2017, the intangible assets amounted to CHF36.3 million, or 99.7% of the total non-current assets and comprised of CHF2.9 million relating to our Group's WeTrade, TradeHub and ayondo Account Management System, and CHF33.4 million relating to goodwill arising out of the acquisition of shares in our subsidiaries.

As at 30 September 2017, property, plant and equipment amounted to CHF0.1 million, or 0.3% of the total non-current assets and comprised of furniture, office fittings and equipment.

### Current assets

#### As at 31 December 2016

Our Group's current assets comprised mainly other receivables, derivative financial instruments, cash and cash equivalents, and investment securities. As at 31 December 2016, our Group's current assets amounted to approximately CHF38.7 million or 52.2% of the Group's total assets.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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As at 31 December 2016, trade and other receivables was the most significant component of our Group's current assets and amounted to approximately CHF33.9 million, or 87.6% of our Group's current assets. Trade and other receivables comprised of (i) segregated client funds of CHF27.3 million; (ii) amount due from brokers of CHF5.0 million; (iii) client fund assets of CHF0.2 million; (iv) other receivables of CHF1.1 million; and (v) prepayment of CHF0.3 million comprising mainly property rental deposits.

Cash and bank balances amounted to approximately CHF3.8 million, or approximately 9.8% of our Group's current assets. Cash and cash equivalents comprised mainly cash balances denominated in GBP, CHF, EUR, SGD, DKK and USD.

Investment securities amounted to approximately CHF0.9 million, or 2.3% of our Group's current assets and comprised of investments in Oanda Corporation and MyHero Limited.

Derivative financial instrument amounted to approximately CHF0.1 million, or 0.3% of our Group's current assets and relate to futures held to hedge against client market exposures in accordance with our Group's market risk management policy.

### As at 30 September 2017

Our Group's current assets comprised mainly other receivables, derivative financial instruments, cash and cash equivalents, and investment securities. As at 30 September 2017, our Group's current assets amounted to approximately CHF48.6 million or 57.2% of our Group's total assets.

As at 30 September 2017, trade and other receivables was the most significant component of our Group's current assets and amounted to approximately CHF46.0 million, or 94.7% of our Group's current assets. Trade and other receivables comprised of (i) segregated client funds of CHF40.4 million; (ii) amount due from brokers of CHF4.3 million; (iii) client fund assets of CHF0.2 million; (iv) other receivables of CHF0.7 million; and (v) prepayment of CHF0.4 million comprising mainly property rental deposits.

Cash and bank balances amounted to approximately CHF1.5 million, or approximately 3.0% of our Group's current assets. Cash and cash equivalents comprised mainly cash balances denominated in GBP, CHF, EUR, SGD, DKK and USD.

Investment securities amounted to approximately CHF0.9 million, or 1.9% of our Group's current assets and comprised of investments in Oanda Corporation and MyHero Limited.

Derivative financial instrument amounted to approximately CHF0.2 million, or 0.4% of our Group's current assets and relate to derivative positions held to hedge against client market exposures in accordance with our Group's market risk management policy.

### **Current liabilities**

#### As at 31 December 2016

Our Group's current liabilities comprised mainly convertible bonds, trade and other payables, loans from related parties, and derivative financial instruments. As at 31 December 2016, our Group's current liabilities amounted to approximately CHF40.9 million or 75.2% of our total liabilities.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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As at 31 December 2016, trade and other payables was the most significant component of our Group's current liabilities and amounted to approximately CHF37.3 million, or 91.2% of our Group's current liabilities. Trade and other payables comprised of (i) client funds of approximately CHF33.6 million relating to amounts owed to clients; (ii) provisions and accruals of CHF2.0 million relating to amounts due to trading partners and general operating expense accruals in the ordinary course of business; (iii) trade payables of CHF1.4 million; and (iv) other payables of CHF0.3 million.

Loans from related parties relate to loans from Global Money Ventures AG, the Directors and Executive Officer and amounted to CHF3.1 million. Please refer to the "Interested Persons Transactions" section of this Offer Document for further details.

Derivative financial instruments relate to valuation of financial derivative open positions amounting to CHF54,000.

### As at 30 September 2017

Our Group's current liabilities comprised mainly convertible bonds, trade and other payables, loans from related parties and derivative financial instruments. As at 30 September 2017, our Group's current liabilities amounted to approximately CHF71.8 million or 98.8% of our total liabilities.

As at 30 September 2017, trade and other payables was the most significant component of our Group's current liabilities and amounted to approximately CHF51.0 million, or 71.0% of our Group's current liabilities. Trade and other payables comprised of (i) client funds of approximately CHF45.8 million relating to amounts owed to clients; (ii) provisions and accruals of CHF2.8 million relating to amounts due to trading partners and general operating expense accruals in the ordinary course of business; (iii) trade payables of CHF2.2 million; and (iv) other payables of CHF0.2 million.

Loans from related parties relate to loans from Global Money Ventures AG, the Directors and Executive Officer and other shareholders which are unsecured and bore interest rates of 2.25% to 8.00% per annum and amounted to CHF6.6 million. Please refer to the "Interested Persons Transactions" section of this Offer Document for further details.

Derivative financial instruments relate to (i) derivative liability component of issued convertible bonds amounting to CHF4.7 million; and (ii) valuation of financial derivative open positions amounting to CHF0.1 million.

### **Non-current liabilities**

#### As at 31 December 2016

Our Group's non-current liabilities comprised of convertible bonds, loans from related parties, employee benefit liabilities and derivative financial instruments.

As at 31 December 2016, convertible bonds was the most significant component of our Group's non-current liabilities and amounted to approximately CHF8.1 million, or 60.0% of our Group's non-current liabilities. As of the Latest Practicable Date, the convertible bonds have been converted.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Derivative financial instruments amounting to CHF4.7 million, or 34.8% of our Group's non-current liabilities, relates to the warrants issued by our Group in relation to the convertible bonds issued.

Employee benefit liabilities related to the mandatory pension scheme in Switzerland and amounted to CHF0.7 million or 5.2% of our Group's non-current liabilities.

As at 30 September 2017

Our Group's non-current liabilities comprised of employee benefit liabilities. Employee benefit liabilities related to the mandatory pension scheme in Switzerland and amounted to CHF0.9 million.

### **Equity**

As at 31 December 2016

Our Group's shareholders' equity amounted to CHF19.7 million and comprised (i) share capital and capital reserves of CHF45.3 million; (ii) other reserves of CHF4.7 million; (iii) accumulated losses of CHF30.3 million; and (iv) non-controlling interests of negative CHF12,000.

As at 30 September 2017

Our Group's shareholders' equity amounted to CHF12.3 million and comprised (i) share capital and capital reserves of CHF50.0 million; (ii) other reserves of negative CHF0.6 million; (iii) accumulated losses of CHF37.1 million; and (iv) non-controlling interests of negative CHF19,000.

### **LIQUIDITY AND CAPITAL RESOURCES**

For the Period Under Review and up to the Latest Practicable Date, our growth and operations have been funded by a combination of internal and external sources of funds. Internal sources of funds comprise mainly, funds generated from operating activities and funds from shareholders while external sources comprise mainly credit extended from our Group's brokers and funds from the issuance of convertible bonds.

The principal uses of these funds are for working capital purposes such as satisfying margin requirements, marketing and other overheads, as well as for investment into our Group's technology platform.

Based on the Audited Consolidated Financial Statements for FY2016 and 9M2017, our Group's net cash used in operating activities amounted to CHF5.5 million and CHF2.8 million in FY2016 and 9M2017, respectively. As at 31 December 2016 and 30 September 2017, our Group's cash and cash equivalent amounted to CHF3.8 million and CHF1.3 million, respectively. As at 31 December 2016 and 30 September 2017, our Group had a negative working capital of CHF2.2 million and CHF23.2 million respectively. Our gearing ratio (defined as total indebtedness over total equity) was 59.1% and 128.2% as at 31 December 2016 and 30 September 2017, respectively.

As at the Latest Practicable Date, we had cash and bank balances amounting to CHF1.8 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Please refer to the "Capitalisation and Indebtedness" section of this Offer Document for details of our latest available credit facilities, cash and cash equivalents and level of borrowings.

To the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results of business operations or the investment by our Shareholders.

Our Directors are of the opinion that, after having made due and careful enquiry and after taking into account our internal and external sources of funds including proceeds arising from the Invitation, we have sufficient working capital and resources available as at the date of lodgement of this Offer Document to meet our present requirements and for at least 12 months after the admission of our Company to Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiries and after taking into account the internal and external sources of funds including proceeds arising from the Invitation, our Company has sufficient working capital and resources available as at the date of lodgement of this Offer Document to meet our present requirements and for at least 12 months after the admission of the Company to Catalist.

### **Financial Effects of the Conversion of Convertible Bonds, Pre-IPO Proceeds, Partial Conversion, Interest Payment And the Invitation**

The financial effects of the conversion of the convertible bonds pursuant to CB1 and CB2 (collectively, the "**Convertible Bonds**"), proceeds from Convertible Loan Tranche 2 namely new loans as Pre-IPO Convertible Loans (the "**Pre-IPO Proceeds**"), Partial Conversion (as defined herein), Interest Payment (as defined herein) and Invitation (collectively, the "**Relevant Transactions**") on the NTA, net current assets and the cash and cash equivalents of our Group has been prepared based on the audited consolidated financial statements of our Group for the financial period ended 30 September 2017. The financial effects of the Relevant Transactions are for illustration only and do not necessarily reflect the financial position of our Group following completion of the Relevant Transactions.

For the purposes of illustrating the financial effects of the Relevant Transactions, the financial effects have been prepared based on, among others, the following assumptions:

- (a) the financial effects of the Relevant Transactions on the NTA, net current assets and cash and cash equivalents of our Group are computed assuming that the Relevant Transactions has taken place on 30 September 2017;
- (b) the Convertible Bonds have been converted on 30 September 2017;
- (c) proceeds from the Convertible Loans Tranche 2 was received on 30 September 2017;
- (d) the Pre-IPO Convertible Loans were converted on 30 September 2017;
- (e) the Invitation had taken place on 30 September 2017 with gross proceeds of approximately CHF15.0 million. The Singapore Dollar amounts have been converted to CHF at the exchange rate of CHF1.00: S\$1.4022, which represents the closing exchange rate as at 30 September 2017;



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (f) the repayment of loans amounting to CHF1.2 million on 30 September 2017;
- (g) IPO will happen on or before 31 March 2018 where the interest for the Convertible Bonds and Pre-IPO Convertible Loans will cease to accrue;
- (h) interest for the Convertible Bonds and the Pre-IPO Convertible Loans have been accrued to 31 March 2018 and paid on 30 September 2017; and
- (i) costs and expenses in connections with the Relevant Transactions have not been taken into consideration.

### NTA

The illustrative financial effects of the Relevant Transactions on the NTA as at 30 September 2017 are as follows:

<b>(CHF'000)</b>	<b>Before the Relevant Transactions</b>	<b>Immediately after the Conversion of Convertible Bonds, Partial Conversion, Pre-IPO Proceeds and Interest Payment but before the Invitation</b>	<b>After the Relevant Transactions</b>
NTA attributable to owners of the Company	(23,980)	(4,081)	10,919

The illustrative financial effects of the Relevant Transactions on the net current assets position and cash and cash equivalents as at 30 September 2017 are as follows:

### **Net current assets and cash and cash equivalent**

<b>(CHF'000)</b>	<b>Before the Relevant Transactions</b>	<b>Immediately after the Conversion of Convertible Bonds, Partial Conversion, Pre-IPO Proceeds and Interest Payment but before the Invitation</b>	<b>After the Relevant Transactions</b>
Net current assets <sup>(1)</sup>	(23,195)	(3,296)	11,704
Cash and bank balances	1,446	1,127	16,127

#### **Notes:**

- (1) Net current assets is computed based on current assets less current liabilities as at 30 September 2017.
- (2) If the Invitation only happens on or before 31 March 2018, the accrued interest payable by the Company in cash in relation to the convertible bonds and Pre-IPO Convertible Loans Tranche 1 would be approximately CHF0.3 million and CHF0.2 million respectively. Consequently, the adjusted net current assets would be CHF11.2 million.
- (3) The Pre-IPO Convertible Loans are hybrid financial instruments which comprise of embedded derivatives which are subject to fair value changes. The fair value changes do not have a resultant cash impact and hence would not affect the working capital position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### SUMMARY OF STATEMENTS OF CASH FLOWS

We set out below a summary of our Group's net cash flows for the Period Under Review:

(CHF'000)	Audited				
	FY2014	FY2015	FY2016	9M2016	9M2017
Net cash used in operating activities	(7,409)	(1,802)	(5,510)	(3,538)	(2,794)
Net cash used in investing activities	(1,569)	(1,029)	(1,065)	(1,042)	(1,571)
Net cash from financing activities	9,169	5,881	7,238	4,041	1,847
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>191</b>	<b>3,050</b>	<b>663</b>	<b>(539)</b>	<b>(2,518)</b>
Effects of currency translation on cash and cash equivalents	3	8	(193)	(21)	42
Cash and cash equivalents at beginning of financial year/period	67	261	3,319	3,319	3,789
<b>Cash and cash equivalents at end of financial year/period</b>	<b>261</b>	<b>3,319</b>	<b>3,789</b>	<b>2,759</b>	<b>1,313</b>

#### FY2014

##### **Net cash used in operating activities**

In FY2014, we recorded net cash outflow from operating activities of approximately CHF7.4 million, which comprised operating cash outflow before changes in working capital of approximately CHF6.0 million, net working capital outflow of CHF1.4 million, and interest paid of approximately CHF23,000.

The net working capital outflow was mainly the result of an increase in other receivables of approximately CHF2.7 million mainly due to (i) an increase in segregated client funds of approximately CHF1.3 million (being individual client funds held in segregated client money accounts) and; (ii) an increase in amount due from brokers of approximately CHF1.6 million (being funds deposited with brokers for trading purpose).

This was partially offset by an increase in trade and other payables of approximately CHF1.2 million mainly due to the increase in client fund liabilities of CHF1.9 million (being segregated client money and trading profits/losses attributable to the clients). This was offset by (i) decrease in trade payables of CHF0.4 million; and (ii) decrease in other payables of CHF0.5 million.

##### **Net cash used in investing activities**

In FY2014, we recorded a net cash outflow from investing activities of approximately CHF1.6 million. This was mainly due to (i) the acquisition of subsidiaries of approximately CHF1.1 million; (ii) the investment in internally generated intangibles (relating to capitalised development cost) of

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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TradeHub and ayondo Account Management System of approximately CHF0.3 million; (iii) purchase of property, plant and equipment of CHF0.1 million; and (iv) loan to associates of CHF30,000.

### **Net cash generated from financing activities**

In FY2014, we recorded a net cash inflow from financing activities of approximately CHF9.2 million. This was largely attributable to (i) proceeds from convertible bonds of approximately CHF9.2 million; and (ii) proceeds from reissuance of treasury shares of CHF0.1 million. This was partially offset by (i) purchase of treasury shares of CHF0.1 million; and (ii) share issuance expense of CHF3,000.

As at 31 December 2014, our cash and cash equivalents amounted to approximately CHF0.3 million.

### **FY2015**

#### **Net cash used in operating activities**

In FY2015, we recorded net cash outflow from operating activities of approximately CHF1.8 million, which comprised operating cash outflows before changes in working capital of approximately CHF4.9 million, net working capital inflow of approximately CHF2.9 million, income tax credit received of approximately CHF0.2 million and interest paid of approximately CHF29,000.

The net working capital inflow was mainly due to an increase in trade and other payables of approximately CHF10.7 million mainly due to the increase in client fund liabilities of CHF10.4 million. This was partially offset by an increase in other receivables of approximately CHF7.7 million which is mainly due to the increase in segregated client funds of CHF6.5 million and amounts due from brokers of CHF1.0 million.

#### **Net cash used in investing activities**

In FY2015, we recorded a net cash outflow from investing activities of approximately CHF1.0 million. This was mainly due to (i) the investment in internally generated intangibles (relating to capitalised development cost) of WeTrade, TradeHub and ayondo Account Management System of approximately CHF1.0 million; and (ii) purchase of property, plant and equipment of approximately CHF23,000.

#### **Net cash generated from financing activities**

In FY2015, we recorded a net cash inflow from financing activities of approximately CHF5.9 million. This was mainly due to (i) proceeds from convertible bonds of approximately CHF4.9 million; (ii) proceeds from the issuance of shares of approximately CHF1.3 million; and (iii) proceeds from reissuance of treasury shares of CHF16,000. This was partially offset by (i) share issuance expense of approximately CHF0.2 million; (ii) the purchase of treasury shares of CHF2,000; and (iii) the repayment of short-term loans of CHF0.1 million.

As at 31 December 2015, our cash and cash equivalents amounted to approximately CHF3.3 million.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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### **FY2016**

#### **Net cash used in operating activities**

In FY2016, we recorded net cash outflow from operating activities of approximately CHF5.5 million, which comprised operating cash outflows before changes in working capital of approximately CHF6.2 million, net working capital inflow of approximately CHF0.4 million and income tax credit received of approximately CHF0.3 million.

The net working capital inflow was mainly due to an increase in trade and other payables of approximately CHF16.0 million mainly due to an increase in (i) client fund liabilities of CHF14.4 million; (ii) trade payables of CHF0.9 million; and (iii) provisions and accruals of CHF0.8 million. This was offset by an increase in other receivables of approximately CHF15.5 million mainly due to an increase in (i) segregated client funds of CHF12.1 million; (ii) amounts due from brokers of CHF2.7 million; (iii) other receivables of CHF0.5 million; and (iv) associates and related parties of CHF0.1 million.

#### **Net cash used in investing activities**

In FY2016, we recorded a net cash outflow from investing activities of approximately CHF1.1 million. This was mainly due to (i) the investment in internally generated intangibles (relating to capitalised development cost) of WeTrade, TradeHub and ayondo Account Management System of approximately CHF1.6 million; (ii) the investment in investment securities of approximately CHF0.2 million; and (iii) purchase of property, plant and equipment of approximately CHF0.2 million.

This was offset by proceeds from sales of associate amounting to approximately CHF0.5 million, and proceeds from sales of investment securities of CHF0.4 million.

#### **Net cash generated from financing activities**

In FY2016, we recorded a net cash inflow from financing activities of approximately CHF7.2 million, mainly due to (i) proceeds from warrants issued of approximately CHF4.8 million; (ii) proceeds from related party short-term loans of approximately CHF2.5 million; and (iii) proceeds from reissuance of treasury shares of approximately CHF0.4 million.

This was partially offset by cash used in the purchase of treasury shares of approximately CHF0.3 million, and share issuance expense of CHF0.1 million.

As at 31 December 2016, our cash and cash equivalents amounted to approximately CHF3.8 million.

### **9M2016**

#### **Net cash used in operating activities**

In 9M2016, we recorded net cash outflows from operating activities of approximately CHF3.5 million, which comprised operating cash outflows before changes in working capital of approximately CHF3.3 million and net working capital outflow of approximately CHF0.6 million and income tax credit received of approximately CHF0.4 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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The net working capital outflow was mainly due to an increase in trade and other payables of approximately CHF11.5 million mainly due to an increase in (i) client fund liabilities of CHF9.6 million; (ii) other payables of CHF0.9 million; and (iii) provisions and accrual of CHF0.8 million.

This was partially offset by an increase in other receivables of approximately CHF12.1 million mainly due to an increase in (i) segregated client fund of CHF10.0 million; (ii) amounts due from broker of CHF1.5 million; (iii) other receivables of CHF0.3 million.

### **Net cash used in investing activities**

In 9M2016, we recorded a net cash outflow from investing activities of approximately CHF1.0 million. This was mainly due to (i) the investment in internally generated intangibles (relating to capitalised development cost) of WeTrade, TradeHub and ayondo Account Management System of approximately CHF1.2 million; (ii) the investment in investment securities of approximately CHF0.2 million; and (iii) purchase of property, plant and equipment of approximately CHF0.1 million. This was offset by proceeds of the sale of an associate amounting to approximately CHF0.5 million.

### **Net cash generated from financing activities**

In 9M2016, we recorded a net cash inflow from financing activities of approximately CHF4.0 million, mainly due to the proceeds from the exercise of issued warrants.

As at 30 September 2016, our cash and cash equivalents amounted to approximately CHF2.8 million.

## **9M2017**

### **Net cash used in operating activities**

In 9M2017, we recorded net cash outflow from operating activities of approximately CHF2.8 million, which comprised operating cash outflows before changes in working capital of approximately CHF5.9 million and net working capital inflow of approximately CHF2.7 million and income tax received of approximately CHF0.4 million.

The net working capital inflow was mainly due to an increase in trade and other payables of approximately CHF14.7 million mainly due to an increase in (i) client fund liabilities of CHF13.0 million; (ii) trade payables of CHF0.8 million; and (iii) provisions and accruals of CHF0.7 million.

This was partially offset by an increase in trade and other receivables of approximately CHF12.0 million mainly due to an increase in (i) segregated client funds of CHF13.1 million. However, this was offset by the decrease in (i) amount due to brokers of CHF0.7 million; and (ii) other receivables of CHF0.4 million.

### **Net cash used in investing activities**

In 9M2017, we recorded a net cash outflow from investing activities of approximately CHF1.6 million. This was mainly due to the investment in internally generated intangibles (relating to capitalised development cost) of WeTrade, TradeHub and ayondo Account Management System of approximately CHF1.5 million.

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### Net cash generated from financing activities

In 9M2017, we recorded a net inflow from financing activities of CHF1.9 million mainly due to proceeds from loans from related parties amounting to approximately CHF2.0 million, partially offset by repayment of shareholders' loan of approximately CHF0.1 million.

As at 30 September 2017, our cash and cash equivalents amounted to approximately CHF1.3 million.

### MATERIAL CAPITAL EXPENDITURES AND DIVESTMENTS

#### Capital Expenditures

The capital expenditures made by our Group for the Period Under Review and for the period from 30 September 2017 up to the Latest Practicable Date were as follows:

CHF'000	Audited				
	FY2014	FY2015	FY2016	9M2017	From 1 October 2017 to the Latest Practicable Date
Development of trading platform (TradeHub, WeTrade, ayondo Account Management System)	340	1,006	1,609	1,542	534

The above capital expenditure was financed by a combination of funds generated from borrowings, and shareholders' equity.

#### Capital Divestment

There were no material capital divestments during the Period Under Review.

### CAPITAL COMMITMENTS

We have no material capital commitments as at the Latest Practicable Date.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### OPERATING LEASE COMMITMENTS

#### Operating lease commitments – as lessee

As at the Latest Practicable Date, our Group has operating lease commitments in respect leasehold properties as follows:

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

CHF'000	Audited as at 31 December 2016	Audited as at 30 September 2017	As at the Latest Practicable Date
Due within one financial year	610	621	595
Due between one and five financial years	1,628	1,217	1,043
	<b>2,238</b>	<b>1,838</b>	<b>1,638</b>

Save as disclosed above and in the “Prospects, Business Strategies and Future Plans” section of this Offer Document, we do not have other material plans on capital expenditures, divestments and commitments as at the Latest Practicable Date.

### CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have any contingent liabilities.

### FOREIGN EXCHANGE EXPOSURE

Our operations in foreign countries are valued in the functional currency of our operations in each country. As our reporting currency is Swiss Franc, we translate the assets and liabilities of our foreign operations from their respective local currency into Swiss Franc at the rate prevailing as at the balance sheet date. Fluctuations in exchange rates will affect the reported value of our foreign operations from period to period.

Our Group's net foreign exchange exposure of the Period Under Review are as follows:

CHF'000	Audited				
	FY2014	FY2015	FY2016	9M2016	9M2017
Net foreign exchange gain/(loss)	(175)	(678)	(1,436)	(932)	905
As a percentage of trading revenue	4.70%	6.13%	7.60%	6.21%	6.17%
As a percentage of loss before tax	10.64%	5.50%	13.34%	16.14%	12.86%

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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In FY2016, our Group recognised net foreign exchange losses of CHF1.4 million mainly due to (i) unrealised foreign exchange losses arising from inter-company loans of CHF1.0 million; and (ii) client funds foreign exchange losses due to customers having different currencies position with our Company other than the functional currency of CHF0.3 million.

Currently, we do not have any hedging policy with respect to foreign currency exposure and we did not use any financial instruments for hedging purposes during the Relevant Period. In future, we may hedge our material foreign currency transactions after taking into consideration the quantum and impact of our foreign exchange risk exposure as well as the transactions costs of any hedging policy, and the prevailing economic and operating conditions.

We allow our clients to open an account (or accounts) in one of many currencies. Consequently, there exists several scenarios where currency fluctuation can create not only trading book risk (arising from open trades executed by the clients) but also non-trading book risk, giving rise to additional implications due to currency fluctuations. Exposure to trading book and non-trading book foreign exchange risk is monitored and controlled under a well-established framework.

### Trading Book Risk

In regards to trading book foreign exchange exposure, we do not engage in any proprietary trading as we monitor such risk using its well-established Global Risk Model. In this case, client and corresponding hedging trades are fed into the Global Risk Model in real-time and the resulting risk is monitored under a Value-at-Risk ("**VaR**") framework.

### Non-Trading Book Risk

- (i) In regards to CFD products, the current mark-to-market profit and loss of an open position is displayed in the currency of the underlying asset, and only at the point of closure of the position does this become crystallised and converted into the account currency of the client. Consequently, the risk of a 'live' CFD position is denominated in the currency of the underlying asset. Any corresponding 'market' hedges are therefore matched on a fungible basis.
- (ii) In regards to spread bet products, all profit and loss (whether unrealised or realised) is denominated in the account currency of the client (and not the currency of the underlying asset that has been traded). As such this removes currency risk away from the end user and pushes such risk onto us. Consequently and in the context of the underlying asset (which would be used to hedge), an exposure which starts out with value may fluctuate based on the movement of the asset currency and the currency of the client's account. As a default, this risk is automatically factored into our Global Risk Model as exposure is constantly revalued in real-time based on the prevailing relevant currency exchange rate (specifically those between the asset and the account currency of the client).
- (iii) In regards to our market risk VaR framework, the currency by which we set its VaR exposure limits is GBP. Ultimately, all risk exposures are translated into GBP (at prevailing GBP rates) and monitored on such basis. Please note that ayondo UK's reporting currency is GBP (all reported profit and loss is expressed in GBP) and so the ultimate risk reporting currency as per the GRM is also GBP.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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- (iv) As mentioned in (iii) above, the reporting currency of ayondo UK is GBP. As such, on a daily basis, we will quantify its assets and liabilities (including those relating to client monies). We match our assets against our liabilities on a per currency basis and where any mismatch occurs for a non-GBP balance (above a certain threshold), the resulting exposure will be reduced via the execution of a physical currency trade (using XXXGBP, where XXX is the currency that has given rise to the mismatch).
- (v) Finally, we engage with a multitude of partners. It is the role of such partners to direct client business to us via their distribution efforts. In reward for their efforts, we pay the introducer a percentage of the transactional income that has been generated from the client's activity. Introducers may choose in which currency they are paid their rebates (their 'partner reporting currency' or 'PRC'). It is possible, that this PRC may not match that of the underlying currency of the payoff of the trade(s) executed by their clients. As such, a conversion is also required. ayondo reports (the rebates due) to its partners on a T+1 basis. Any foreign exchange conversion to PRC occurs at this point and the resulting daily rebate due is then posted to an internal rebate holding account. The rebate holding account forms part of the asset/liability matching process in (iv) above and so any resulting exposure to non-GBP non-trading book risk is mitigated during this stage.

### CHANGES IN ACCOUNTING POLICIES

The accounting policies have been consistently applied by our Group during the financial years ended 31 December 2014, 2015, 2016 and financial periods ended 30 September 2016 and 2017. Our Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 January 2014, 2015, 2016 and 2017, respectively. The adoption of these standards did not have any effect on the financial performance or position of our Group.

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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY

Our Company was incorporated in Singapore on 4 October 2017 under the Companies Act as a private company limited by shares, under the name of “ayondo Pte. Ltd.”. Our Company registration number is 201728417D. On 22 February 2018, our Company has held the annual general meeting for the financial year ended 31 December 2017. Our Company was converted into a public limited company and the name of our Company was changed to “ayondo Ltd.” on 23 February 2018. Our Company became the holding company of our Group following completion of the acquisition of ayondo AG as set out in the “Restructuring Exercise” section of this Offer Document.

Our key milestones are as set out below:

<b>Timeline</b>	<b>Description of Events</b>
January 2009	<p>ayondo AG was founded by our Executive Chairman, Thomas Winkler, and our Executive Director and CEO, Robert Lempka as an investment holding company under the former name of Next Generation Finance Invest AG (“<b>Next GFI</b>”). Next GFI focused on investing in innovative companies and technologies in the Fintech space.</p> <p>Initial investment in ayondo GmbH via acquisition of 2,450 ordinary shares representing approximately 6.62% equity stake in ayondo GmbH for a consideration of approximately €53,333.</p>
April 2009	<p>Initial investment in Oanda Corporation via acquisition of 20,000 ordinary shares representing less than 0.5% equity stake in Oanda Corporation for a consideration of approximately CHF684,000. Oanda Corporation is a Canadian-based foreign exchange company providing currency conversion, online retail foreign exchange trading and forex information.</p>
June 2009	<p>Initial investment in Brady plc via acquisition of 80,000 ordinary shares representing less than 0.5% equity stake in Brady plc for a consideration of approximately CHF69,000. Brady plc is a company listed on the Alternative Investment Market (AIM) of the London Stock Exchange providing trading and risk management software to the global commodity, recycling and energy markets.</p>
November 2009	<p>Initial investment in Sycap UK via acquisition of 438,596 ordinary shares representing approximately 8.52% equity stake in Sycap UK for a consideration of £750,000. Sycap UK is the holding company of ayondo UK (formerly known as Gekko Global Markets Limited).</p> <p>Entered into an agreement between ayondo GmbH and DonauCapital pursuant to which ayondo GmbH will be a tied agent of DonauCapital and is therefore registered in the intermediaries register of Bafin.</p>
March 2010	<p>Next GFI was listed on the Berne Stock Exchange in Switzerland.</p>

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## GENERAL INFORMATION ON OUR GROUP

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<b>Timeline</b>	<b>Description of Events</b>
April 2010	Initial investment in 2iQ Research GmbH via acquisition of 6,000 ordinary shares representing approximately 16.60% equity stake in 2iQ Research GmbH for a consideration of approximately CHF482,000. 2iQ Research GmbH is a company which specializes in behavioural finance as well as quantitative processing and analysis of capital market data.
January 2011	Sale of the entire equity stake held by Next GFI in Brady plc for a consideration of CHF85,000.
Between February 2011 and March 2011	Next GFI exercised its call option to acquire additional 510,000 ordinary shares in Sycap UK at an aggregate consideration of approximately £226,000. It also purchased a further 1,214,564 ordinary shares in Sycap UK from its then majority shareholder for a consideration of approximately £908,433. Following these two acquisitions, Next GFI's equity stake in Sycap UK was increased to 46.65%.
September 2011	Initial investment in Yavalu GmbH via acquisition of 3,906 ordinary shares representing approximately 10.34% equity stake in Yavalu GmbH for a consideration of approximately CHF183,000. Yavalu GmbH operates a web-based personal investment service.
November 2011	Entered into its first white label agreement with Delta Index Limited (" <b>Delta</b> "), a company incorporated in Ireland.
February 2012	Initial investment in Stockpulse GmbH via acquisition of 181 ordinary shares representing approximately 11.0% equity stake in Stockpulse GmbH for a consideration of approximately CHF158,000. Stockpulse GmbH provides independent social media and news analysis for financial markets.
March 2012	Equity stake in ayondo GmbH increased to 28.18% through a series of share purchases and exercise of share options.
February 2013	Launch of ayondo 3.0, the first platform which integrates the social media platform and the self-directed trading platform, at FinovateEurope in London.
December 2013	Sale of 2,750 ordinary shares in 2iQ Research GmbH for a consideration of approximately €200,000 resulting in a decrease of equity stake held by Next GFI in 2iQ Research GmbH to 10.46%.

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## GENERAL INFORMATION ON OUR GROUP

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<b>Timeline</b>	<b>Description of Events</b>
January 2014	<p>Restructuring of Next GFI from an investment holding company to an operating company to be more involved in the Fintech operations of its subsidiaries. This was to revamp our business model in order to have greater ownership and take charge of the management and operations of those investee companies which fit into our founders' vision of a sustainable and scalable Fintech business.</p> <p>Singapore based private equity investor Luminor Capital Pte. Ltd. through one of its funds, Luminor Pacific Fund 2 Ltd. invested approximately CHF5.0 million in Next GFI to assist Next GFI to effect its restructuring and business plans.</p>
February 2014	<p>Increased equity stake in ayondo GmbH to 93.43% by way of share exchange, following which ayondo GmbH became a subsidiary of ayondo AG.</p>
March 2014	<p>Next GFI changed its name to ayondo AG.</p>
April 2014	<p>ayondo AG was delisted voluntarily from Berne Stock Exchange in order to focus on increasing its involvement in the operations of new technology and high-growth business models that can be achieved through efficiency improvements within the financial services sector.</p> <p>Increased equity stake in Sycap UK to 94.95% by way of share exchange, following which Sycap UK became a subsidiary of ayondo AG.</p>
July 2014	<p>Incorporation of ayondo Asia as a wholly-owned subsidiary of ayondo AG based in Singapore with the intention to expand its business into Asia.</p>
August 2014	<p>Luminor Capital Pte. Ltd. through one of its funds, Luminor Pacific Fund 1 Ltd. made a further investment of S\$4.2 million in ayondo Asia.</p>
September 2014	<p>Introduction of a new system empowering a mobile application following the B2B agreement with BUX BV, a company registered in the Netherlands.</p>
November 2014	<p>Incorporation of STN GmbH as a wholly-owned subsidiary of ayondo AG based in Germany.</p>
December 2014	<p>Entered into a media agreement with SevenVentures GmbH, a subsidiary of ProSiebenSat.1 Group, which is a renowned TV media company in Germany.</p>

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## GENERAL INFORMATION ON OUR GROUP

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Timeline	Description of Events
January 2015	Expansion into the Spanish and Portuguese markets through the white label agreement with Activotrade Valores, Agencia de Valores, S.A., a company registered in Spain.  Entered into an introduction agreement with DonauCapital.
April 2015	Luminor Capital Pte. Ltd. through one of its funds, Luminor Pacific Fund 1 Ltd. made a further investment of S\$5.0 million in ayondo Asia.
June 2015	ayondo GmbH became the official main sponsor of Bundesliga football club FSV Frankfurt.
July 2015	Introduction of additional customer insurance protection of up to £500,000 per client and removal of negative balance funding obligations.
August 2015	Incorporation of aPM GmbH as a 90.1%-owned subsidiary. The remaining 9.9% of the equity stake in aPM GmbH is held on trust by ayondo GmbH in favour of DonauReal Beteiligung GmbH.
November 2015	Entered into a white label agreement with KGI Fraser Securities Pte. Ltd. (" <b>KGI</b> "), a company registered in Singapore.
December 2015	Entered into an agreement with MyHero Limited, under which our Group is granted an exclusive, non-transferable, irrevocable licence in perpetuity in respect of the intellectual property rights of TradeHero together with full operational control of TradeHero in all over the world except for USA and the PRC.
February 2016	Acquisition of 15,000 ordinary shares in MyHero Limited representing approximately 0.03% of the total issued and paid-up capital of MyHero Limited (on a fully converted basis) from Dominic Morris for a consideration of US\$250,000 satisfied by way of share exchange and cash consideration.
March 2016	Incorporation of ayondo HK as an indirect wholly-owned subsidiary of ayondo Asia based in Hong Kong with the intention to hold the intellectual property rights of our Group in the PRC.
May 2016	Set up a branch under the name of ayondo Markets Limited in Spain to support the promotion of our services in Spain as we identified Spain as the third core B2C market, outside Germany and UK.
June 2016	ayondo AG entered into a conditional sale and purchase agreement with, amongst others, Starland Holdings Limited (" <b>Starland SPA</b> ") in relation to the proposed acquisition of the entire equity interest of ayondo AG.

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## GENERAL INFORMATION ON OUR GROUP

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<b>Timeline</b>	<b>Description of Events</b>
August 2016	Launch of a new mobile application known as ayondo academy in Spain. ayondo academy is a platform that offers financial traders the opportunity to participate and learn from one another on the basics of trading in a simulated trading environment.
October 2016	<p>Sale of ayondo AG's equity interest in Stockpulse GmbH and in 2iQ Research GmbH, which were minority stakes in these companies, for a consideration of €500,000 and €310,000 respectively.</p> <p>Increased equity stake in Sycap UK from 94.95% to 99.91%.</p> <p>Increased equity stake in ayondo GmbH from 93.43% to 100%.</p>
November 2016	BaFin granted the portfolio management licence to aPM GmbH.
May 2017	Launch of TradeHero platform in the PRC and TradeHero platform for the rest of the world except USA and the PRC.
June 2017	Expansion of the range of trading assets with the launch of bitcoin trading.
July 2017	Increased the maximum additional customer insurance protection from £500,000 to £1.0 million per client as part of its continuing efforts to focus on security of customer assets.
September 2017	<p>Commencement of provision of social trading services under the portfolio management licence issued by BaFin to aPM GmbH and migration of existing social trading clients from DonauCapital to aPM GmbH. Under the portfolio management licence, the Followers can match a Top Trader's risk parameters to their own risk profile according to their risk preferences and overall investment strategy. In conjunction with the portfolio management licence, our Group also introduced a new performance-based remuneration model in addition to the existing Top Trader remuneration model.</p> <p>Commencement of the white label partnership for social trading services with Continental Markets Trading for the Saudi Arabia market.</p> <p>As the conditions precedent under the Starland SPA dated 20 June 2016 were not fulfilled or waived by the long stop date of 30 September 2017 and the parties to the Starland SPA had not agreed on any further extension of time, the Starland SPA had lapsed and ceased to have any effect from 30 September 2017.</p>
December 2017	Expansion of the range of trading assets with the addition of more cryptocurrencies such as Ethereum, Ripple, Bitcoin Cash, Litecoin, Dash, and NEO.

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## GENERAL INFORMATION ON OUR GROUP

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### Awards and Accolades

We have received the following awards and accolades in recognition of our achievements:

<b>Year</b>	<b>Awards and Accolades</b>	<b>Awarded by</b>
2012	Best Trading Platform in Germany	Börse Online
2013	Best Service Award in Germany	World of Trading
2013	Fintech 50 in Europe	Fintech 50 Europe
2013	Most Popular CFD-Broker in Germany	Deutsches Kundeninstitut (German Customer Institute)
2013	3 <sup>rd</sup> Place for Broker of the Year in Germany	BrokerWahl
2014	1 <sup>st</sup> Place for Broker of the Year in Germany	BrokerWahl
2015	Best Social Trading Platform in UK	ADVFN International Financial Awards
2015	5 <sup>th</sup> Place for Euro Finance Tech Award in Germany	Maleki Group in Euro Finance Week
2015	Trading Platform rated “Very Good” in the CFD-Broker test in Germany	Euro am Sonntag in co-operation with the German customer institute
2015	Client Service rated “Very Good” in the CFD-Broker test in Germany	Euro am Sonntag in co-operation with the German customer institute
2016	Best Social Trading Platform in UK	ADVFN International Financial Awards
2016	2 <sup>nd</sup> Place for Broker of the Year in Germany	BrokerWahl
2016	Overall Rating rated “Very Good” in the CFD-Broker test in Germany	Euro am Sonntag in co-operation with the German customer institute
2016	Best Social Trading Network in Dubai	16 <sup>th</sup> MENA FFXPO at Dubai
2016	Best Social Trading Platform in Dubai	17 <sup>th</sup> MENA FFXPO at Dubai
2017	2 <sup>nd</sup> Place for Broker of the Year in Germany	BrokerWahl
2017	Overall Trading Account rated “Very Good” in the CFD-Broker test in Germany	Euro am Sonntag in co-operation with the German customer institute
2017	Rated “Very Good” in respect of costs in the CFD-Broker test in Germany	Euro am Sonntag in co-operation with the German customer institute
2017	Best UK Forex Social Trading Broker	Shares Magazine UK

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## GENERAL INFORMATION ON OUR GROUP

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### BUSINESS OVERVIEW

We are a global Fintech group that provides social trading services and brokerage services to both B2C and B2B clients through our two proprietary platforms, (a) WeTrade for social trading; and (b) TradeHub for self-directed trading. Our Group offers CFD and spread bet trading across different markets and financial products such as forex, commodities, treasuries, indices, cryptocurrencies and shares. We also offer educational and casual trading services via mobile applications through our partners. Through our casual trading applications and educational content, we aim to educate and empower customers and prospects and to democratize the financial retail market via our social trading services.

We consider our Group as one of the Fintech pioneers in Europe which has seized the opportunity arising from emerging digital technologies and changing trends in the financial industry. By combining trading and investment with elements of social media, our Group is disrupting the traditional asset management industry by offering an alternative way to trade and invest through social trading. Social trading represents a fast-growing innovation, with an average growth rate of 213%<sup>1</sup>, which allows traders to share and follow other traders' trading and investment strategies automatically, proportionally and on a real-time basis. Our WeTrade platform provides information on the traders' portfolios, their trading performance and track record, the number of followers, risk score and their investment strategies.

Our Group offers social trading services and brokerage services primarily through our subsidiaries, aPM GmbH and ayondo UK, respectively. ayondo UK is an FCA regulated 730 K firm that provides CFDs brokerage services and carries out trade execution for trades generated by our clients. Social trading services were provided through ayondo GmbH, which was a tied agent of DonauCapital until September 2017. With effect from 4 September 2017, our social trading services are provided through our subsidiary, aPM GmbH, which holds a portfolio management licence issued by BaFin.

Our revenue are mainly generated through the following revenue streams.

### Social Trading

Our social trading services are provided through the platforms described below.

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<sup>1</sup> Source: Information extracted from an article entitled "*The Fintech Market in Germany – Final Report 17 October 2016*" by Professor Dr. Gregor Dorfleitner, Jun. and Professor Dr. Lars Hornuf which can also be found at [http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/International\\_affairs/Articles/2016-12-13-study-fintech-market-in-germany.pdf?\\_\\_blob=publicationFile&v=2](http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/International_affairs/Articles/2016-12-13-study-fintech-market-in-germany.pdf?__blob=publicationFile&v=2)

The above organisation or author (as the case may be) has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they, nor any party, have not independently verified the accuracy of the relevant information.



## GENERAL INFORMATION ON OUR GROUP

### **WeTrade**

Our social trading services are mainly conducted via our wholly owned platform known as “WeTrade”. The main feature of WeTrade is to allow traders on the platform to provide trading signals and be followed by other traders. The traders providing trading signals are termed “Top Traders” and the other traders following the Top Traders are termed “Followers”.






Anyone can apply to become a Top Trader and every Top Trader has his or her own trading profile page outlining their past performance in detail. As at the Latest Practicable Date, there are a total of more than 1,200 Top Traders trading on our social trading platform and the traders can climb a five-step career ladder from (i) Street Trader being the lowest career level, followed by (ii) Advanced Trader, (iii) Professional Trader, (iv) Risk-adjusted Trader and (v) Institutional Trader being the highest career level. The career level of the traders, which is displayed directly on the trader’s profile, is based on the track records achieved by the trader and the satisfaction of specific minimum performance which is determined based on returns, risk and duration.

WeTrade is a user-friendly platform which is aligned with our commitment to provide users with easy access to trading in CFDs and spread bets. WeTrade provides an intuitive interface allowing Followers to find the desired Top Trader by finding a complete ranking list detailing the performance of every Top Trader and sorting them according to their profits (or losses), number of Followers, trades per month and the volatility of trades. After a Follower allocates up to five of the desired Top Traders to the portfolio, all trades executed by the Top Trader(s) will also be automatically executed on the Follower’s account on a real time basis. Followers are allowed to add or remove Top Traders at any time. WeTrade’s interface also has a user friendly search function to enable users to search and filter the results to find the Top Traders that meet his or her preferred criteria.

From September 2017 onwards, the Top Traders on our WeTrade platform may elect between volume-based and the performance-based remuneration model, details of which are set out below.

<b>Volume-based remuneration model</b>	<b>Performance-based remuneration model</b>
Top Traders receive a percentage proportion of the gross spread income generated by the Followers	Top Traders receive a percentage proportion of the performance fee, which is due only when the Top Trader achieves the Follower’s high watermark and the Follower pays a 25% performance fee calculated based on the profit that has been generated by the Top Trader
	Furthermore, Top Traders receive a percentage proportion of the Followers’ daily management fee of 1% per year
Available for real money traders and virtual money traders	Available for real money traders only
The compensation increases with the trader’s career level	

## GENERAL INFORMATION ON OUR GROUP

Top Trader Career Level	Volume-based remuneration model		Performance-based remuneration model <sup>(1)</sup>	
	Real Money Trader (%)	Virtual Money Trader (%)	Top Trader's share of 1% management fee (%)	Top Trader's share of 25% performance fee (%)
 <b>Street Trader</b>	2	1	30	25
 <b>Advanced</b>	4	2	35	30
 <b>Professional</b>	6	3	40	35
 <b>Risk-adjusted</b>	9	4.5	45	45
 <b>Institutional</b>	12	6	50	55

**Note:**

(1) Performance-based compensation model is only available for real money traders.

As at the Latest Practicable Date, our social trading platform has a total of more than 1,200 Top Traders whom the Followers can select to follow. For 9M2017, there are more than 6,000 Active Clients on WeTrade from more than 50 countries.

Our social trading platform provides certain risk management tools which traders may implement when using our platform. For instance, Followers can set maximum loss levels on our WeTrade platform whereas the Top Traders can set the maximum loss levels for their trades on our TradeHub platform and if a Follower's position including unrealised profits and losses breaches the maximum loss levels set by the Follower, all open positions of the Follower will be closed immediately at the next possible price and the Follower will not enter into any new transactions entered into by the Top Traders that were being followed previously. Currently, the social trading platform can also be accessed via mobile application for iOS and Android users.

### **TradeHero**

TradeHero uses a mobile application platform to cultivate a gamified community where players can learn the basics of investment and trading. Its platform provides a simulation engine to let users buy and sell stocks using virtual currency against real-world prices across 35 stock exchanges and more than 10,000 of listed securities.

TradeHero attracts people completely new to trading, helping them take their first steps in a completely risk-free environment. Being a mobile-only platform, its application's core demographic is those among the young adults born after the 1980s ("**Millennials**"), predominantly in South East Asia.

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## GENERAL INFORMATION ON OUR GROUP

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Users start with US\$100,000 in virtual capital and can make trades to create their own virtual portfolio. The most successful traders (“**Heroes**”) are listed on the leader boards based on their returns on capital, and they are ranked by territory, according to their monthly or quarterly returns, as well as overall returns. Other users can then follow these Heroes to receive real-time notifications on their Heroes’ trades, learning from their Heroes’ success and expertise.

TradeHero’s application runs frequent regional trading competitions with its partners in which users can compete in weekly and monthly virtual trading competitions on specific asset classes, for instance Singapore-listed stocks or Macquarie-issued structured warrants. The TradeHero platform has been used by Singapore Exchange Ltd. and Macquarie Securities Thailand (“**Macquarie**”) to offer financial education through casual trading, thus making investments in stocks and securities more accessible to first-time traders. In March 2015, My Manisku Pte. Ltd. (trading as TradeHero) had entered into a sponsorship agreement with Singapore Exchange Limited who engaged OCBC Securities Private Limited, to jointly sponsor a virtual investing competition based on the TradeHero platform which saw more than 10,000 participants and have co-developed a series of educational video tutorials, including basics of trading and investing, trading amidst changing market cycles and stock valuation. In September 2017, ayondo Asia entered into a sponsorship agreement with Singapore Exchange Securities Trading Limited in relation to the Money Mind Challenge where 10 contestants challenged each other using TradeHero as the platform to trade stocks. With Macquarie, the TradeHero platform has launched a simulation game using real time data from the Stock Exchange of Thailand which gives investors a real-time experience of trading derivative warrants without using actual money.

In the first half of 2018, the Company intends to run trading competitions based on cryptocurrencies on TradeHero’s application.

We are using the TradeHero’s application as lead generator for our self-directed trading and social trading business to widen our client network, thereby lowering our cost of acquiring new clients.

### ***ayondo academy***

ayondo academy (“**ayondo academy**”) is a rebranding of the TradeHero application featuring the same core functionality as TradeHero, but optimized for specific European markets and using the ayondo brand throughout in place of TradeHero. The intention is to leverage the technical base of TradeHero and combine it with the brand value enjoyed by our Group in selected territories. A localized version of ayondo academy has been launched in Spain as part of our strategy for expansion and brand awareness, as we have identified Spain as the third core B2C market, outside Germany and UK.

### **Self-Directed Trading**

ayondo UK manages the execution of self-directed trading and social trading signals via the platform known as “TradeHub”. The TradeHub platform uses the latest HTML5 technology and is designed to serve the needs of both new traders and professional traders. TradeHub is an intuitive platform, which is easy to understand, allowing users to customise their needs and manage their risks by choosing their desired level of leverage. In addition, TradeHub can be accessed on desktop computers, as well as Android, iOS and tablet devices which allows users to trade at any place and at any time. For 9M2017, there are more than 3,100 Active Clients which are self-directed clients.

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## GENERAL INFORMATION ON OUR GROUP

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TradeHub offers users the option to trade with or without leverage. In the event that a client trades without leverage, he/she will commit 100% of the notional trade size as margin, thereby effectively creating a CFD (or spread bet) position that is the equivalent of a cash equity investment without the need to pay stamp duty. This platform allows traditional cash equity investors to have a wider range of investment opportunities. TradeHub users will receive up to 100% of any announced dividends on all stocks subject to withholding tax of the relevant jurisdiction.

ayondo UK offers CFDs and spread bet products over a wide range of markets, including global indices, individual stocks, commodities, currencies and interest rates. ayondo UK is responsive to clients' needs and will consider a client's request to add a financial product not currently available for trading on TradeHub platform upon receipt of any such request after taking into several considerations including the requested stock's volatility.

Pursuant to the UK Financial Services Compensation Scheme, user deposits are guaranteed up to a limit of £50,000. In order to provide more assurance to the investors, ayondo UK offers additional insurance to protect client funds up to a limit of £1 million per client subject to a maximum aggregate amount of £5 million which is higher than the minimum FCA regulatory requirements.

### **CFDs**

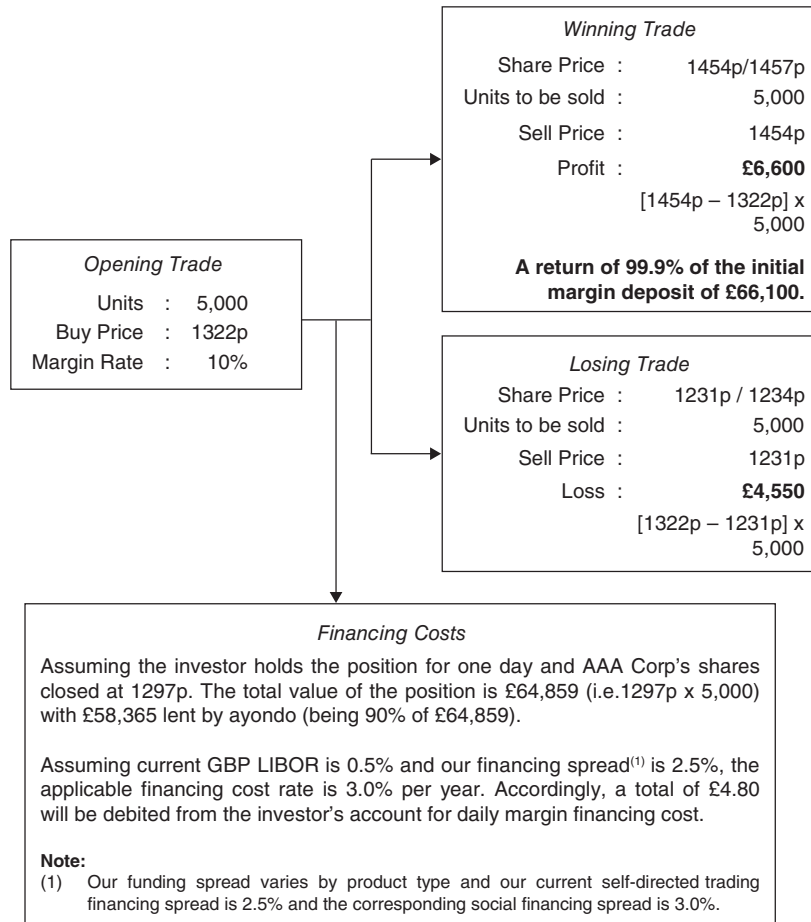
A CFD is an over-the-counter contract whereby traders earn (or lose) on the difference between the open price and close price without actually owning the asset. A CFD may be based on foreign currencies, commodities, treasuries, indices, cryptocurrencies or shares, and provides economic benefits similar to an investment in an underlying asset without certain costs and limitations associated with physical ownership. A CFD is an agreement between two parties, typically described as "buyer" and "seller", stipulating that the buyer will pay to the seller (or vice versa) the difference between the current value of an asset and its value at time of closure.

CFDs fully emulate the price of the underlying asset, which is taken directly from the underlying instrument. CFDs are not only quoted, but also traded in local currency, which means that investors gain exactly the same exposure as if the investor was trading the underlying asset.

We are compensated by (i) the dealing spread on CFDs which is the difference between the selling and buying price; and (ii) daily margin financing costs for CFD positions that remain open over-night which represent the cost of borrowing the capital that is needed in order to maintain an open position.

## GENERAL INFORMATION ON OUR GROUP

The following example illustrates the CFD trade in which the investor takes a long position. In the example, the price of AAA Corp's shares is at 1319p/1322p and the investor believes that the shares of AAA Corp will increase and therefore buys 5,000 units of CFDs at the buy price of 1,322. The total price is £66,100 (i.e. 1322p x 5,000). Assuming the investor chooses a margin rate of 10%, the investor needs to deposit only £6,610 to open the trade.



### **Spread Betting**

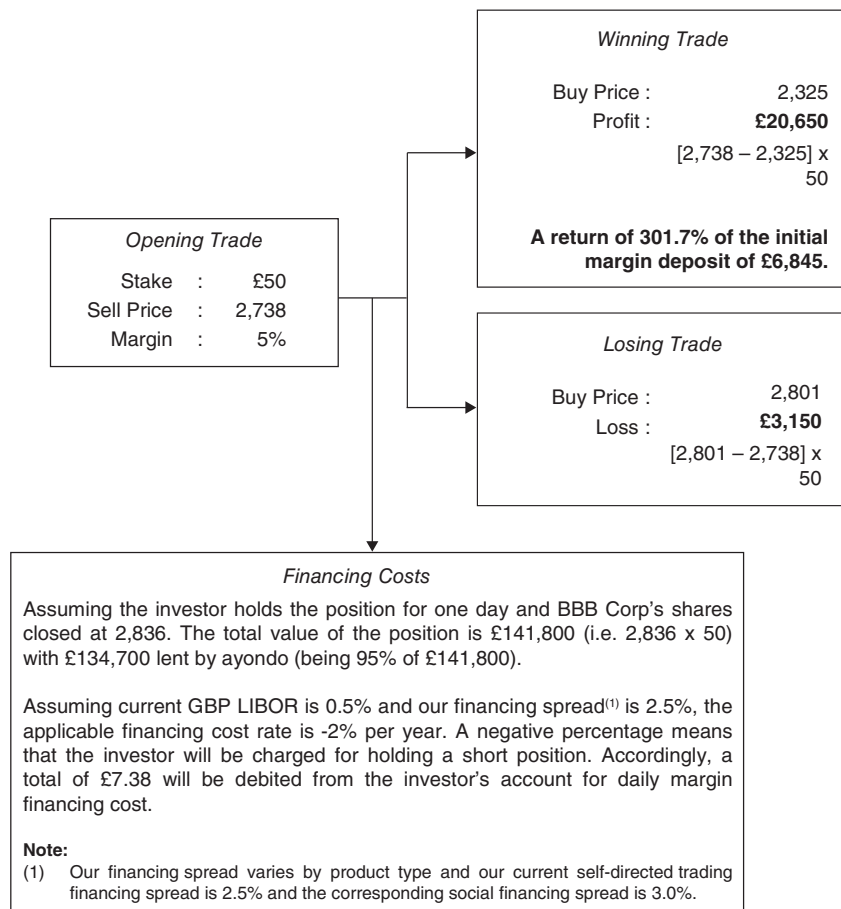
Spread betting is similar to CFD trading as it shares the same characteristics and benefits. However, in spread betting, investors buy a specific stake size per point movement of a product rather than trade a specific number of shares or units. Spread betting emulates the price of the underlying asset, which is taken directly from the underlying asset. Spread bets are traded in the account currency of the client. Clients participating in spread betting benefit from favourable tax treatment in relation to capital gains tax. Such benefit is currently only available to residents of the UK and Ireland.

The spread is the difference between the price that the investor can contract to buy and the price that he or she can contract to sell. If the investor thinks the market will rise, he or she can buy. Alternatively, he or she can sell if he or she thinks that the market will fall. The tighter the spread, the less the market has to move before he or she is in profit.

## GENERAL INFORMATION ON OUR GROUP

Just like CFDs, spread betting positions that remain open over-night are subject to daily margin financing costs which represent the cost of borrowing the capital that is needed in order to maintain an open position.

The following example illustrates the concept of spread betting in which the investor takes a short position. In the example, the price of BBB Corp's shares is at 2,738 – 2,746 and the investor believes that the shares of BBB Corp will decrease and therefore decides to sell at 2,738 with a £50 stake per point (with one point being the difference between 2,738 and 2,737 for example). The total price is £136,900 (i.e. 2,738 x 50). Assuming the investor chooses a margin rate of 5%, the position calls for an initial margin deposit of £6,845.



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### Casual Trading

We have a number of existing partnerships, products in development and planned services that allow our clients to trade in non-traditional or less formal ways than our core web-based products. These products and services have the following common features:

- (a) decoupling of traders from traditional desktop-based interfaces;
- (b) target demographic skewed towards a younger and more digitally literate generation, such as the Millennials;
- (c) clear focus on education and engagement of clients through innovative digital channels; and
- (d) net reduction of overall acquisition cost for new clients.

We have been working with one of our white label partners since 2014 which provides an unconventional platform which presents a simplified interface offering its end users a gamified social experience for investors to trade. This platform offers both virtual trading and real money trading. For virtual trading, there are no rules and regulations that BUX BV is required to comply with. For real money trading, BUX BV is offering its services through the tied agent arrangement with ayondo UK which is regulated by the FCA. Under the tied agent arrangement, our Group on-boards all the clients from BUX BV's platform and performs anti-money laundering, client verification and appropriateness and suitability test as required under the relevant FCA regulations. Trade execution is performed by ayondo UK in compliance with the relevant FCA regulations. This white label partner offers a trading application for smartphones that simplifies trading of instruments in financial markets for social and casual usage and introduces our services with a view to make trading of financial products accessible and enjoyable for everybody, bringing back the fun to the financial world. This white label partner currently serves over 1,000,000 users including both virtual and real money clients and has presence in the UK, Germany, the Netherlands and Italy. Barring unforeseen circumstances, the white label partner is expanding its client base in the European region. For 9M2017, there are more than 28,000 Active Clients introduced by this white label partner.

### TRANSACTIONAL SYSTEMS

Our Group has two main transactional systems and platforms, namely WeTrade and TradeHub. The WeTrade platform is built mainly for reliable, real-time, low-latency routing of trading signals from Top Traders to Followers. WeTrade is web-based and uses the latest available technologies.

Meanwhile, the TradeHub platform is a web-based, intuitive and user friendly multi-asset trading platform and has features to cater for variable margin, notional and, fractional amounts. TradeHub offers low lifecycle costs.

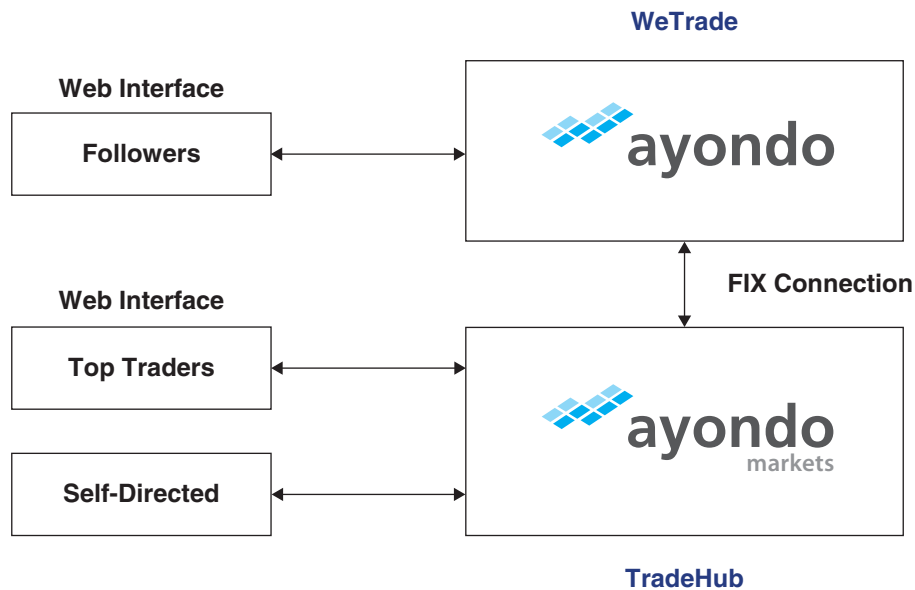
The combination of the social trading and self-directed platforms creates a unique customer experience for our clients. The two transactional systems are connected via a secure FIX connection that is used to transmit market data, trades, orders and account status. Top Traders create signals when trading on TradeHub in the same way they would have traded using an ordinary self-directed account. Trading and account status are then reflected in WeTrade via the FIX connection where a corresponding set of Follower's trades is created. The set of Follower trades is thereafter transmitted to TradeHub for execution.

Self-directed clients can also access TradeHub using our mobile or web-based interface, or via the interfaces provided by our white label partners.

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## GENERAL INFORMATION ON OUR GROUP

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### System Architecture

Our IT systems are built with the following features:

- Scalability: the systems can be enhanced to increase the capacity to handle an increased load;
- Flexibility: they are designed for easy modification, allowing our Group to enhance system features, functions and capabilities efficiently; and
- Performance: they are designed to handle a high volume of orders from clients at any one time.

In addition, our IT systems are based on an open architecture, which allows both internal and external applications to be connected through various access points in the systems. This function enables our Group to achieve the following two core business functions:

- Tight coupling and linkage of WeTrade and TradeHub platforms offering high superior speed performance and minimising transaction latency, both of which are key considerations for effective social trading; and
- Capability to support white label partners, enabling our Group to support our B2B business, with several business partners connected to our IT systems via different modes.

### DISTRIBUTION CHANNEL

#### Business-to-consumer (B2C)

Our B2C service offering comprises (i) a social trading platform that allows users to follow the trades of Top Traders, and (ii) a self-directed trading platform where retail investors can sign-up and trade CFD or spread bets (in UK and Ireland only). In regard to social trading, Followers may access a network of Top Traders where they may choose up to five Top Traders that suit their risk profile. Followers have access to various statistics relating to the Top Trader including, profit and



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## GENERAL INFORMATION ON OUR GROUP

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loss, markets traded, performance and risk profile along with charts and rankings when compared to similar profiled Top Traders. The core market for our B2C business is currently in Europe, mainly Germany and UK. We have identified Spain as the third core B2C market. We have an experienced team stationed in Barcelona and Madrid. In addition, we have signed an agreement with a well-known trading ambassador in Spain, namely Josef Ajram, who is an influencer, asset manager, athlete, coach, celebrity and trader. Relevant next potential markets are being identified on an ongoing basis.

### **Business-to-business (B2B)**

By using our technology and their distribution channels, our B2B partners help to introduce and connect new clients to our Group, thus reducing the marketing costs involved in acquiring such new clients. B2B business contributes approximately 30.4% and 28.9% of our Group's total revenue for FY2016 and 9M2017.

Our B2B partners are white label partners and introducing brokers. We provide self-directed trading services using our technology but customise the platform to incorporate the brand of the white label partner. Introducing brokers will promote our services via their own distribution channels, redirecting client traffic to our platforms in the process. As at the Latest Practicable Date, we have more than 25 active B2B partners. Please refer to the "Distribution Partners" section of this Offer Document for more details.

### **DISTRIBUTION PARTNERS**

#### **White Label Partners**

Prior to September 2017, our white label partnership covered only self-directed services and from September 2017 onwards, we have extended our white label partnership to cover social trading services. In September 2017, we also launched our new white label builder ("**White Label Builder**") and with this White Label Builder, we are able to develop new white labels for our social trading services within a shorter period and at a lower cost compared to the development costs for the previous white labels.

White label partners are usually banks, financial institutions and regulated brokers which are often regulated in the jurisdictions they operate, have their own direct client base and the ability to on-board customers (in the case of an omnibus white label partner). Our Group serves as the technology partner of our white label partners, who will affix their respective names, brands and identities on our self-directed trading and social trading platforms. These white label partners will in turn distribute the self-directed trading and social trading facilities as part of their suite of services to their own clients. These white label partnerships allow the white label partners to provide the products and services offered by our Group without having to develop and manage the trading system to support these products and services. The primary responsibility of a standard white label partner is to introduce customers to our Group under a different trading name, brand and identities. Notwithstanding so, all customers remain contracted with our Group and we assume responsibility for the on-boarding process and compliance with the laws and regulations relating to the on-boarding process except those customers derived from our Group's omnibus white label partners where the omnibus white label partner assumes the responsibility for the compliance with the relevant laws and regulations in respect of the offering and marketing of the products and services in the relevant jurisdiction. For the customers derived by our Group's omnibus white label partners, our Group relies on the on-boarding process by the omnibus white label partners and our Group contracts directly with the omnibus white label partners and its on-boarding process is limited to the omnibus white label partners, not the customers of such

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omnibus white label partners. The omnibus white label partners are responsible for the compliance with the on-boarding requirements in the relevant local jurisdictions. To the best of the Directors' knowledge and belief, the on-boarding process with the omnibus white label partners is in compliance with the relevant laws and regulations. As at the Latest Practicable Date, KGI is the only such omnibus white label partner contracted to our Group.

The Legal Advisers to our Company on the laws of England and Wales, Reed Smith LLP have opined, subject to several assumptions and reservations, that under the FCA rules in relation to appropriateness for non-advised services, ayondo UK may limit, in compliance with FCA rules, the required client appropriateness assessment to an appropriateness assessment of a client that is described as an omnibus white label partner where ayondo UK executes transactions (pursuant to a non-advised service) with its client (the omnibus white label partner), as ayondo UK's counterparty and as a principal provided the omnibus white label partner does not act as an agent for its own clients or customers such that those clients or customers may also be treated as clients of ayondo UK.

Our Group undertakes the market and credit risks for transactions in collaboration with tied agents and white label partners, save for transactions with KGI. In transactions with KGI, KGI contracts directly with end users and undertakes the credit risk in respect of the end user, while our Group then undertakes the market and credit risk in respect of KGI.

White label partners can access our platforms for use with their own clients and we provide them with our full internet trading platform with back office functionality, charting and real-time dealing. Some of our white label partners include:

<b>Name of White Label Partner</b>	<b>Operating Jurisdiction</b>
<b><i>Social Trading</i></b>	
CFDs.com <sup>(1)</sup>	UK
Continental Markets Trading <sup>(1)</sup>	Saudi Arabia
Ajram Capital	Spain
<b><i>Self-Directed Trading</i></b>	
Activotrade Valores, Agencia de Valores	Spain
BUX BV <sup>(1)</sup>	Netherlands
KGI	Singapore
Spread Market	Denmark
CFDs.com	UK

**Note:**

- (1) These are tied agents of ayondo UK, whose activities are under the control and responsibility of ayondo UK. ayondo UK enters into tied agent arrangement only with existing white label partners or entities within our Group in order to facilitate existing commercial relationship. Please refer to the "Risk Management Systems – Compliance" section of this Offer Document for more details on the monitoring of tied agents.

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### Introducing Brokers

Introducing brokers comprises of banks, brokers, corporate entities and individuals which are regulated in the jurisdictions they operate and who use their own contacts or marketing efforts to market our services to a wider group of clients. We provide access to our trading platforms directly to the introducing brokers' clients using our ayondo brand and all clients introduced by our introducing brokers remain contracted with our Group. Accordingly, we assume responsibility for the on-boarding process of these introducing brokers' clients and also for the ongoing sales and customer service relationship while the introducing broker assumes the responsibility for the compliance with the relevant laws and regulations in respect of the introducing services in the relevant jurisdiction. In addition, our Group undertakes the market and credit risks for transactions in collaboration with introducing brokers.

### Joint Venture Partners

We will form a joint venture with a specific party if the partnership requires individualised cooperation. Our joint venture partners include:

#### *TradeHero*

On 4 December 2015, ayondo UK and ayondo Asia entered into agreement with MyHero Limited, being the ultimate holding company of My Manisku Pte. Ltd. which owns the TradeHero platform, technology and related intellectual property rights ("**TradeHero Agreement**"). Pursuant to the TradeHero Agreement:

- (i) with effect from 1 January 2017, MyHero Limited has granted to our Group an exclusive, irrevocable, non-transferable licence in perpetuity to use TradeHero intellectual property rights in any part of the world except for the USA and the PRC;
- (ii) with effect from 1 January 2017, our Group has granted to MyHero Limited a full, irrevocable, non-exclusive, non-transferable licence to use our intellectual property rights forming part of TradeHero platform but excluding our intellectual property rights relating to TradeHub and WeTrade;
- (iii) our Group has full control in respect of the product design and development of TradeHero in any part of the world, except for the USA and the PRC;
- (iv) our Group has taken over the mobile application relating to TradeHero technology, operations and employees of TradeHero in Singapore;
- (v) our Group and MyHero Limited will jointly develop and distribute a new TradeHero platform with a self-directed trading facility using ayondo technology for the trading of CFD on shares listed on Shanghai, PRC and Shenzhen, PRC stock exchanges, and the intellectual property rights arising therefrom will be shared equally between our Group and MyHero Limited;
- (vi) upon the launch of the new TradeHero platform in the PRC, the revenues arising therefrom will be shared between our Group and MyHero Limited in accordance with the provisions of the TradeHero Agreement;
- (vii) a percentage of the gross transactional revenue comprising of gross spread revenue, gross financing revenue, gross commission charge and gross minimum execution charge, generated from the customers during the previous month shall be payable to MyHero Limited in accordance with the agreed rate tariff under the TradeHero Agreement;

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- (viii) the TradeHero Agreement shall remain in force for an initial term of 60 months from 1 January 2017 and upon expiration of the initial term shall continue for further successive periods of 12 months unless and until terminated by our Group or MyHero Limited by giving at least 12 months' written notice;
- (ix) Notwithstanding (viii) above, either our Group or MyHero Limited may terminate the TradeHero Agreement, if, amongst others:
- (a) either party commits a material breach of its obligations under the TradeHero Agreement and fails to remedy such breach within 30 days of being notified in writing;
  - (b) an order is made or a resolution is passed for the winding up of either party or there are similar proceedings or steps relating to insolvency, liquidation or administration;
  - (c) a receiver is appointed over the assets or undertaking of either party; or
  - (d) either party ceases to trade.

To the best of the Directors' knowledge and belief, the TradeHero platform in the PRC is not subject to any PRC laws and regulations and there is no specific risk associated with a direct contracting counterparty arrangement as the services are provided under our Group's FCA licence in the UK and is operated outside of the PRC. MyHero Limited is involved in the marketing activities to promote the TradeHero platform and the acquisition of new clients in the PRC. The clients are on-boarded by the Group in accordance with the relevant FCA regulations.

### RISK MANAGEMENT SYSTEMS

We are exposed to a number of areas of risk, to which we take a diligent approach in setting out our risk management framework. We have a dedicated risk management team, which is led by Rick Fulton as CFO, assisted by the risk committee and the compliance team as well as oversight for risk issues by Audit and Risk Committee. Our Group also maintains an Internal Capital Adequacy Assessment Process. To the best of our Directors' knowledge and belief, the primary areas of risk which our Directors believe our Group is subject to are set out below:

#### Market risk

Our Group's financial risk exposure is calculated and monitored using our internal risk management platform known as the Global Risk Model. The Global Risk Model allows our management, trading and risk management teams to monitor our Group's exposures throughout the day, with access to risk management dashboards on mobile and desktop applications. The dashboard allows for multi-functional, real-time monitoring and control of the risk management system and features pricing alerts and latency, asset class, turnover, exposure and profit and loss monitoring. Both client and hedge trades are monitored on a real-time basis to provide our Group with net exposure data across all assets, providing breakdown of details of exposure. This exposure is managed on a real-time basis according to our approved risk strategy.

Our Group monitors our net exposure on a real-time basis via the Global Risk Model and manages such net exposure within the risk limits as approved by the Board. In the event that there is a change in market conditions in the assets traded (increase in volatility level, increase in trading volume etc.) that requires an overall increase in the approved risk limits, the CEO will notify the Board immediately. Any change in risk limit would need to be approved by the Board before implementing it within the Global Risk Model.

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The Global Risk Model will send automated warnings to the dealers when pre-determined limits are breached. Thereafter, the dealers will trade via broker platforms and place instantaneous orders in the underlying market, thus automatically managing client exposures to levels commensurate with our pre-determined risk limits. The Board approves the risk limits for each of the asset classes and on an overall portfolio basis taking into consideration several factors, among others, the following:

- (i) correlation between the various asset classes;
- (ii) whether the exposure is on an intra-day or overnight basis;
- (iii) the liquidity and volatility of each of the asset class; and
- (iv) the level of client activity (the higher the trading volume, the higher the probability of the aggregation of trade flow, thereby exposures offsetting each other).

For example, in general, our Group's risk limit for interest rate products is lower than that for the European equity book as interest rate products tend to exhibit lower levels of flow and activity than that for the European equity book.

Market risk is the risk of loss from adverse market movements. The primary market risk factors to which we are exposed are stock and index prices, interest rates, foreign exchange rates and commodity prices. The Global Risk Model monitors the volatility and liquidity of all financial instruments via real-time modelling. Maximum risk limits are pre-determined by our Directors and the risk committee and are expanded and contracted algorithmically within agreed levels. In addition, equity risk limits are allocated at differing levels of granularity, representing the extent of diversification within the risk book. The risk limits for equity products are set by:

- (i) Single name: Individual single stock VaR limit;
- (ii) Sector: Individual ICB supersector VaR limit;
- (iii) Geographic: Individual geographic region VaR limit (single stocks and stock indices); and
- (iv) Global: Total correlated equity VaR limit (all equity products irrespective of geographic region or sector).

Our Group assumes the opposing position of all of our clients and is able to reduce its overall exposure to market risk through natural hedging as a result of aggregation of clients' trade flow as long and short positions offset each other. Our Group monitors its net exposure across all the asset classes through our Global Risk Model on a real-time basis. When the net exposure position is above the maximum risk limit approved by our Directors and our risk committee, our Group will manage its market exposure by hedging its position to bring it below the maximum risk limit. Our Group manages the residual exposure on a portfolio basis and is based on several factors, amongst others, the following:

- (i) our Group's own funding requirement;
- (ii) our Group's risk strategy;
- (iii) whether the exposure is on an intra-day or overnight basis;

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- (iv) the liquidity and volatility of each asset class;
- (v) the level of client activity (the higher the trading volume, the higher the probability of the aggregation of trade flow, thereby exposures offsetting each other); and
- (vi) the associated hedging costs.

Part of our market risk management policy is to ensure compliance with our capital adequacy requirements; specifically the CET 1 ratio. Please see the “Capital Adequacy Requirements” section of this Offer Document for more details on capital adequacy requirements.

### **Client credit risk**

Our Group operates a real-time mark-to-market leveraged trading facility where customers are required to maintain margin against positions, and any profits or losses generated by the customer are credited and debited automatically to their account. As with any leveraged product offering, there is the potential for a customer to lose more than they have deposited in their account. Client credit risk represents the risk associated with a client defaulting on their obligations due to our Group.

We have in place the following processes which aim to mitigate client credit risk:

- (i) Auto-liquidation: in the event that a customer account value (i.e. account cash balance plus open profit and loss in account base currency) drops to a certain pre-determined threshold, all open positions will be closed at the best price available. This customer’s account will automatically be liquidated. Upon liquidation, the customer will not be able to open any new positions until all open positions are closed and cancelled. The customer will only be able to place further trades if the customer’s account cash balance is greater than zero and there is sufficient margin available to place trades.

The threshold for auto-liquidation of a customer account is set at a fixed rate of 20% of the customer’s account cash balance. For instance, if a customer’s account contains £1,000, such account will be auto-liquidated once the customer’s account value (comprising the amount of cash in the account and taking into account the unrealised loss) reaches £200. The threshold for auto-liquidation is set at 20% of the customer’s account cash balance, as our Company is of the view that it gives relevant protection in the event of a market gap.

Our Company adopts the threshold of 20% of the customer’s account cash balance through an iterative process. The threshold is set at a level of 20% and its effectiveness has been monitored over time. Taking into account the management’s past business experience, our Group has assessed that the 20% threshold offers our Group certain protection from client credit risk, and gives its customers sufficient account flexibility at the same time. To the best of the Directors’ knowledge and belief, the Directors are of the view that the method and threshold for auto-liquidation is generally in line with the other market players.

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(ii) **Client Risk Simulation:** Our Group maintains a complex credit risk model in which some scenarios are illustrated below:

- Significant exposures to assets that are prone to ‘gapping’, low liquidity or geo-political events;
- Where customers are carrying large positions and the collateral held is not sufficient to mitigate against simulated sudden shocks in the underlying asset price;
- Where exposure to one asset (or a correlated group of assets) is large and concentrated amongst one or a small number of clients; and
- Hedging scenarios which compound the overall revenue impact to our Group in the event of adverse market movements.

Our Group has in place the following risk mitigation procedures to mitigate client credit risk in the event that client credit risk based on the client risk simulation exceed certain limits:

- (i) Varying margin rates offered on specific products or by client (reducing the leverage level);
- (ii) cease offering of guaranteed stops; and
- (iii) adjusting of our Group’s market risk position.

In addition to the credit risk monitoring processes outlined above, we ensure that the level of leverage offered to our clients is sensible.

### **Credit institution credit risk**

Credit institution credit risk is the risk that a credit institution will default on its contractual obligation to our Group resulting in a loss to our Group. We have relationships with a number of counterparties that provide brokerage and/or banking services.

We maintain accounts with several credit institutions to reduce over-reliance on a single credit institution. In addition, we closely monitor the credit quality of the credit institutions by tracking their credit ratings issued by Standard and Poor’s long term issuer credit ratings. Where there is a change in credit ratings of these credit institutions, we will perform the appropriate changes to mitigate the credit risk.

Our Group takes into consideration the following factors as part of the overall assessment of the credit risk of our Group’s credit institution counterparts include:

- (i) the amount of funds our Group holds with the credit institution and the proportion in relation to the Group’s aggregate total amount of deposits;
- (ii) the credit institution’s CET1 ratio;
- (iii) the credit rating of the credit institution, based on the long term issuer credit ratings issued by Standard and Poor’s;

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- (iv) the proportion of the amount of our Group's deposits in comparison with the assets of the credit institution; and
- (v) any specific news items or events relating to the credit institution.

### **Non-trading foreign currency risk**

Any foreign exchange balances that arise as a result of trading desk activities are labelled as trading book exposures and are incorporated into trading desk exposure and managed accordingly. Our Group adopts a policy of minimising non-trading foreign currency balances and will hold all balances in GBP, where possible, or in the relevant currency to match the exposure liability. All non-trading book foreign currency exposures are reported on a daily basis. Any resulting non-trading foreign exchange exposure is then hedged.

### **Operational Risk**

Operational risk is another area of significant risk to our business. Operational risk refers to the risk resulting from the breakdown in internal procedures, personnel and systems. As our Group comprises several different operational areas, we have in place multiple levels of controls and checks to detect errors and operational back-up plans to check that our operational risk is managed and mitigated where identified. Significant operational risk arises particularly in relation to trading, IT and finance functions. Our Directors have confirmed that during the Relevant Period, there had been no instances of significant lapses or breaches in the past.

The potential risks relating to trading include execution errors, booking errors, product administration errors and exposure limit breaches. As such, we maintain defined policies, systematic controls and carry out reconciliations to mitigate these risks. Our Company has developed a business continuity plan to manage and minimise the impact to the business in the event of operational disruptions. A Recovery time objective ("**Recovery Time**") of one hour was established for key IT systems such as TradeHub, WeTrade and ayondo Account Management System. Backups and procedures are in place to facilitate the recovery of these systems at the recovery site within the established Recovery Time.

Our Group has in place a cybersecurity framework to identify and manage cybersecurity risks to our Group. We have engaged a third-party information technology and security service provider based in Germany, to perform a vulnerability assessment and penetration testing of our online trading platforms, web applications and networks in March 2017. Remediation plans were put in place by July 2017 to address the findings raised. This assessment is expected to be run on an annual basis.

To mitigate risk in relation to the finance functions, we have put in place defined control policies, including multiple checks by different persons segregating the roles within the finance team to achieve a check and balance system.

### **Compliance**

#### ***Compliance Team***

Our Group adopts a comprehensive compliance framework for our operations covering marketing compliance, regulatory compliance, business advisory and support, anti-money laundering compliance, and compliance monitoring and reporting.



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As part of our efforts to ensure compliance, we have a compliance team in the UK which comprises of compliance analysts, a compliance and money laundering reporting officer and the head of global compliance (namely Edward Drake, who is also our COO).

Our compliance analysts focus on routine day-to-day compliance tasks and transaction reporting, monitoring of business, including politically exposed person and sanctions checking, client and enhanced due diligence, to ensure compliance. In addition, they also monitor complaints and compile responses to these complaints.

The head of global compliance and the compliance/money laundering reporting officer oversee the business units' general compliance (including compliance with anti-money laundering procedures), the implementation of other compliance policies, procedures, controls and are responsible for regulatory reporting involving higher complexity.

Our Directors have confirmed that during the Relevant Period, our Group has not encountered any regulatory breaches relating to any know-your-customers or anti-money laundering matters.

### ***Compliance Training***

Past experience in financial markets compliance preferably within the retail space is a prerequisite for all compliance staff hired by our Group. In addition, all staff are required to undergo continuous intensive on-the-job training after joining our Group. We encourage our staff, particularly the senior members of the compliance team, to attend seminars and workshops to further develop their skills and to focus attention on the latest regulatory environment developments.

All compliance staff are encouraged to be familiar with not only the conduct of business rules that apply to our Group but also the general rules of joint money laundering steering group in the UK. All staff including the compliance team are also required to undergo annual anti-money laundering training.

### ***Compliance Monitoring Programme***

We have in place a compliance monitoring programme ("**CMP**") which we use to oversee overall compliance of our Group and activities of all clients who are onboarded directly by our Group, including compliance functions in relation to our white label partners, introducing brokers and tied agents. In respect of our white label partners, introducing brokers and tied agents, each of them will be subject to the CMP once the relationship is established.

Under the CMP, our white label partners, introducing brokers and tied agents will be subject to the following controls:

- (a) annual visits to perform an on-site review of the white label partners and tied agent's activities;
- (b) aggregated client money reconciliation processes;
- (c) call recording and periodic sampling of calls for white label partners and tied agents who engage directly with clients;
- (d) daily review of all marketing activities and historic review of social media channels by our compliance team;

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- (e) all clients are on-boarded by ayondo UK using the ayondo Account Management System. Please refer to the “ayondo Account Management System” section of this Offer Document; and
- (f) full due diligence will be performed on potential white label partners, introducing brokers and tied agents before establishing the white label partner, introducing brokers and tied agent relationship.

Pursuant to the agreements entered between ayondo UK and our tied agents, amongst others:

- (i) ayondo UK shall appoint the tied agent on a non-exclusive basis to identify potential customers to ayondo UK;
- (ii) the tied agent shall be entitled to commission if the potential customer introduced by the tied agent enters into a contract with ayondo UK;
- (iii) the tied agent shall have no authority, and shall not hold itself out, as being authorised to bind ayondo UK in any way and shall not make or enter into any contracts or commitments or incur any liability for or on behalf of ayondo UK; and
- (iv) the tied agent shall not produce, issue, publish or distribute any marketing material or use ayondo UK’s name, logo or trademarks on any marketing material without the prior written consent of ayondo UK.

### Capital Adequacy Requirements

ayondo UK is required to maintain a total minimum capital ratio of 8% to comply with the capital adequacy requirements according to the provisions under the EU Capital Requirements Directive and the Capital Requirements Regulation (together “**CRD IV**”), which are administered by the FCA. Our Directors have confirmed that, to the best of their knowledge and belief, our Group has been in compliance with such capital adequacy requirements.

Under CRD IV, financial institutions are required to maintain minimum levels of capital, calculated based on a percentage of its risk weighted assets. The regulatory minimum level is 8% and in the event the percentage falls below 10% at the end of any quarter, the FCA will require the particular financial institution to take steps to increase its available capital and/or reduce its risk. In determining its capital adequacy requirement, ayondo UK uses the core equity tier 1 (“**CET 1**”) ratio which is calculated by dividing the summation of its tier 1 capital by the total risks. Tier 1 capital refers to going concern capital and principally comprises ordinary shares, retained earnings and certain reserves. Based on the CRD IV, we have identified three primary areas of risks involved in our business namely, operational risk, credit risk and market risk.

ayondo UK’s capital ratios for the Period Under Review are shown below:

	<b>As at 31 December 2014</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>	<b>As at 30 September 2017</b>	<b>As at 31 December 2017</b>
<b>CET 1 Capital Ratio</b>	14.07%	8.68%	16.25%	8.49%	9.69%

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## GENERAL INFORMATION ON OUR GROUP

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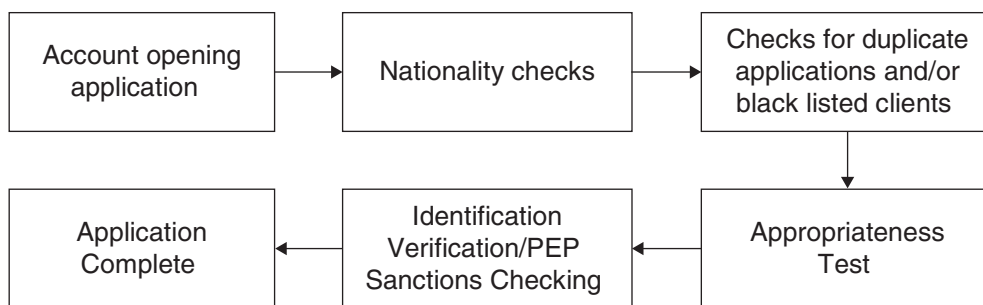
**Note:**

- (1) The CET 1 capital ratio decreased from 14.07% in 31 December 2014 to 8.68% as at 31 December 2015 as a result of the increase in risk exposure in line with the increase in the number of transactions from 4,689 in FY2014 to 17,373 in FY2015. The CET 1 Ratio subsequently increased from 8.68% as at 31 December 2015 to 16.25% as at 31 December 2016 mainly due to capital injections in FY2016. The CET 1 Ratio as at 30 September 2017 was 8.49% mainly due to the decrease in common equity tier 1 capital as a result of an increase in accumulated loss recognised as at 30 September 2017. Our Group subsequently increased the capital in ayondo UK in October 2017 which increased the CET 1 Capital Ratio to 9.69% as at 31 December 2017.

Our Directors have confirmed that, to the best of their knowledge and belief, the total capital ratio was maintained above the minimum level of 8% during the Period Under Review and up to the date of this Offer Document. Our Directors have also confirmed that the capital ratio figures submitted to the FCA are in line with market practice.

### AYONDO ACCOUNT MANAGEMENT SYSTEM

We use a customised customer relationship management system known as the “ayondo Account Management System”. The ayondo Account Management System provides client on-boarding functions with features including automated identification checks and incorporates an anti-money laundering and client verification framework as follows:



Information available from the ayondo Account Management System also serves as a source of business intelligence to white label partners. The ayondo Account Management System collects the data of our customers’ demographic including age, income level and education level, which can be used for risk management, data analysis and decision-making. At the same time, white label partners can also use such information to manage their own client portfolio and relationship.

In addition, the ayondo Account Management System facilitates and improves the efficiency of our Group to comply with know-your-customer requirements.

In the event of non-compliance with such regulatory requirements, the FCA may impose financial penalties, issue public censure and/or suspend, restrict or withdraw a firm’s authorisation. The FCA will consider, amongst others, the following factors before determining the action to be taken:

- (i) the nature, seriousness and impact of the suspected breach;
- (ii) the conduct of the firm after the breach;
- (iii) the previous disciplinary record and compliance history of the firm; and
- (iv) whether the firm has followed the relevant provisions in the Guidance for the UK financial sector issued by the Joint Money Laundering Steering Group.

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## GENERAL INFORMATION ON OUR GROUP

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### Account opening application

All prospective clients are able to open an account with ayondo UK by completing the online account opening application forms. The applicant will have to disclose his/her personal details, including but not limited to full name, identification number, nationality and contact number. In addition, the applicant has to specify his/her annual income and to provide information regarding his/her knowledge in the investment field in order for ayondo UK to assess whether its services and products are appropriate for the applicant.

### Nationality checks

As part of its anti-money laundering effort, ayondo UK does not accept applications from jurisdictions prescribed by the Financial Action Task Force to be of high risk. In addition, due to regulatory restrictions, ayondo UK also does not accept applications from nationals or residents of the USA and with effect from 18 August 2016, certain derivatives including CFDs with leverage may not be distributed to customers resident in Belgium.

### Duplicate applications and/or black listed clients

Checks are conducted by the ayondo Account Management System for any duplicate applications and/or “black listed” clients.

### Appropriateness and suitability test

As required under FCA guidelines, ayondo UK conducts an ‘appropriateness test’ on each applicant by assessing, amongst others, the applicant’s knowledge and experience in the investment field. Within the account opening application, the applicant will disclose such information including:

- (a) the type of product, service, transaction and designated investment with which the applicant is familiar;
- (b) the nature, volume, frequency of the applicant’s transactions in designated investments and the period over which they have been carried out; and
- (c) the level of education, profession or relevant former profession of the applicant.

On the basis of the information, an appropriateness test is automatically conducted by the ayondo Account Management System. If the applicant meets the pre-determined minimum criteria, the applicant will pass the test and will be deemed to be “appropriate”.

In addition to the ‘appropriateness test’ conducted by ayondo UK, from September 2017 onwards, a suitability test is also carried out by aPM GmbH on each of our prospective social trading follower clients in accordance with the portfolio management licence. Under the suitability test, a prospective social trading client will be assessed based on, amongst others,

- (a) the prospective client’s knowledge and experience in trading;
- (b) resources to engage in social trading;
- (c) understanding of risks arising from social trading and leveraged products; and
- (d) investment goals.

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## GENERAL INFORMATION ON OUR GROUP

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### Identification Verification

The ayondo Account Management System conducts verification checks on the identity and address of each applicant by checking against databases in the relevant jurisdiction. For applicants whose nationality and/or residency does not have relevant databases available, ayondo UK will require the applicant to provide a copy of proof of identification and proof of residential address.

In addition, a sanctions and enforcement check and a Politically Exposed Person check will also be conducted on each applicant by screening the applicant's name against various legal and financial law enforcement agency databases. In the event of a match, the application will be referred to the compliance team for review. In the event of clients being perceived as 'higher risk', such clients will then be subject to further enhanced due diligence measures.

### Application Complete

Once the applicant passes the required checks and tests, the application will be completed and the applicant can begin funding via credit card, debit card or bank transfer and can start executing trades on our platforms.

Other than using the ayondo Account Management System to manage client portfolio and relationship, we also have customer service teams in the UK, Germany and Spain who are contactable by phone, email, or via mobile applications. Any feedback or complaint from the public about our services is documented and resolved in accordance with our complaints guidelines.

## MARKETING

Our marketing activities focus on attracting new clients, improving brand visibility and awareness, and constantly finding ways to improve our products and services to retain our existing client base. Our marketing activities are managed by our marketing division headquartered in Frankfurt, spearheaded by our Chief Marketing Officer, Sarah Brylewski.

Our Group markets our brand, products and services through the following means:

### Marketing to B2B partners

Our marketing team assists the institutional sales team who is responsible for growing the B2B business to promote our technology to B2B partners. The marketing efforts include participating in Fintech fairs such as the Singapore Fintech Festival and Euro Finance Tech event in Frankfurt, Germany.

### Digital Marketing

The digital marketing venues used by our Group to create awareness of our products and services include:

- (i) Adwords campaigns which are targeted mainly at European markets;
- (ii) Advertising on YouTube, featuring different aspects of our Group; and
- (iii) Online display campaigns.

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## GENERAL INFORMATION ON OUR GROUP

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### Offline Marketing

We are involved in global Fintech events during which we market our Group as a global Fintech and social trading pioneer. We also organise webinars, seminars and fairs and offer a free demonstration account version of our platform to new users to experience our products and platforms' interface. By providing educational tools and services, we ensure that our clients and prospects are provided with support to meet their trading and educational needs whilst providing excellent customer service.

From the summer season of 2015 to the summer season of 2017, we were the main sponsor of the German football club, Bundesliga Club FSV Frankfurt which further promotes our brand and creates more awareness of our products and services.

We also advertise through TV spots, such as Bloomberg and YouTube, and outdoor advertising.

### Collaboration partners

We also collaborate with third party website owners to market our brand by displaying our advertisements mainly in the form of banners on their websites. In return, these website collaboration partners will receive a commission whenever a client opens a live account with ayondo UK. As at 31 December 2017, our Group works with more than 50 collaboration partners.

## MAJOR CUSTOMERS AND B2B PARTNERS

### Customers

Save as disclosed below, none of our customers accounted for 5.0% or more of our Group's total revenue for the Period Under Review:

Customer	As a percentage of total revenue (%)			
	FY2014	FY2015	FY2016	9M2017
Dean Rudolf Pehar	7.8	1.1 <sup>(1)</sup>	0.2	–

#### Note:

- (1) The decrease in the percentage of the total revenue in respect of Dean Rudolf Pehar from FY2014 to FY2015 was mainly due to the overall growth of our Group's revenues and thereby diluting the percentage of the total transactional revenue in respect of Dean Rudolf Pehar.

### ***B2B Partners and Client Groups***

B2B partners use their own contacts or marketing efforts to market our services to a group of clients and we provide access to our trading platforms directly to the group of clients derived from the relevant B2B partner ("**Client Groups**"). Please refer to "Distribution Partners" section of this Offer Document for more information.

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## GENERAL INFORMATION ON OUR GROUP

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Save as disclosed below, none of our Client Groups, had in aggregate, accounted for 5.0% or more of our Group's trading revenue for the Period Under Review:

Client Groups introduced by	As a percentage of trading revenue (%)			
	FY2014	FY2015	FY2016	9M2017
BUX BV <sup>(1)</sup>	3.4	14.8	30.7	36.1
Activotrade Valores <sup>(2)</sup>	5.2	12.1	9.8	5.9
Delta Index Limited <sup>(3)</sup>	11.9	5.6	2.1	1.5

**Notes:**

- (1) The increase in the revenue for the BUX BV Client Group from 3.4% in FY2014 to 14.8% in FY2015 and from 14.8% in FY2015 to 30.7% in FY2016 and from 30.7% in FY2016 to 36.1% in 9M2017 were mainly due the geographical business expansion by BUX BV into UK and Germany.
- (2) The increase in the revenue for the Activotrade Valores Client Group from 5.2% in FY2014 to 12.1% in FY2015 was mainly due to the increased distribution capability of Activotrade Valores. The decrease in the revenue for the Activotrade Valores Client Group from 12.1% in FY2015 to 9.8% in FY2016 and from 9.8% in FY2016 to 5.9% in 9M2017 were mainly due to the overall growth of our Group's revenue and thereby diluting the percentage of the total transactional revenue in respect of Activotrade Valores.
- (3) The decrease in the revenue for the Delta Index Limited Client Group from 11.9% in FY2014 to 5.6% in FY2015 and from 5.6% in FY2015 to 2.1% in FY2016 was mainly due to the overall growth of our Group's revenues and thereby diluting the percentage of the total transactional revenue in respect of Delta Index Limited. The introducing broker agreement with Delta Index Limited has expired on 31 December 2017 and the parties have not renewed the agreement on its expiry.

As at the Latest Practicable Date, our Directors are of the opinion that our business or profitability is not materially dependent on any one of our major customers and B2B partners due to the following:

- (i) our Group is the direct contracting counterparty of the clients introduced by BUX BV; and
- (ii) our Group is working with other B2B partners in Spain for its social trading segments, namely Ajram Capital and Live in Trading; and
- (iii) as at the Latest Practicable Date, our Group is working with more than 25 active B2B partners.

To the best of our Directors' knowledge and belief, we are not aware of any information or arrangement that would lead to premature cessation or termination of our current relationship with any of our B2B partners.

Save for Raza Perez, our Chief Product Officer, and his wife who hold equity interest of approximately 36.23% and 6.56% respectively of the total issued and paid up shares in Activotrade Valores as at 31 December 2017 but have no management power nor authority to make any management decisions on behalf of Activotrade Valores, none of our Directors, Executive Officers, Controlling Shareholders and Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the customers or introducing brokers. Raza Perez is no longer part of the management of Activotrade Valores since December 2015 and his wife is not involved in the business or management of Activotrade Valores or our Group. None of the associates of Raza Perez and his wife is a director, employee or consultant of Activotrade Valores. Please refer to the "General and Statutory Information" section of this Offer Document for

## GENERAL INFORMATION ON OUR GROUP

more information. To the best of our knowledge and belief, there are no arrangements or understanding with any customer or B2B partners pursuant to which any of our Directors and Executive Officers was appointed.

### MAJOR SUPPLIERS

We set out below a list of our major suppliers which accounted for 5.0% or more of our purchases during the Period Under Review:

Supplier	Services supplied	As a percentage of purchases (%)			
		FY2014	FY2015	FY2016	9M2017
TXIO <sup>(1)(3)</sup>	IT services <sup>(2)</sup>	10.7	5.2	6.5	10.0
SevenVentures GmbH ("SevenVentures") <sup>(4)</sup>	Marketing	10.5	28.5	–	3.3
Klug & Milke GmbH <sup>(5)</sup>	IT services	2.0	3.0	4.3	7.1
Google Ireland <sup>(6)</sup>	Marketing	2.3	2.2	8.0	12.0

#### Notes:

- (1) Daniel Vranesic, who has been providing consulting services to our Group on behalf of TXIO and has been acting as our Principal Technology Consultant since 2010, is currently the chief executive officer and shareholder of TXIO. Daniel Vranesic assists the management of our Group in respect of our information technology systems, including the integration and deployment of TradeHub. However, he does not have any management power nor authority to make any management decisions on behalf of our Group, and he reports directly to our CEO, Robert Lempka. Please refer to the "Directors, Executive Officers, Staff – Executive Committee" section of this Offer Document for more details on Daniel Vranesic.
- (2) Pursuant to the agreement dated 3 February 2017 entered into by our Group and TXIO, ayondo UK has been granted a licence to use the MDS owned by TXIO for our TradeHub platform for 15 years commencing from 3 February 2017. TXIO will provide support services such as telephone support, error corrections and on-site support to ayondo UK. Please refer to the "General Information on our Group – Intellectual Property – Technology" section of this Offer Document for further details.
- (3) The decrease in the percentage of purchases from TXIO from 10.7% in FY2014 to 5.2% in FY2015 was mainly due to the overall increase in our Group's total purchases. Subsequently, the percentage of purchases from TXIO increased from 5.2% in FY2015 to 6.5% in FY2016 and from 6.5% in FY2016 to 10.0% in 9M2017 was mainly due to overall increase in the time spent by TXIO on the development and maintenance of TradeHub.
- (4) To the best of our knowledge, SevenVentures is the venture arm of ProSiebenSat.1 Media AG, one of the Europe's leading media group and Germany's largest television network. The increase in the percentage of purchases from SevenVentures from 10.5% in FY2014 to 28.5% in FY2015 was mainly due to the marketing expenses incurred for the TV campaign to market our brand and social trading products in FY2015 pursuant to a media agreement entered into between ayondo AG and SevenVentures in December 2014. Subsequently, the media agreement was terminated in September 2015 due to the higher than anticipated average cost per customer acquisition for TV campaign. We have entered into a new media agreement with SevenVentures in May 2017 as part of our offline marketing to increase our brand awareness. Please refer to the "Management's Discussion and Analysis of Financial Conditions and Results of Operations" section of this Offer Document for further details.
- (5) The increase in percentage of purchases from Klug & Milke GmbH from 3.0% in FY2015 to 4.3% in FY2016 and from 4.3% in FY2016 to 7.1% in 9M2017 was mainly due to the overall increase in time spent by Klug & Milke GmbH on the development and maintenance of ayondo Account Management System. Please refer to the "General Information on our Group – Intellectual Property – Technology" section of this Offer Document for further details on ayondo Account Management System.
- (6) The increase in the percentage of purchases from Google Ireland from 2.2% in FY2015 to 8.0% in FY2016 and from 8.0% in FY2016 to 12.0% in 9M2017 was mainly due to the increase of marketing activities via Google AdWords with Google Ireland.



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Save as disclosed above, we generally do not enter into long-term or exclusive agreements with any of our suppliers to provide our Group flexibility to evaluate and select new suppliers based on pricing, quality of services and credit terms. As at the Latest Practicable Date, our Directors are of the opinion that our business or profitability is not materially dependent on any one of our major suppliers due to the following:

- (i) there are comparable systems in the market that can substitute MDS in the event the current relationship with TXIO ceased or is terminated; and
- (ii) Klug & Milke GmbH has transferred and assigned all rights, title and interest in the ayondo Account Management System to our Group and our Group was granted a perpetual licence for the core Account Management System.

To the best of our knowledge and belief, we are not aware of any information or arrangement that would lead to premature cessation or termination of our current relationship with any of our major suppliers.

As at the Latest Practicable Date, none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above suppliers nor do the equivalent persons in such major suppliers have any interest, direct or indirect, in our Group. To the best of our knowledge and belief, there are no arrangements or understanding with any suppliers pursuant to which any of our Directors and Executive Officers was appointed.

### RESEARCH AND DEVELOPMENT

We engage in research and development through collaboration between third party service providers, namely TXIO Corporation and Klug & Milke GmbH, and our in-house technology team to explore new or existing digital channels that have potential to increase its usage by the digital community and that have potential to be an important aspect in the next wave of disruption in the Fintech industry. The collaboration group will also engage in research and development to improve our social trading and self-directed trading platforms to meet the changing technological trends. Some of the initiatives undertaken by the collaboration group include:

- (i) Developing context-specific trading services: our Group intends to explore enhancing our platform by adding on a continuously operating “digital assistant”, powered by the natural language processing domain with specific artificial intelligence to assist clients to initiate trading and making investment decisions; and
- (ii) Monitoring platform paradigm shifts and finding ways to keep abreast with such shifts. For instance, digital consumption has shifted from the desktop which was a space dominated by a handful of operating systems to mobile consumption, thereby resulting in the emergence of a small number of dominant mobile platforms. Recently, a new wave of platform shift is emerging led by a minority of applications acquiring critical mass on mobile devices. We recognise these paradigm shifts to be innovation opportunities as disruption progresses and are conducting research and development to develop these disruptive mobile apps.

During the Period Under Review, our Group recorded research and development expenses of approximately CHF180,000, CHF376,000, CHF520,000 and CHF479,000 which represent 4.8%, 3.3%, 2.8% and 3.2% of the total revenue of our Group for FY2014, FY2015, FY2016 and 9M2017 respectively.

## GENERAL INFORMATION ON OUR GROUP

### INTELLECTUAL PROPERTY



We rely on a combination of copyrights and trademarks, as well as contractual protection, to establish and protect our intellectual property rights. In addition, we require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and control access to software, documentation and other proprietary information.

As at the Latest Practicable Date, our Group has the right to use the following copyrights, trademarks and contractual protection.

#### Trademarks

Trademark	Registered owner	Class <sup>(1)</sup>	Country of registration/ application	Trademark/ Application No.	Status/ Expiry Date
<b>ayondo</b>	ayondo AG	9	Singapore	40201708046R	4 May 2027
		35			
		36			
		38			
		42			
	ayondo AG	9	Singapore	40201708047P	4 May 2027
		35			
		36			
		38			
		42			
ayondo	ayondo GmbH	36	International	1009101	2 April 2019
		38			
		42			
ayondo	ayondo GmbH	36	Australia	1317361	2 April 2019
		16			
ayondo	ayondo GmbH	35	European Union	7185911	25 August 2018
		36			
		38			
		42			
		16			
STREET ALPHA	ayondo GmbH	35	European Union	10976876	19 June 2022
		36			
		38			
		42			
		16			
	ayondo UK	9	UK	UK00002525040	26 August 2019
		16			
		36			

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Trademark	Registered owner	Class <sup>(1)</sup>	Country of registration/ application	Trademark/ Application No.	Status/ Expiry Date
	ayondo UK	9 36 41	European Union	010487338	13 December 2021
	ayondo UK	9 36 41	European Union	010487247	13 December 2021
GEKKO	ayondo UK	9 36 41	European Union	010047678	15 June 2021

**Notes:**

(1) The class of International Classification of Goods and Services (Nice Classification) is described as follows:

Class 9: Computer software and program; computer hardware; computer systems; DVDs; CDs; electronic publications and publications downloadable from the Internet; all of the aforesaid goods relating to trading in financial securities, currencies, CFDs and spread betting.

Class 16: Paper and cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; typewriters and office requisites (except furniture); Instructional and teaching material (except apparatus); plastic materials for packing (not included in other classes); printers' type; printing blocks.

Class 35: Advertising, in particular multimedia advertising and on the Internet; business management; business administration; office functions; collecting, systematic ordering, maintenance of data, in particular with regard to financial services.

Class 36: Insurance; financial affairs; real estate affairs; in particular, including via online services.

Class 38: Telecommunications; providing access to information on the Internet; providing chatrooms on the Internet; electronic exchange of messages via chat lines, chat rooms and Internet forums; telecommunications by means of platforms and portals on the Internet.

Class 41: Betting services; entertainment services; provision of training relating to trading in financial securities, currencies, CFDs and spread betting; spread betting services; advisory and consultancy services relating to the aforesaid services.

Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; provision of computer software via Internet in relation to databases; inquiries, research in databases and on the Internet, for scientific and research purposes.

Save for the registered trademarks disclosed above, we do not own any patents, trademarks or other intellectual property rights and our business or profitability is not materially dependent on any license, trademark, patent or any other intellectual property rights. We have not paid or received any royalties for any license or use of any intellectual property.

We have not encountered any issues with the renewal of our trademarks in the past. Barring unforeseen circumstances, our Directors do not foresee any difficulties in renewing our trademarks in the future.

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## GENERAL INFORMATION ON OUR GROUP

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### Domain Names

As at the Latest Practicable Date, the domain names owned by our Group include the following:

Domain Name	Registration Date	Renewal Due Date
<a href="http://www.ayondo.com">www.ayondo.com</a>	16 October 2007	16 October 2018
<a href="http://www.ayondo.co.uk">www.ayondo.co.uk</a>	16 October 2007	16 October 2018
<a href="http://www.ayondo.eu">www.ayondo.eu</a>	16 October 2007	30 September 2018
<a href="http://www.ayondo.fr">www.ayondo.fr</a>	28 January 2011	23 March 2018
<a href="http://www.ayondo.it">www.ayondo.it</a>	28 January 2011	9 February 2019
<a href="http://www.ayondo.net">www.ayondo.net</a>	16 October 2007	16 October 2018
<a href="http://www.ayondo.sg">www.ayondo.sg</a>	18 July 2014	18 July 2018
<a href="http://www.ayondo.hk">www.ayondo.hk</a>	18 July 2014	18 July 2018
<a href="http://www.ayondo.tw">www.ayondo.tw</a>	18 July 2014	18 July 2018
<a href="http://www.ayondo.jp">www.ayondo.jp</a>	21 July 2014	31 July 2018
<a href="http://www.ayondo.biz">www.ayondo.biz</a>	28 January 2011	27 January 2019
<a href="http://www.ayondo.org">www.ayondo.org</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.info">www.ayondo.info</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.mobi">www.ayondo.mobi</a>	16 April 2015	16 April 2018
<a href="http://www.ayondo.org.uk">www.ayondo.org.uk</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.me">www.ayondo.me</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.tv">www.ayondo.tv</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.me.uk">www.ayondo.me.uk</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.asia">www.ayondo.asia</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.cc">www.ayondo.cc</a>	28 January 2011	23 October 2018
<a href="http://www.ayondo.dk">www.ayondo.dk</a>	28 January 2011	31 January 2019
<a href="http://www.ayondo.pl">www.ayondo.pl</a>	28 January 2011	28 January 2019
<a href="http://www.ayondo.ru">www.ayondo.ru</a>	21 February 2011	21 February 2019
<a href="http://www.ayondo.social">www.ayondo.social</a>	3 June 2015	3 June 2018
<a href="http://www.ayondex.com">www.ayondex.com</a>	10 November 2007	29 October 2018
<a href="http://www.ayondex.co.uk">www.ayondex.co.uk</a>	10 November 2007	10 November 2018
<a href="http://www.ayondex.es">www.ayondex.es</a>	12 November 2007	12 November 2018
<a href="http://www.ayondomarkets.it">www.ayondomarkets.it</a>	3 August 2012	8 April 2018
<a href="http://www.ayondomarkets.fr">www.ayondomarkets.fr</a>	3 August 2012	8 April 2018
<a href="http://www.ayondomarkets.com">www.ayondomarkets.com</a>	3 August 2012	3 August 2018
<a href="http://www.ayondomarkets.co.uk">www.ayondomarkets.co.uk</a>	3 August 2012	3 August 2018

We have not encountered any issues with the renewal of our domain names in the past. Barring unforeseen circumstances, our Directors do not foresee any difficulties in renewing our domain names in the future.

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### Technology

#### *WeTrade*

Our social trading platform, WeTrade is developed in-house and has been constantly further enhanced and improved to respond efficiently to the demands of our clients and to adapt to the technological changes. WeTrade is an independent platform which allows traders on the platform to provide trading signals and be followed by other traders and all trades executed by the Top Traders are also automatically executed on the Follower's account. WeTrade can be integrated with any trade execution system provider. As such, WeTrade is not reliant on any third party systems. We believe that it will be challenging to duplicate our social trading platform, WeTrade, because of our experience with the Top Traders and Followers for the past seven years and WeTrade has also been improved and upgraded based on these experiences.

#### *TradeHub*

Our self-directed trading platform, TradeHub is built upon an underlying system named 'marketdepth' system ("**MDS**") owned by TXIO Corporation ("**TXIO**"). Pursuant to the agreement dated 3 February 2017 entered between ayondo UK and TXIO, as varied and supplemented by letters dated 21 December 2017 and 3 January 2018 ("**TXIO Agreement**"), amongst others:

- (i) ayondo UK has been granted a licence to use the MDS for the TradeHub platform for 15 years commencing from 3 February 2017 with automatic renewal for additional two years for each renewal term;
- (ii) TXIO has granted ayondo UK a non-exclusive, non-transferable, non-sublicensable licence to use its MDS for the TradeHub platform and TXIO will provide support services such as telephone support, error corrections and on-site support to ayondo UK;
- (iii) in consideration for the payment of consulting fees, TXIO will provide the consulting services, which includes installation of MDS, integration and customization of MDS with third party software programs, as may be agreed between TXIO and ayondo UK;
- (iv) TXIO retains all rights, title and interest in all intellectual property rights in MDS and ayondo UK owns the software that implements the trading screens, the function and behaviour of the trading application and the platform's interface;
- (v) ayondo UK is able to engage third party provider for functionality or capability that MDS does not provide, provided that a first right of refusal is given to TXIO to provide such functionality or capability. Notwithstanding so, ayondo UK is permitted to engage third party provider for execution systems which is similar to the MDS for our Group's social trading platform, WeTrade;
- (vi) either ayondo UK or TXIO may terminate the TXIO Agreement by 10 days' notice in writing to the other party if the other party (a) becomes insolvent or bankrupt or it or any other person (other than the terminating party) files a petition for winding up, dissolution or similar arrangement for such party under applicable law, or (b) in the case of TXIO, it voluntarily ceases carrying on business in the ordinary course;
- (vii) either ayondo UK or TXIO may also terminate the TXIO Agreement upon written notice if the other party breaches any material provision of the TXIO Agreement and fails to correct the breach within 30 days following written notice specifying the breach;

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- (viii) after the fifth anniversary from 3 February 2017, ayondo UK may terminate the TXIO Agreement upon a proposed termination date by (a) giving TXIO written notice thereof not less than 12 months before such proposed termination date and (b) within 10 days of the date of such notice, making a lump-sum payment to TXIO in the amount equal to the sum of three years of licence fees in accordance with the TXIO Agreement. In the event that the TXIO Agreement, following notice given by ayondo UK, is terminated any time after the end of the 12<sup>th</sup> year of the TXIO Agreement, the lump-sum payment shall be calculated on the basis of the number of months remaining on the initial term of 15 years and the licence fees invoiced for the month immediately preceding the written notice of termination;
- (ix) TXIO may terminate the TXIO Agreement by giving written notice to ayondo UK in the event (a) on 60 days' notice if ayondo UK's use of MDS exceeds the scope of the licence conferred in the TXIO Agreement; or (b) on 60 days' notice if ayondo UK makes any attempt to assign, sub-licence, or otherwise transfer or encumber any of its rights under the TXIO Agreement without prior written approval from TXIO; or (c) unless in accordance with (viii) above, immediately if ayondo UK, or any third party engaged or directed by ayondo UK, commences or carries on a business which includes the development and licensing of computer systems or software, whether or not developed by it, which is capable of a similar use to the MDS;
- (x) the source code for MDS is required to be deposited and maintained with an escrow agent by TXIO which will allow ayondo UK to obtain the source code for the MDS in the event TXIO becomes insolvent, bankrupt or ceases business operations; and
- (xi) there are no outright payments to be made by ayondo UK to TXIO for any loss or damages resulting from any breach by ayondo UK of the TXIO Agreement.

The Directors are of the opinion that there is no entrenchment of TXIO based on the following:

- (i) our Group currently does not have any intention to switch from the MDS as we have a long-term agreement for 15 years commencing from 3 February 2017;
- (ii) it is not typical for companies in similar industry to maintain 2 systems with the same functionality as it would exponentially increase the maintenance and compliance costs and such costs would be prohibitive for our Group's operations;
- (iii) pursuant to the TXIO Agreement, our Group is able to engage third party provider for functionality or capability that MDS does not provide, provided that a first right of refusal is given to TXIO to provide such functionality or capability;
- (iv) in the event that our Group wishes to replace MDS, there are comparable systems available in the market with the same functionality; and
- (v) the payment to TXIO in the event that our Group terminates the TXIO Agreement is a fixed contractual sum which serves to limit the liability of our Group in the case of an early termination of the tenure of the agreement, without which, our Group can potentially be liable for the licence fees in respect of the entire remaining tenure of the TXIO Agreement.

To the best of the Directors' knowledge and belief, the Directors are not aware of any past breaches of the TXIO Agreement during the Relevant Period. In the event of termination of the TXIO Agreement, our Group believes that it will take around six months to switch from MDS to another comparable system and the Directors are of the opinion that the switch from MDS to another system is not expected to have a significant impact to our Group's operations as in the

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event of termination, our Group would still have at least 12 months to use the MDS while arranging, preparing and transitioning from MDS to another system. In the event that such transition process takes longer than anticipated, the Directors intend to mitigate such risks by any combination of (i) re-negotiate the length of time with TXIO on the use of MDS; and (ii) execution of ayondo's clients' trade with other liquidity providers such as CMC Markets and IG.

In addition, Daniel Vranesic, who is the chief executive officer of TXIO, provides consulting services to our Group and plays the role of Principal Technology Consultant who forms part of the executive committee of our Group. Please refer to the "Directors, Executive Officers, and Staff – Executive Committee" section of this Offer Document for more details.

### ***TradeHero***

TradeHero platform is owned by My Manisku Pte. Ltd., a wholly-owned subsidiary of MyHero Limited who has granted our Group an exclusive, non-transferable, irrevocable licence in perpetuity to use TradeHero intellectual property rights in any part of the world except for USA and the PRC. Please refer to the "Distribution Partners – Joint Venture Partners" section of this Offer Document for more details.

In addition, Dominic Morris, who is the chief technology officer of My Manisku Pte. Ltd., provides consulting services to our Group and plays the role of Principal Innovation Consultant who forms parts of the executive committee of our Group. Please refer to the "Directors, Executive Officers, and Staff – Executive Committee" section of this Offer Document for more details.

### ***ayondo Account Management System***

ayondo Account Management System was developed by Klug & Milke GmbH for our Group. On 11 January 2017, ayondo UK has entered into an assignment of ownership of the ayondo Account Management System and licensing agreement with Klug & Milke GmbH. Pursuant to this agreement, Klug & Milke GmbH and our Group agreed that:

- (i) Our Group owns all rights, title and interest in the ayondo Account Management System customised and built solely for our Group;
- (ii) Klug & Milke GmbH grants our Group a non-exclusive, non-transferable, perpetual licence to use the underlying core account management system for the limited purposes of running ayondo Accounting Management System; and
- (iii) ayondo UK shall pay one-time fee of €200,000 in instalments to Klug & Milke GmbH. As at 31 December 2017, €30,000 remains outstanding and is payable during the first quarter of 2018.

As at the Latest Practicable Date, our business or profitability is not materially dependent on any registered or pending registration trademark, patent or other intellectual property rights.

### **SEASONALITY**

We generally do not experience any significant seasonality patterns in our business activities.

### **INVENTORY MANAGEMENT**

Due to the nature of our business and operations, we do not maintain any inventory.

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### PROPERTIES AND FIXED ASSETS

Our Group currently leases the following properties from third parties and the brief particulars are set out below:

Location	Tenure	Approximate Gross Leased Area (m <sup>2</sup> )	Use of property
Niddastraße 91, Ludwigstraße 2-4, Poststraße 20, 60329 Frankfurt am Main, Germany	5 years and 1 month from 1 June 2014 to 31 July 2019	278	Office space of ayondo GmbH
Paseo de la Castellana 91-1 <sup>st</sup> floor, 28046 Madrid, Spain	1 year from 1 March 2018 to 28 February 2019	20	Office space of ayondo Spain
Via Augusta 29-31, 6 <sup>th</sup> floor 08021 Barcelona, Spain	1 year from 11 February 2018 to 10 February 2019	22	Office space of ayondo Spain
10 <sup>th</sup> Floor, Linen Court, 10 East Road, London N1 6AD, United Kingdom	10 years from 1 July 2016 to 30 June 2026	385	Office space of ayondo UK
Flat 26, The Lexington, 40-56 City Road, London EC1Y 2AN, United Kingdom	1 year from 10 September 2017 to 9 September 2018	65	Employees' accommodation
36 and 38 Armenian Street, #02-08 Singapore 179934	2 years from 1 October 2016 to 30 September 2018	129	Office space of ayondo Asia
Baarerstrasse 79 6300 Zug, Switzerland	On-going until terminated by either party by giving six months' notice	87	Office for ayondo AG

To the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets.

### STAFF TRAINING

Our Directors believe that training and development of our employees are crucial for enhancing and improving our performance and productivity to achieve better revenue and profits. We believe an open and transparent leadership is critical to the success of our Group. We keep employees informed and hold regular update sessions where our management presents the milestones, strategy and encourages an active question-and-answer session.



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All new employees are provided induction training during which they learn our corporate culture, organisation structure and company policies. Depending on the role and level of experience, additional training may also be given to the new employees. For instance, a new sales client services employee would have to undergo extensive and thorough training from the relevant departments before commencing their appointments.

In addition, we have a policy of ensuring that our employees are kept abreast on skills and information required to perform their roles and that our employees also enhance their personal development by organising seminars for all employees or training sessions for specific departments.

We conduct annual and bi-annual reviews with our employees where our employee's development will be deliberated and together with the employee, we will set out a plan to assist the employee to achieve their next development goals, for instance, undertaking a course to further widen their knowledge which is beneficial to our business.

As our staff training is conducted in-house, our expenditure for staff training is not significant.

### INSURANCE

Our Group has taken up, amongst others, the following insurance policies including:

- (i) full medical insurance for employees;
- (ii) excess of loss insurance in relation to clients' money<sup>(1)</sup>;
- (iii) directors and officers liability insurance; and
- (iv) office insurance including employers' liability insurance and commercial legal protection insurance covering insured incidents including matters such as employment disputes and compensation, infringement of statutory regulations, property protection and bodily injury, and tax protection.

**Note:**

- (1) ayondo UK offers additional insurance to protect client funds up to a limit of £1 million per client subject to a maximum aggregate amount of £5 million which is higher than the minimum FCA regulatory requirements.

To the best of our Directors' knowledge and belief, our Directors are of the view that the above insurance policies are adequate for our existing operations and are in line with market practices. However, significant damage to our operations, whether as a result of fire or other causes, may still have a material adverse effect on our results of operations or financial position. We are not insured against business interruption and if such events were to occur, our business may be materially or adversely affected. Please refer to the "Risk Factors" section of this Offer Document for more details. We will review our insurance coverage from time to time to ensure that our Group has sufficient insurance coverage.

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### CORPORATE SOCIAL RESPONSIBILITY

Our Group believes in the importance of serving and giving back to the community and recognises the need for long-term sustainability of our business operations. We regard social responsibility as one of our fundamental values.

We have been involved in corporate social responsibility in the following ways:

- (a) ayondo-blue is the new green: this initiative reflects our corporate effort to use resources efficiently. In reducing the amount of paper used, and moving away from printed brochures to small flyers and electronic information we take steps to reduce our ecological footprint;
- (b) ayondo at your service: every year, each department in our Group dedicates one day to do volunteer work;
- (c) Social Trading is Social: at our annual ayondo social days, part of our revenue will be dedicated and donated to a selected good course to support either education, healthcare, economic empowerment or disaster relief to areas in need. Top Traders can participate and donate part of their revenues generated. We will invite and encourage our clients and business partners to team up with our Group and participate in this cause.

In addition, we believe that the best way to bring about innovation and positive changes in the finance industry is by engaging and challenging the brightest minds of our next generation. We are a sponsor for WHU – Otto Beisheim School of Management's Center of Asset and Wealth Management<sup>(1)</sup>, where students will be given the chance to showcase their trading skills by competing with professional social traders, to make themselves known to employers and to win a number of attractive prizes. Our Executive Director and CEO, Robert Lempka, is a member of the advisory board of the Center of Asset and Wealth Management, while our Chief Marketing Officer, Sarah Brylewski, is a lecturer at the Center of Asset and Wealth Management.

We also have an on-going collaboration with Grenoble Ecole de Management<sup>(2)</sup>, where students are challenged to re-imagine how the finance and wealth management industry would evolve with the advent of financial technologies, how to create new business plans about adopting such financial technologies, such as social trading, for small and medium-sized asset managers.

**Notes:**

- (1) WHU is one of the best business schools in Germany. It was ranked by Financial Times as one of the top three German business schools, as well as one of the top 40 European business schools in 2016. WHU was also ranked 23<sup>rd</sup> globally by Financial Times for its Executive MBA programme in 2017.
- (2) Grenoble Ecole de Management is a leading international business school based in France. It is accredited by the Association to Advance Collegiate Schools of Business, the European Quality Improvement System, and the Association of the MBA and is a member of the Conference of 'Grandes Écoles'. Grenoble Ecole de Management was ranked by Financial Times as one of the top 6 business schools in France and one of the top 25 in Europe. It was also ranked by Financial Times as one of top 50 worldwide for its Masters in International Business.

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Following admission of our Company to the Catalist, we will be required to disclose our corporate social responsibility policies with reference to the SGX-ST's Guide to Sustainability Reporting for Listing Companies, and our Board will establish a corporate social responsibility policy which will include the review and/or recommendation of the following areas of our Group's activities:

- (a) policies in respect of corporate social responsibility issues;
- (b) health, safety and environmental policies and standards;
- (c) the social impact of our Group's business practices in the communities that we operate in;
- (d) policies and practices with regard to key stakeholders (suppliers, customers and employees); and
- (e) policies and practices with regard to regulators.

### COMPETITION

As our Group offers a combination of social trading and self-directed trading services for CFD and spread bet trading and derive revenues from both the B2C and B2B markets, we are not aware of any comparable competitor with similar business model covering both business segments, to the best of our knowledge.

#### ***Social trading market***

Our Group views the players below in the following categorisations as our actual or potential competitors in the social trading market:

- (i) eToro, which is an investment social network platform offering social trading solutions;
- (ii) Sprinklebit, which is an online social community and financial portal;
- (iii) Zulu Trade, which is a marketplace for signal providers on foreign exchange and binary options;
- (iv) StockTwits, which is a financial communications platform for the financial and investing community;
- (v) Estimote, which is an open financial estimates platform that aggregates fundamental estimates from independent, buy-side and sell-side analysts;
- (vi) Covestor, which offers a real-trade sharing service for self-investors, designed to share real investment decisions; and
- (vii) Collective2, which allows traders to copy other traders' strategies into one brokerage account and follow them automatically.

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### ***Self-directed trading market***

Our Group views the players below in the following categorisations as our actual or potential competitors in the self-directed trading market:

- (i) FXCM, which is a foreign exchange service provider in the retail foreign exchange market;
- (ii) CMC Markets, IG and Plus500, which provides trading platform to facilitate CFD and spread betting for the retail market; and
- (iii) GAIN and Saxo Bank, which offer a mixed product and service offerings.

As at the date of this Offer Document, none of our Directors or Substantial Shareholders or their Associates has any interest, indirect or direct, in any of the abovementioned competitors.

### **COMPETITIVE STRENGTHS**

Our Directors believe that our Group is able to compete effectively against our competitors, as we have a scalable business model with a diversified revenue base from self-directed trading, social trading as well as casual trading. Furthermore, we compete with the following competitive strengths:

#### **Our Group owns award winning proprietary platforms**

Our Group owns, controls and manages two proprietary platforms, namely WeTrade platform for social trading and TradeHub platform for self-directed trading. We also control and manage the TradeHero platform for social trading under a licence for all over the world, except for the USA and the PRC. The features, functionalities and system architecture of these platforms are described in the “Transactional Systems” section of this Offer Document. The social trading platform and self-directed trading platform have won numerous awards in Europe as evidenced in the list of awards set out in the “Awards and Accolades” section of this Offer Document. Our platforms offer reliable, quick and innovative services to our clients through websites and mobile applications due to the ease of navigation and user-friendly interface. This will enable our Group to continue to gain market share in both B2C and B2B segments.

#### **Our Group owns the entire value chain required for its revenue generation**

Our Group is able to provide traders access to a wide variety of investment products across the globe by leveraging on our ownership of the entire value chain from client on-boarding to trade execution and settlement. We have developed an ayondo Account Management System as a customised customer relationship management system to facilitate client on-boarding, before the potential client can conduct trades through the social trading platform and self-directed trading platform. After a trade is being conducted by a client, our platforms will complete the execution of this trade and effect settlement via delivery of the orders and payment. Our ownership of the entire value chain put it in good stead to compete against our competitors and set up a higher barrier of entry for potential competitors and new entrants.

#### **Our in-house marketing team has a track record of successfully implementing innovative and efficient marketing campaigns**

We believe that our use of marketing budget is innovative and efficient. We constantly measure the returns of our marketing spend versus other internal key performance indicators such as cost per acquisition, customer lifetime value and net increase in active clients, and seeks to disrupt the

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traditional way which our competitors engage clients and/or generate leads. Our marketing mix is focused largely on online campaign where the efficacy of such campaigns can be easier to track versus traditional above-the-line advertising. We also focus on consumer classification and profiling, namely, self-directed, social trading and casual trading to better match their expectations of services and requirements. We partnered with BUX BV and TradeHero to offer new investors a risk-free way to experience financial markets by trading virtual money based on real-world stock market data. We have also, for example, through TradeHero, partnered with SGX Academy to organise Money Mind Challenge in 2017, where contestants will challenge each other using TradeHero as the platform to trade stocks. Two 23-minutes TV special were produced by Money Mind, a finance-focused TV segment of Channel NewsAsia, to showcase the competition<sup>1</sup>. We believe that such partnerships had generated much more awareness and engagement than traditional above-the-line advertising could have achieved.

Our in-house marketing team, led by our Chief Marketing Officer, Sarah Brylewski, designed and implemented most of marketing campaigns to ensure as much of our marketing dollars are spent on engaging, interacting and generating new active clients as possible.

### **We leverage on disruptive technology to deliver services in the Fintech space**

We utilise disruptive technology in our system architecture to deliver innovative and intuitive execution means for its clients. The technology that supports our three platforms, namely WeTrade platform for social trading, TradeHub platform for self-directed trading and TradeHero platform for mobile trading, are disruptive to the traditional financial service providers. Our business models leverage on new technologies in high-growth sectors that can be achieved through improvements in efficiency within the banking and financial sectors. Our Group's core idea to offer a disruptive business model in the traditional financial markets is to adapt and tap on new developments in the financial industry brought about by new technological advancements.

### **Our ayondo Account Management System offers customised business intelligence to our white label partners**

We are able to deliver customised business intelligence to our white label partners with our proprietary ayondo Account Management System by using a technology-driven process for data analysis and decision-making. Please refer to the "General Information on our Group – ayondo Account Management System" section of this Offer Document for more details. ayondo Account Management System provides client on-boarding functions with features including automated identification checks and incorporates anti-money laundering and client verification procedures. The anti-money laundering procedure covers checks on nationality and persons who are on a designated black-list, and identification verification. In addition, ayondo Account Management System will conduct an appropriateness test to assess the suitability of the potential client to trade using our trading platforms and ensure that there is no duplicity of applications, before the application by a potential client can be completed. ayondo Account Management System allows our Group and our white label partners to manage the inherent risk involved in the trading business operations by enabling our Group and our white label partners to start risk management at the client on-boarding stage.

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<sup>1</sup> The information is derived from the website of 'Channel NewsAsia' at <http://www.channelnewsasia.com/news/video-on-demand/moneymind/moneymindchallenge#articles-section>. Channel NewsAsia has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they, nor any party, have not independently verified the accuracy of the relevant information.

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### **We have an established and experienced management team**

Our Group is led by our Executive Chairman, Thomas Winkler, and our Executive Director and CEO, Robert Lempka, who each have more than 20 years of working experience in the European banking, investment and securities trading industries. In particular, Thomas Winkler has held senior executive positions in ABN AMRO Bank N.V. and Goldman Sachs International, London and Swiss Bank Corporation, Zurich. Robert Lempka has worked around seven years in Goldman Sachs International and was the managing director and head of fixed income flow trading of Dresdner Kleinwort Wasserstein (DRKW), Frankfurt until 2005. Both Thomas Winkler and Robert Lempka have together listed ayondo AG on the Berne Stock Exchange, then de-listed it and transformed its business model from investment holding to undertaking Fintech operations. In addition, our COO, Edward Drake, has been with our Group since 2008 and our Chief Marketing Officer, Sarah Brylewski, since 2011. The experience and in-depth knowledge of the management team have enabled our Group to understand the industry and leverage on the emerging market trends to serve the changing needs of our customers.

### **We have a scalable business model with a diversified revenue base**

Our Group offers our products to our clients through our WeTrade and TradeHub platforms which can be customised and upgraded to scale with our growing active client base. As at the Latest Practicable Date, we offer derivative trading in more than 5,000 financial instruments across stocks, indices, foreign currencies, interest rates, commodities and cryptocurrencies on our fast, reliable and secure global trading platforms which can be accessible via either iOS, Android and tablet devices on the go or from desktop computers. As at the Latest Practicable Date, we have more than 6,500 Active Clients on WeTrade from more than 60 countries. Our platforms also allow us to offer our products to a diversified group of clients with different customer profiles, namely, self-directed, social and casual as well as institutional clients through our white-label partners and introducing brokers. In 9M2017, our Group generated 12.3%, 23.3% and 35.5% of our revenue from self-directed, social and casual segments respectively.

### **GOVERNMENT REGULATIONS**

Save as disclosed in the “Risk Factors” and “Government Regulations” sections of this Offer Document, we are not subjected to any government regulations in the countries where we operate other than those generally applicable to companies and businesses in such countries, which will have a material effect on our business operations. For details on such applicable laws and regulations, please refer to the “Appendix D – Summary of relevant Laws and Regulations in England and Wales”, “Appendix E – Summary of relevant German Laws and Regulations” and “Appendix F – Summary of relevant Laws and Regulations in Other Countries” sections of this Offer Document.

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Our Directors have confirmed that as at the Latest Practicable Date, we have obtained all the necessary business licences, permits and approvals for our day-to-day operations in UK and Germany, and have complied with all the relevant laws and regulations that would materially affect our business operations. Apart from the business licences that are of general application, as at the date of this Offer Document, we have obtained the following authorisation for our business:

Entity	Country	Type of authorisation	Authorisation Number	Relevant Authority
ayondo UK	UK	730 K	184333	FCA
aPM GmbH	Germany	Portfolio Management Licence	145765	BaFin

### Germany

From November 2009 to September 2017, ayondo GmbH was registered in the official register of BaFin as a tied agent of DonauCapital which has a permit to provide financial services in Germany. Pursuant to the tied agency arrangement, our social trading services were offered to customers for the account and as a tied agent of DonauCapital without the need to obtain a separate permit from BaFin for its activities. In September 2017, the tied agency arrangement with DonauCapital has been terminated. During the Period Under Review, we made aggregate payments of approximately CHF69,909, CHF122,843, CHF209,524 and CHF92,346 in FY2014, FY2015, FY2016 and 9M2017 respectively to DonauCapital pursuant to the tied agency arrangement.

### Noerr LLP

The Legal Advisers to our Company on regulatory matters under German Law, Noerr LLP, are of the opinion that our subsidiaries in Germany have obtained, subject to the paragraphs below in this section regarding their advice, the appropriate licenses for the conduct of business in Germany and such licenses are valid and subsisting and are presently in force and other than those licences they have in place, our subsidiaries in Germany require no additional licences and permissions for our business in Germany under the German banking supervisory law.

In 2014, BaFin began to reassess the regulatory status of ayondo GmbH and entered into discussions with ayondo GmbH and MZS in this regard. During such reassessment, BaFin reviewed but took no specific actions concerning the ongoing business activities of ayondo GmbH. On 23 June 2015, the change in BaFin's administrative practice was conveyed to our subsidiary, ayondo GmbH. Following such change, signal following or social trading services were regarded by BaFin as a form of finance portfolio management, for which the service providers are required to obtain the portfolio management licence according to the German Banking Act. In November 2016, our new subsidiary, aPM GmbH, obtained the portfolio management licence issued by BaFin in order to undertake the provision of our social trading services. Following which, our Group migrated the existing social trading clients from ayondo GmbH, as tied agent of DonauCapital, to aPM GmbH and aPM GmbH commenced the provision of social trading services with effect from 4 September 2017. For the period between 24 June 2015 and 4 September 2017, ayondo GmbH had continued to provide social trading services pending the client migration process from ayondo GmbH to aPM GmbH. The client migration process was completed on 4 December 2017 and our Group has informed BaFin on 8 January 2018 that the client migration process was completed on 4 December 2017. The Legal Advisers to our Company on regulatory

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matters under German Law, Noerr LLP, are of the opinion that there is no indication of non-compliance with relevant laws and regulations. There was no material adverse impact on our Group's financial performance as a result of the change from the provision of social trading services through ayondo GmbH as tied agent of DonauCapital to the provision of such services directly through aPM GmbH because there was no material interruption to our Group's business and there was positive effect on our Group's financials due to the cessation of fees to DonauCapital for the tied agent arrangement.

Our Group has engaged and cooperated with BaFin on the regulatory issues and our Group has also informed BaFin of the client migration process from ayondo GmbH to aPM GmbH. Accordingly, BaFin was informed of the actions taken by our Group to meet the regulatory requirements. While we have obtained the portfolio management licence, there is a risk that the German courts might rule that ayondo GmbH did not have the requisite license in place for its business in Germany for the period between 24 June 2015 and 4 September 2017. The Legal Advisers to our Company on regulatory matters under German Law, Noerr LLP, are of the opinion that the probability of the realisation of such risk is low, on the following grounds:

- (a) ayondo GmbH and BaFin have entered into discussions in relation to the regulatory status of ayondo GmbH since 2014;
- (b) until the date of this Offer Document, BaFin took no specific actions concerning the ongoing business activities of ayondo GmbH and the client migration process from ayondo GmbH to aPM GmbH;
- (c) until the date of this Offer Document, BaFin issued no order for a penalty payment nor any order constituting an obligation to act or abstain from an act vis-à-vis ayondo GmbH in relation to the regulatory status of ayondo GmbH (e.g. to discontinue its ongoing business activities and/or the client migration process from ayondo GmbH to aPM GmbH);
- (d) based on the conduct of BaFin since 2014 concerning the regulatory status of ayondo GmbH (including its explicit communication vis-à-vis ayondo GmbH in this regard), there are very good arguments for ayondo GmbH to invoke the German legal concept of protection of legitimate interests (*Vertrauensschutz*);
- (e) as BaFin did not question the trustworthiness (*Zuverlässigkeit*) of our Executive Director and CEO, Robert Lempka as one of aPM GmbH's managing directors in the course of the license application process of aPM GmbH, it can be concluded that BaFin did not identify breaches of ayondo GmbH's regulatory duties, for which our Executive Director and CEO, Robert Lempka might have been responsible in his function as one of ayondo GmbH's managing directors; and
- (f) the ongoing legal advice sought by ayondo GmbH from its regulatory lawyers, mzs Rechtsanwälte GbR, is a very good argument that there is neither intent (*Vorsatz*) nor negligence (*Fahrlässigkeit*) on the side of ayondo GmbH and its legal representatives.

The Legal Advisers to our Company on regulatory matters under German Law, Noerr LLP, has advised that the execution of business activities regulated by the German Banking Act ("**KWG**") without a required licence may be prosecuted as a criminal offence. In case of intent, the KWG provides for a punishment by a term of imprisonment of up to five years or by a fine. In case of negligence, the punishment shall be imprisonment of up to three years or a fine. In respect of the relevant natural persons acting, the range for a potential fine is 5 to 360 daily units and one daily unit basically equals the income of the natural person for one day. The amount of one daily unit



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can range from €1 to €30,000 (section 40 of the German Criminal Code) regardless of whether in the case of intent or negligence. In respect of legal entities, in the case of intent, the relevant legal entity may be fined up to €10 million and in the case of negligence, the fine is up to €5 million (sec. 30, 130 Administrative Offences Act). The actual fine will be assessed on a case by case basis, depending on the circumstances of each case. In addition, direct benefits resulting from unlawful acts may be confiscated, even where the amount exceeds €10 million. (sec. 17 para. 4 Administrative Offences Act). In addition, it has been established that in order to minimize the risk of criminal liability in relation to business activities regulated by the KWG is to seek reliable and competent legal advice as regards the relevant business activities in question. The person seeking such legal advice can rely on such legal advice and invoke the principle called unavoidable mistake in law if acting in accordance with the legal advice received, provided that the requirement to invoke such unavoidable mistake in law that the legal advice was, *inter alia*, profound is satisfied.

The Solicitors to the Invitation and Legal Adviser to our Company on Singapore Law concurred that Noerr LLP is qualified to give a legal opinion on the basis that Noerr LLP is ranked by Chambers & Partners for both the categories of capital markets and corporate/M&A: high-end capability in Germany. In addition, Noerr LLP is also ranked in the Legal 500 for financial services under regulatory section in Germany. The Sponsor, having considered the view of the Solicitors to the Invitation and Legal Adviser to our Company on Singapore Law, also concurred that Noerr LLP is qualified to provide a legal opinion on the basis that Noerr LLP is ranked by Chambers & Partners for both the categories of capital markets and corporate/M&A: high-end capability in Germany.

### ***mzs Rechtsanwälte GbR (“MZS”)***

MZS, being the legal adviser to ayondo GmbH on regulatory matters in Germany, are of the opinion that:

- (a) ayondo GmbH has the appropriate licences and permissions in place for its business in Germany;
- (b) ayondo GmbH does not require any additional licences and permissions for its business in Germany, other than those it has in place; and
- (c) all governmental/regulatory approvals, permits, licences, consents, authorisations and registrations necessary for the carrying on of ayondo GmbH's business have been obtained, are valid and subsisting and are presently in force.

MZS is a law firm specializing in banking and capital markets law. One of its practice group that specialises in BaFin matters is being headed by senior partner Gustav Meyer zu Schwabedissen, who has over 20 years of experiences dealing with BaFin on various topics. MZS has been advising Fintech founders and firms in regulatory matters, including handling allegations of provision of financial or banking services without the required permission, advising on structures of business model in order to ensure compliance with new laws, assisting with applications for permissions to provide financial or payment services, assisting on the communication and coordination with BaFin to enquire whether a business model requires regulatory permission and advising on various Fintech business models such as crowd-funding platforms, online peer-to-peer lending and e-money applications. Following the recent development of cryptocurrencies, MZS has also been advising on regulatory matters concerning virtual currencies. MZS was awarded the “Best Lawyer” award for banking and capital markets law in 2016 and 2017 by Handelsblatt, a leading German language business newspaper.

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## GENERAL INFORMATION ON OUR GROUP

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In December 2016, BaFin has announced that it plans to prohibit the marketing, distribution and sale of CFDs to retail investors that have an obligation to pay for the additional loss on the CFD where such loss exceeds their account balance maintained with the CFD service providers, which is a form of negative balance protection. In this regard, we have already introduced such negative balance protection for retail investors who open accounts directly with ayondo UK since 2015 such that it will not seek to recover losses from our retail clients even where their losses exceed their account balance.

### **UK'S EXIT FROM EUROPEAN UNION**

On 23 June 2016, the UK held a referendum on whether the UK should remain as a member of the European Union and the result of the referendum was that the public voted for the UK to leave the European Union. On 29 March 2017, the UK invoked Article 50 of the Lisbon Treaty. To the best of our knowledge, as at the Latest Practicable Date, the UK's exit from European Union will take effect within two years from 29 March 2017. As at the date of this Offer Document, the UK is still a member of the European Union and our Group is within the scope of the financial regulations derived from the European Union legislation.

### **Impact on our business**

ayondo UK is regulated under the FCA in its provision of regulated products and services since 2001. As a member of European Union and an organisation regulated by the FCA, ayondo UK has benefited from 'passporting' right by being able to carry out the activities regulated under the FCA in other European Union member states. With such 'passporting' right, we are not required to apply for individual regulatory status within each European Union member state.

### ***Cessation of 'passporting' rights***

The aforesaid 'passporting' right may cease following UK's exit from the European Union. If the 'passporting' right were to cease, ayondo UK will not be able to carry out its activities regulated under the FCA in other European Union member states without obtaining additional licences from other jurisdictions within the European Union in order to on-board new clients from the European Union.

### ***Existing Client base***

To the best of their knowledge and belief, our Directors are of the opinion that the UK's exit from European Union will not impact our existing clients as they do not expect it to require us to terminate accounts of existing non-UK clients.

### **Plans to mitigate the impact**

We are monitoring the status in the UK regarding our plans and timeline to exit from the European Union to consider our next action plan. Meanwhile, we have put in place certain steps to mitigate the potential risks and impact on our business in order to minimise any interruption to our business following the actual exit of the UK from the European Union, including:

- (i) obtaining a new licence namely Wertpapierhandelsbank for financial service providers which do not trade for their own accounts which required a minimum capital requirement of €125,000 granted by BaFin ("**New BaFin Licence**") by an existing German subsidiary or a newly German incorporated subsidiary ("**German entity**"); and
- (ii) recruiting additional employees for the compliance team to assist in the day-to-day administration of the regulated activities of the German entity, if required.

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## GENERAL INFORMATION ON OUR GROUP

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### ***New BaFin Licence***

In order to minimise interruptions to our business, we plan to maintain the operational set up and efficiency of the current business model where the execution of trades and settlement are performed by ayondo UK. Hence, we intend to apply for a New BaFin licence which will allow our Group to on-board new clients from the European Union but the execution services for these new clients will be provided by ayondo UK through the TradeHub platform. The German entity holding the New BaFin licence will establish an omnibus relationship with ayondo UK and the retail clients' collateral will remain segregated in bank accounts belonging to the German entity in order to meet the regulatory requirements for safeguarding client money.

Similar to the existing FCA licence, the New BaFin licence will be subject to certain compliance requirements including capital adequacy requirement. The Legal Advisers to our Company on regulatory matters under German Law, Noerr LLP, are of the opinion that there are no apparent indications for particular Brexit-related impediments concerning a potential application process for a KWG license applied for by a German entity belonging to our Group. In the course of such application process, the documents listed in Section 32 Paragraph 1 sentence 2 of the KWG would have to be provided. Our Directors hereby confirm that as at the date of this Offer Document, our Group is able to meet the compliance requirements in light of our current infrastructure maintained by ayondo UK.

The new BaFin licence is not a material licence as our Group is currently relying on the passporting rights from our Group's FCA licence to on-board new clients. The UK is currently scheduled to leave the European Union by March 2019 and our Group is closely monitoring the developments. In the event that the passporting rights cease due to the UK's departure from European Union, our Group is of the opinion that its operations would not be materially affected due to the following:

- (i) the restriction on our Group's businesses would be solely on on-boarding of new clients from the European Union; and
- (ii) existing customers from European Union are not affected under our current infrastructure maintained by ayondo UK.

In addition, the Audit and Risk Committee will monitor the regulatory developments and develop plans to mitigate risks of being unable to onboard new clients from European Union, including applying for the new BaFin licence at an opportune time.

To the best of our Directors' knowledge, the application for a new BaFin licence may take up to 12 months. To the best of our Directors' knowledge and belief, we are sufficiently prepared to handle and mitigate any risks that may arise from the UK's exit from European Union.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### PROSPECTS

The retail leveraged trading industry, encompassing CFDs and financial spread betting, is an increasingly important part of the financial trading market across a number of financial asset classes. Leveraged trading provides investors with the opportunity to trade on margin over a wide range of assets from a single account. We believe that the online trading market, in particular the social trading market, has potential for further growth, taking into consideration the following factors:–

#### ***Emergence of online brokerage services***

With the emergence of online brokerage services, investors are given the opportunity to eliminate the costs associated with the human interaction required by full commission and traditional discount brokerage firms. In addition, we believe that based on customer feedback and the speed of acceptance by consumers of online transactions, consumers are increasingly taking direct control over their personal financial affairs, not simply because they are able to do so, but because they find it more convenient and less expensive than relying on financial intermediaries. Investors will enjoy the flexibility to transact business at times and places that are convenient for them. Individual investors have also become increasingly sophisticated and knowledgeable about investing, having experienced greater access to stock quotes, financial information, investment advice and other investment information on the Internet. As investors have greater access to investment information, we believe that they will desire greater control over their financial decisions and seek alternative ways to invest more conveniently and cost-effectively. We believe that this trend has created a growing opportunity to provide online trading services that are easy to access and use, cost-effective and secure, which can further fuel the growth of social trading, self-directed trading and casual trading activities.

#### ***Potential growth of the social trading market***

Social trading combines new possibilities and technologies from digital revolution. In addition, social trading addresses the market for self-directed investors searching for efficient ways to trade and share their experiences with friends and followers, as well as the market for investors looking for a modern investment alternative for actively managed funds. As social trading caters for diversification needs of retail investors who do not have access to sophisticated products like hedge funds or managed accounts, it will be able to attract an otherwise underserved section of the market while offering low-cost models of service. Social trading also enables its globally based users to share local market information with each other in real time, thus democratising information and opening the markets for first time investors. The self-directed, hybrid and collaborative investment model continues to alter the global wealth management market due to advancements in technology and investors' preference for greater control over their investments and transparency, particularly within the growing generation of young internet savvy individuals. There is an increasing trend of alternative asset management platforms and the assets under management on social trading platforms are expected to grow. For small and medium sized asset and wealth managers who have yet to engage Fintech companies in respect of their online offering, social trading can offer them a digitalisation strategy. In addition, social trading can assist traditional brokerages to engage and activate their dormant customer base as well as cross-selling social trading to existing active customers. As such, we believe that the social trading market will continue to grow in Europe, particularly UK and Germany, and in Asia, particularly Singapore and the PRC, where there are ready infrastructure for the development and growth of the social trading market.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### ***Emergence of mobile trading***

Due to growing generation of young internet savvy individuals, coupled with greater high speed internet penetration across the globe and the development of advanced mobile applications, to the best of our knowledge, this will likely fuel the growth of mobile trading globally. In Singapore, it was reported that traders are ahead of the game when it comes to adoption of technology and the proportion of traders in Singapore who use a smartphone or tablet in relation to their trading has risen. In Germany, there was a rise in investors using their mobile phones for trading in 2015 and we saw an upward trend of clients executing trades via mobile phones in 2016 and 2017.

### ***Growth in the self-directed trading market***

Although the market profile for CFD and financial spread betting activity necessarily varies by country, we believe that the underlying dynamics are shaped by the maturity of each market. Our Group focuses on two segments of the global markets, namely the 'Developed Markets' and the 'Developing Markets':

#### *Developed Markets*

Developed Markets are established CFD markets and a regulatory framework generally exists in these developed markets which provide a level of protection for clients. These markets typically demonstrate some underlying growth in potential clients as a result of the marketing and sales activities conducted in these markets. Our Group views Germany, the UK, and Singapore as Developed Markets.

Developed Markets are expected to grow in revenue, but at a slower pace than Developing Markets. In Singapore, based on the Investment Trend's annual Singapore CFD and FX 2015 report, it was found that the number of Singaporeans trading CFDs and/or foreign exchange has risen.<sup>(1)</sup> In the recent UK online broking report<sup>(1)</sup> published by the global research house, Investment Trends, it was revealed that the participation of retail investors in the market has spiked higher with volatile markets driving the increase in the number of active investors that return to the market<sup>(2)</sup>.

We believe the focus will be on targeting those clients switching from one provider to another. Based on the Investment Trends' UK Leveraged Trading Report, there is an increasing trend of switching activity, and competition within the UK market will be fierce to capture the growing number of traders.<sup>(3)</sup>

#### *Developing Markets*

Developing Markets are potential growth markets with relatively clear regulatory frameworks and few exchange or fund controls, but no well-established CFD market, and are therefore, we believe, generally underserved and under-penetrated. We view the rest of Western Europe and certain Middle East countries as Developing Markets.

It is expected that growth in Developing Markets will be primarily driven by the increase in clients as a result of compound effect of structural growth in target addressable markets and an increase in penetration as client awareness and accessibility increases. We estimate that revenue in Developing Markets will grow further.

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### Notes:

- (1) Source: Information extracted from a news article entitled "Singapore FX and CFD report" published on Leaprate.com found at <https://www.leaprate.com/news/singapore-fx-and-cfd-report-interactive-brokers-ig-and-cmc-markets-lead-all-important-mobile/>
- (2) Source: Information extracted from a news article entitled "Investment Trends UK Report Shows Retail Trading Spiking Higher" published in Finance Magnates' website found at <http://www.financemagnates.com/forex/brokers/breaking-investment-trends-uk-report-shows-retail-trading-spiking-higher/>
- (3) Source: Information extracted from a news article entitled "Investment Trends 2015 UK Report" published on Leaprate.com found at <https://www.leaprate.com/news/investment-trends-2015-uk-report-ig-gains-market-share-clients-praise-cmc-markets-saxo-oanda/>

Each of the above organisations or corporations (as the case may be) has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they, nor any party, have not independently verified the accuracy of the relevant information.

### TREND INFORMATION

Over the course of 2017, our Group has built a strong platform for scalability through investments in our platforms, control processes and administrative functions like Finance, Compliance and Legal.

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring unforeseen circumstances, our Directors have made the following observations for FY2017:

- (i) we expect increase in the average number of Active Clients as a result of, amongst others,
  - (a) the growth of the social trading market;
  - (b) introduction of new products;
  - (c) expansion of new geographical markets;
  - (d) the increase in the number of white-label partnerships;
- (ii) we expect to incur higher fees and rebates in line with the increase in referrals from our white-label partners and the increase in revenue from our social trading segment;
- (iii) we expect our profitability to be affected by the expected increase in staff expenses and other operational expenses mainly due to:
  - (a) increase in staff expenses due to expected increase in number of employees to cope with the business expansion;
  - (b) one-off listing expenses which are expected to be expensed off in FY2017; and
  - (c) compliance costs as a listed company.

Barring unforeseen circumstances and taking into account the above, our Directors are of the view that our Group might continue to incur a net loss for FY2017.

Save as discussed above and in the "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position" and "Prospects, Business Strategies and Future Plans" sections of this Offer Document and the Audited Consolidated Financial Statements and Unaudited Pro Forma Consolidated Financial Information" as set out in Appendices A and B to this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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significant recent trends or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our Group's revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Offer Document to be not necessarily indicative of the future operating results or financial condition of our Group. Please also refer to the "Cautionary Note Regarding Forward Looking Statements" section of this Offer Document for further information.

### **ORDER BOOK**

Due to the nature of our business and operations, we do not have an order book.

### **BUSINESS STRATEGIES AND FUTURE PLANS**

Our business strategies and future plans are outlined as follows:

#### **Enhance brand awareness and consolidate position as a global Fintech and leading social trading networks**

We believe that it is important to constantly enhance the public awareness of our brand to achieve further growth plans. We intend to do so by continually marketing our product and services to further establish our brand recognition through various marketing tools including media reports, online digital marketing and roadshows. It is expected that the online digital marketing will further strengthen our brand awareness. In addition, we intend to position our Group as a global Fintech and leading social trading network by continually striving to be a substantial and growing company which is transparent, trustworthy and fair and delivering good client service, product and technological innovation and quality and speed of execution. With this, we can attract new clients and retain existing clients.

We intend to utilise approximately CHF3.7 million of the net proceeds from the Invitation towards our plans to enhance brand awareness.

#### **Increase global market share in social trading space**

We continue to tap on the huge potential growth in the social trading market arising from the increase in usage of mobile apps to carry out transactions with ease as a result of greater high speed internet penetration across the globe and the development of advanced mobile applications. To the best of our knowledge, social trading has started in the West and we intend to increase our global market share in the social trading market including the UK, Europe, Latin America, Middle East, PRC, South East Asia and Spain which is a largely untapped social trading market by intensifying our marketing activities for the B2C market share in these markets and by expanding our B2B partnerships in Asia, Australia and Saudi Arabia.

#### **Develop and expand our Group's international reach**

We intend to achieve enhanced growth through further expansion of our existing international operations, having recently opened two new offices in Spain. We have identified Spain as the third core market outside the UK and Germany. The Spanish market is fragmented as there is no clear market leader and foreign market participants are welcomed by local investors. We believe that our products and services are competitive, particularly the social trading concept and the educational trading application namely ayondo academy, which are new concepts to the Spanish market, allowing our Group to have a competitive advantage over our competitors. Outside Europe, we have collaborations with institutions such as VTrade which is our introducing broker

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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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and Continental Markets Trading which is our white label partner in Middle East and in the PRC, we have entered into a joint venture with TradeHero to develop new products for local investors in the PRC.

### **Expansion of white label partners network**

We are able to efficiently customise and modify our services to cater to local markets by leveraging on our ownership of the proprietary platforms for self-directed trading and social trading. The White Label Builder for the social trading business will enable us to on-board our future white label partners more efficiently. We believe that our services will add value to our white label partners' existing businesses. We intend to continue to broaden our international network through further white label partners, leveraging their regulatory status to gain initial access to new markets, and thereby to familiarise local investors' needs, without incurring substantial capital expenditure and administrative time necessary to become regulated in such markets. We are constantly looking for partnering opportunities. As at the Latest Practicable Date, we have identified two additional potential white label partners with whom our Group has entered into agreement and two other additional potential white label partners with whom our Group are negotiating the agreement.

### **Extend the spectrum of customers through education**

Through TradeHero, ayondo academy and BUX BV, we have gained access to the e-learning market. In particular, TradeHero is one of the leading educational stock market simulation apps which offers new investors and potential investors a gamified and educational way to experience financial markets by trading virtual money based on real-world stock market data. We believe that educational content is becoming increasingly crucial in trading and investing as investors are increasingly taking direct control over their personal investments because they find it more efficient, convenient and less expensive than relying on financial intermediaries. Through such education initiatives, we aim to generate leads for our self-directed trading and social trading business as well as to cross-sell our other products and services to our existing clients.

### **Enhancement of our existing products and trading platforms**

On-going development and enhancement of our trading platforms will be essential to maintain our competitiveness in financial trading technology, and therefore we intend to continue to invest in the enhancement and support of our online technology as we understand that developing and distributing reliable products with innovative functionality in response to the needs of our clients will differentiate our Group from our competitors and will ensure continued success of our business.

In addition, with the emergence of mobile trading, we intend to increase the trading activity via mobile by introducing user engagement tools within the trading and social mobile applications, and to further enhance the user experience by offering fresh design for existing mobile applications.

We intend to utilise approximately CHF1.5 million of the net proceeds from the Invitation to enhance our existing products and trading platforms.



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## PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

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### **Entering into a joint venture with a major European bank for social trading**

Our Group has entered into a non-binding letter of intent with a major European bank to form a joint venture in relation to our social trading platform, subject to the parties signing the definitive agreement. In accordance with the letter of intent dated 9 October 2014 which was supplemented by the first addendum dated 11 March 2016 and second addendum dated 13 February 2017, there are conditions precedent prior to the signing of the definitive agreement, namely, amongst others, the requirement to obtain the portfolio management licence and approval of the board of the major European bank. As at the Latest Practicable Date, the long stop date has expired on 31 December 2017 and the parties are negotiating for a further addendum to extend the long stop date. Our Group has submitted the application for a portfolio management licence on 22 December 2016 and the application is still being considered by BaFin. Barring unforeseen circumstances, the Directors expect to obtain the licence in the first half of 2018.

Under the proposed model, our Group will act as the technology provider and manager of the social trading community. We will connect our social trading technology to the bank's brokerage platform, and the potential users of the social trading platform will be from the bank's existing client network. All transactions generated from the social trading platform will be executed by the bank, and we will in turn receive a fixed fee per transaction, thus generating a new revenue stream for our Group. Barring unforeseen circumstances, we believe that this partnership can potentially help our Group to become a dominant player in the European market.

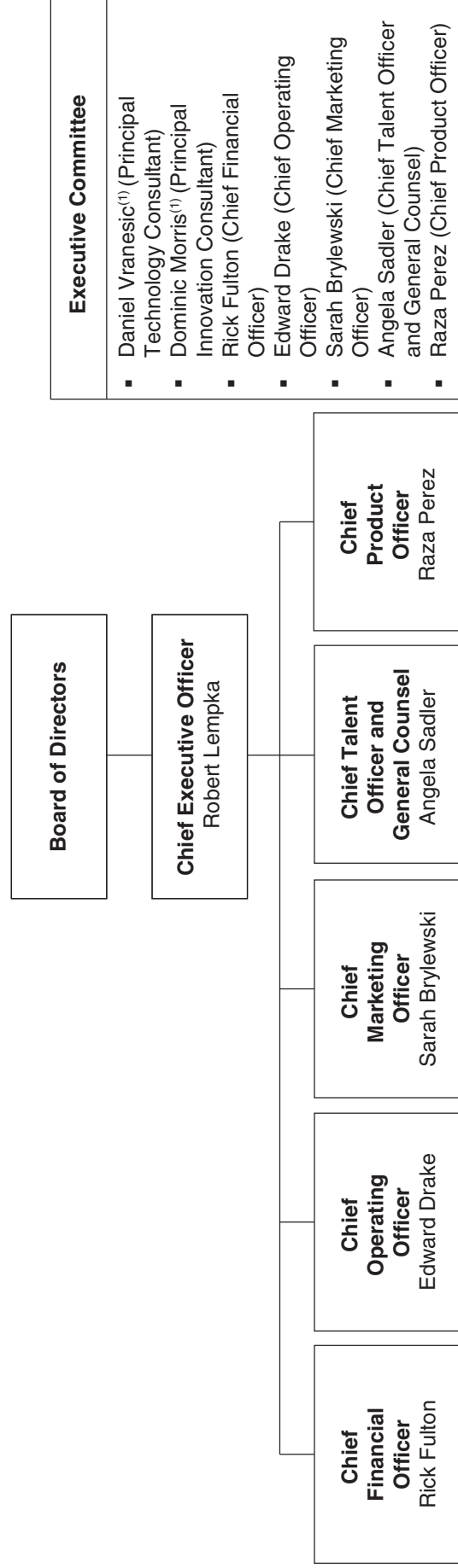
### **Introducing our social trading platform to small and medium sized asset and wealth managers**

We have identified the asset and wealth management industry as a potential source of growth for our business which, based on surveys, will be the next in line to experience disruption from Fintech companies. As only a small number of asset and wealth managers have developed a mobile application, we believe we can collaborate with the small and medium sized asset and wealth managers by offering social trading as a digitalisation strategy to such asset and wealth managers and enable us to expand our client base.

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

### MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:



**Note:**

(1) Daniel Vranasic and Dominic Morris are external consultants and are not our employees. For more details, please see the “Directors, Executive Officers, and Staff – Executive Committee” section of this Offer Document.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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The executive committee of our Group comprises of the CEO, Executive Officers and the external consultants, namely Daniel Vranesic and Dominic Morris. The external consultants assist our Group's management in the formulation and development of policies and strategies relating to our technology systems in relation to TradeHub and TradeHero, as well as provide assistance in such implementation and execution. However, such external consultants do not have any management power nor authority to make any management decisions on behalf of our Group, and they report directly to our CEO, Robert Lempka. Please refer to the "General Information on our Group – Intellectual Property – Technology" section of this Offer Document for more information on our technology systems, TradeHub and TradeHero. The role and function of the executive committee are to assist our Board to implement and execute its strategic decisions for our Group and our overall management.

### DIRECTORS

Our Directors are entrusted with the responsibility for our overall management. The particulars of our Directors as at the date of this Offer Document are set out below:

Name	Age	Address	Designation
Thomas Winkler	55	c/o 36 Armenian Street #02-08 Singapore 179934	Executive Chairman
Robert Lempka	51	c/o 36 Armenian Street #02-08 Singapore 179934	Executive Director and CEO
Foo Fatt Kah	58	c/o 36 Armenian Street #02-08 Singapore 179934	Non-Executive Director
Foong Daw Ching	67	c/o 36 Armenian Street #02-08 Singapore 179934	Lead Independent Director
Chan Heng Toong	68	c/o 36 Armenian Street #02-08 Singapore 179934	Independent Director
Lam Shiao Ning	44	c/o 36 Armenian Street #02-08 Singapore 179934	Independent Director

Information on the business and working experiences, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:

**Thomas Winkler** is our Executive Chairman and is the co-founder of our Group. Thomas Winkler has more than 24 years of working experience in the European banking, investment and securities trading industries. He is responsible for the formulation of our Group's strategic business directions and managing our Group's external relationship with our key shareholders and investors. He is also responsible for overseeing the implementation of the business goals and objectives of our Group, and identifying new strategic business opportunities and directions to augment our existing operations. Prior to founding our Group, Thomas Winkler was holding senior executive positions in ABN AMRO Bank N.V. where he was the global head of private investor product business worldwide (retail) from September 2001 to April 2006 where he was responsible for the overall global business and at the same time between September 2002 and April 2006, he was the wholesale country executive who was responsible for the Swiss investment bank. From June 1996 to August 2001, he held the position of executive director and head of sales for Switzerland fixed income, currency and commodities of Goldman Sachs International, London where he was responsible for the distribution of fixed income, currency and commodities to Switzerland. Between 1989 to 1996, Thomas Winkler was working in various banking and finance

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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corporations including Bank Leu AG, Leu Securities Ltd. and Swiss Bank Corporation (SBC) in Warburg, Zurich and London. He completed his commercial apprenticeship at Swiss Bank Corporation in 1983 and subsequently attended one year at the Höhere Wirtschafts- und Verwaltungsschule (HWV), a Swiss economic school in Zurich in 1989.

**Robert Lempka** is our Executive Director and CEO and co-founder of our Group. Robert Lempka has more than 24 years of working experience in the European banking, investment and securities trading industries. Prior to founding our Group, Robert Lempka acted as an advisor to various organisations including ABN AMRO Bank N.V., Deloitte, Fortis Group, DWS Investments GmbH, and Global Money Ventures AG from December 2005 to December 2008. Between May 2001 and December 2005, he was working in Dresdner Kleinwort Wasserstein (DRKW), Frankfurt as managing director and head of fixed income flow trading. Before his appointment as managing director, he held the position of head of euro short term trading where he was responsible for the management of all money market instruments and for the management of up to €150 billion balance sheet from July 2000 to May 2001. Robert Lempka started his career with Goldman Sachs International as an associate in September 1993 and stayed on for seven years where his last position was that of vice president and co-head of the European repo desk. Robert Lempka graduated from University of Trier, Germany in September 1993 with a Master of Science. He also attended Dublin City University, Ireland for nine months on scholarship and another six months of scientific visit in University of California, USA.

**Foo Fatt Kah** is our Non-Executive Director. Foo Fatt Kah has more than 25 years of experience in investment banking, venture capital and private equity investments. He is also the managing director and co-founder of Luminor Capital Pte. Ltd., a private equity fund management firm based in Singapore since 2008. From 2003 to 2012, he was the Asian venture partner for Aravis Ventures, a global venture capital firm specializing in biotechnology and energy investments. Prior to that, he was with SG Securities Asia for seven years, most latterly being the group's Managing Director, head of Equities Asia excluding Japan, with responsibility for the firm's research, sales, sales trading and dealing activities in 10 Asian markets. From 1994 to 1996, Foo Fatt Kah joined Deutsche Morgan Grenfell in Singapore as the Head of Equity Research where he was involved in their Singapore equity research product covering all market sectors. Foo Fatt Kah started his career as an equity analyst specialising in the pharmaceutical and biotechnology sector in Europe, working in various firms including Paribas Capital Markets Group Limited, Barings Securities Ltd. and Robert Fleming & Co., Ltd. in London. Foo Fatt Kah obtained his degree in Medicine from Queen's University, UK in 1984 and subsequently obtained his Masters in Business Administration from Queen's University in 1987.

**Foong Daw Ching** is our Lead Independent Director. Foong Daw Ching has more than 30 years of audit experience. He was a senior partner of Baker Tilly TFW LLP and also regional chairman of Asia Pacific region for Baker Tilly International Limited until October 2016. Prior to that, he was the managing partner of Baker Tilly TFW LLP until 2010. Foong Daw Ching is also a director of Baker Tilly International Limited between April 2007 and October 2016. Between 1979 and 1985, he was an audit senior and subsequently an audit manager with Price Waterhouse, Singapore. Prior to that, he served as an audit assistant, audit senior and audit supervisor with Crane and Partners in United Kingdom from 1973 to 1975 and as an audit supervisor from 1976 to 1978. Foong Daw Ching is also an independent director of Starland Holdings Limited, Travelite Holdings Ltd. and Suntar Eco-City Limited. Foong Daw Ching was awarded the Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003 and a Merit Service Award by the Institute of Certified Public Accountants of Singapore in 2000. He is a Fellow of the Institute of Chartered Accountant in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants in Singapore), and a Fellow member of CPA, Australia.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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**Chan Heng Toong** is our Independent Director. Chan Heng Toong has more than 17 years of experience in investment banking. Prior to his retirement in February 2013, he was the general manager and head of investment banking in HL Bank from June 2010. From 2007 to 2009, Chan Heng Toong was the managing director of the investment banking division (corporate finance) in United Overseas Bank. Prior to that, he was appointed as director of United Overseas Bank Asia Limited in 2002 and from 1995 to 2002, he was a vice-president of the corporate finance division in Overseas Union Bank Limited. From 1990 to 1995, he held the position of general manager and chief executive officer of Overseas Union Bank Limited Singapore (Canada) and before that, he was the vice-president of the corporate banking division of Overseas Union Bank Limited. Between 1988 and 1989, Chan Heng Toong held the position of vice-president in American Express Bank (NY) where he managed the marketing department and prior to that, he was working in Citibank N.A. from 1979 to 1988 where his last held position was that of a vice-president. Chan Heng Toong started his career in Diethelm Singapore Pte. Ltd. (now known as Diethlem Keller Property & Investment Pte. Ltd.) in 1975. He obtained a Bachelor of Engineering (Honours) from the University of Singapore in 1973 and Masters of Business Administration (Finance) from the University of British Columbia in Canada in 1979.

**Lam Shiao Ning** is our Independent Director. She has more than 20 years of experience as a corporate lawyer in Singapore. Lam Shiao Ning is currently a partner of Oon & Bazul LLP where she heads the mergers and acquisitions and corporate finance practice. Prior to joining Oon & Bazul LLP in March 2016, she was a director of Drew & Napier LLC since June 2007 and was an associate director since December 2004. She started her career as an associate at Arfat Selvam & Gunasingham (subsequently known as ASG Law Corporation), a boutique corporate legal firm, in April 1998 and became a director of the firm from January 2003 to October 2004. Lam Shiao Ning obtained a Bachelor of Laws (Honours) from the University of Hull, United Kingdom in 1995 and was called to the bar of England and Wales in July 1996. She was admitted as an advocate and solicitor of the Supreme Court of Singapore in March 1998. Lam Shiao Ning is a member of The Law Society of Singapore, the Singapore Academy of Law and the Inquiry Panel of the Law Society of Singapore. She also holds a Diploma in Financial Management from the Association of Chartered Certified Accountants, United Kingdom. Lam Shiao Ning is a senior teaching fellow at the Singapore Institute of Legal Education and an adjunct lecturer at the Singapore Management University's law faculty.

None of our Directors has any family relationship with another Director or with any Executive Officers or Substantial Shareholder of our Company.

Our Executive Chairman, Thomas Winkler, our Executive Director and CEO, Robert Lempka and our Independent Director, Lam Shiao Ning, do not have prior experience as a director of public-listed companies in Singapore. Our Executive Chairman, Thomas Winkler and our Executive Director and CEO, Robert Lempka have attended and Lam Shiao Ning has undertaken to attend relevant training with the Singapore Institute of Directors to familiarise themselves with the roles and responsibilities of a director of a public-listed company in Singapore.

There was no agreement or arrangement with our Substantial Shareholders, customers or suppliers pursuant to which we will appoint any of them or any person nominated by any of them as our Director.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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None of our Independent Directors sits on the board of any of our subsidiaries. The list of present and past directorships of each Director over the last five years preceding the date of this Offer Document excluding those held in our Company, is set out below:

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Thomas Winkler	<u>Group Companies</u>  ayondo AG ayondo Asia ayondo UK  <u>Other companies</u>  Global Money Ventures AG Next Generation Finance Distribution AG Next Generation Finance Management AG	<u>Group Companies</u>  ayondo GmbH Sycap UK  <u>Other companies</u>  Bluevalor AG
Robert Lempka	<u>Group Companies</u>  ayondo AG ayondo Asia ayondo GmbH aPM GmbH ayondo UK Sycap UK  <u>Other companies</u>  Global Money Ventures AG MyHero Limited Next Generation Finance Distribution AG Next Generation Finance Management AG	<u>Group Companies</u>  STN GmbH  <u>Other companies</u>  AM2UK Limited
Foo Fatt Kah	<u>Group Companies</u>  ayondo AG ayondo Asia	<u>Group Companies</u>  NIL

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Name	Present Directorships	Past Directorships
	<u>Other companies</u>  Anchor Resources Limited King Wai Group Pte. Ltd. Luminor Capital Australia Pty Ltd Luminor Capital Pte. Ltd. Luminor Harbour Fund 1 Pte. Ltd. Luminor Pacific Fund 1 Ltd. Luminor Pacific Fund 2 Ltd. Maida Vale Associates Pte. Ltd. Multiple Lodge Sdn. Bhd. PEC Ltd. Variscan Mines Ltd.	<u>Other companies</u>  CellTwo Inc Pte. Ltd. <sup>(1)</sup> Chinese Business Exchange Pte. Ltd. <sup>(2)</sup> Luminor Capital (Beijing) Co., Ltd. <sup>(3)</sup> Maida Vale Consulting Group Pte. Ltd. <sup>(3)</sup> Merge Pacific Sdn. Bhd. <sup>(3)</sup> Myanmar Carlsberg Co. Ltd. Quattro Vascular Pte. Ltd. QT Vascular Ltd. Singapore Medtech Accelerator Pte. Ltd. Sano V Pte. Ltd. The Luminor Fund, Cayman Islands <sup>(2)</sup>
Foong Daw Ching	<u>Group Companies</u>  NIL  <u>Other companies</u>  NUHS Fund Limited Starland Holdings Limited Suntar Eco-City Limited Travelite Holdings Ltd.	<u>Group Companies</u>  NIL  <u>Other companies</u>  Baker Tilly International Limited (UK) Jurong Health Services Pte. Ltd. Medi-Flex Pte. Ltd. St Luke's Eldercare Ltd. St Luke's Hospital Ltd.
Chan Heng Toong	<u>Group Companies</u>  NIL  <u>Other companies</u>  City Gate Pte. Ltd. XMH Holdings Ltd. Singapore O&G Ltd.	<u>Group Companies</u>  NIL  <u>Other companies</u>  Asia Pacific Mission Ltd ICEJ Pte. Ltd. <sup>(2)</sup> SAL Happy Pte. Ltd. <sup>(3)</sup>

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Name	Present Directorships	Past Directorships
Lam Shiao Ning	<u>Group Companies</u>	<u>Group Companies</u>
	NIL	NIL
	<u>Other companies</u>	<u>Other companies</u>
	TH Chia Medical Practice Pte. Ltd.	Drew & Napier LLC

**Notes:**

- (1) This company has been struck off because it did not achieve the technology proof-of-concept.
- (2) This company has been struck off because it was dormant.
- (3) This company has been struck off because it has discontinued its operations.

### EXECUTIVE OFFICERS

Our Executive Directors are assisted by our Executive Officers, whose particulars are set out below:

Name	Age	Address	Designation
Edward Drake	39	c/o 36 Armenian Street #02-08 Singapore 179934	Chief Operating Officer
Rick Fulton	51	c/o 36 Armenian Street #02-08 Singapore 179934	Chief Financial Officer
Sarah Brylewski	44	c/o 36 Armenian Street #02-08 Singapore 179934	Chief Marketing Officer
Raza Perez	42	c/o 36 Armenian Street #02-08 Singapore 179934	Chief Product Officer
Angela Sadler	48	c/o 36 Armenian Street #02-08 Singapore 179934	Chief Talent Officer and General Counsel

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

**Edward Drake** is our COO. He joined our Group in 2008 and is currently also an executive director of ayondo UK. He is responsible for the day-to-day management of ayondo UK's operational hub in London, trading and market risk management, group operations and compliance. Edward Drake is also responsible for data management, data evaluation and data monetisation. Prior to joining our Group, between February 2004 and September 2008, Edward Drake was the head of options and trading for Cantor Index and was responsible for market making and risk management of options and futures trading books. From February 2001 to February 2004, he was a senior options trader for IG Group Plc who was responsible for trading operations and risk management. Edward Drake obtained a Bachelor of Science (Honours) degree in Chemistry from the University of Durham in 2000.

**Rick Fulton** is our CFO. He joined our Group in April 2016 and is overall in-charge of our Group's financial and risk management matters. Rick Fulton has more than 20 years of professional working experience in multinational financial institutions, such as Royal Bank of Scotland,



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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Deutsche Bank and ABN AMRO Bank, where he held various senior management roles in investment banking and assumed various responsibilities including validating market risk exposures of the trading book, monitoring credit risk exposures and calculating risk weighted assets of emerging markets in various countries. Prior to joining our Group in April 2016, he was working for Daiwa Capital Markets Hong Kong Limited. Between September 2013 and March 2016, Rick Fulton was the regional chief financial officer for Asia and Oceania regional offices where his responsibilities included the management of the finance teams of each of the regional offices. Rick Fulton was also the co-chair of Risk, Asset and Liability Committee for the Asia regional office which was responsible for monitoring risk exposures including market risk, credit risk, liquidity and operation risk for the Asian region at that time. In addition, the Risk, Asset and Liability Committee was responsible for formulating risk policies, capital allocation, risk management framework and contingency funding plan. Before he was appointed as the regional chief financial officer, Rick Fulton held the position of chief financial officer of Daiwa Capital Markets Hong Kong Limited from April 2011 to August 2013 during which he was responsible for, amongst others, financial control and regulatory reporting. For the period between April 2010 and March 2011, Rick Fulton was the head of Asia Derivatives Middle Office during which he built a middle office and finance function to support a rapidly growing Asian investment bank, including a complex derivatives business as well as investment banking, equities, and fixed income instruments, currencies and commodities. He started his career in 1983 as an officer responsible for accounting and administration branch with the Royal Navy. Rick Fulton is a member of the Chartered Institute of Management Accountants (CIMA) since May 1995.

**Sarah Brylewski** is our Chief Marketing Officer and joined our Group in March 2014. She is currently also the managing director for ayondo GmbH. Between June 2011 and March 2014, she was a consultant and head of Germany for ayondo UK (formerly known as Gekko Global Markets Limited). Prior to joining our Group, she was working for ABN AMRO Bank from July 2000 until July 2010, and for Royal Bank of Scotland until 2011, which had taken over the operations of ABN AMRO Bank from July 2010. Sarah Brylewski worked in ABN AMRO's two offices, Hong Kong and Frankfurt. Her last held position was an executive director from January 2006 until April 2011. She also held the position in ABN AMRO of global head of ABN AMRO Bank's CFD trading platform market index. Throughout the 10 years with ABN AMRO Bank, Sarah Brylewski held various positions including an executive director who was responsible for product development and distribution of marketindex from January 2006 to April 2011, a senior marketer public distribution between May 2005 and January 2006 and head of public distribution for Germany and Austria from July 2000 to April 2005 whose responsibility was to expand the structured retails business and product creation. Sarah Brylewski started her career as an options and futures broker in Commerzbank, Frankfurt in 1998, following an Apprenticeship in Banking Administration. She graduated with a University-Entrance Diploma ("Abitur") at Gymnasium Suderelbe, Hamburg in June 1993.

**Raza Perez** is our Chief Product Officer and joined our Group in February 2016. He is responsible for the vision, development and execution of our product strategies. Prior to joining our Group, between February 2008 and December 2015, he was the co-founder and chief executive officer of Activotrade Valores which is a licensed brokerage house in Barcelona, Spain and also one of our white label partners. He was responsible for the overall management and supervision of the risk management, internal audit and compliance. Before he started Activotrade Valores, he was a director of revenue management, planning and strategy for Vueling Airlines from November 2005 to January 2008. Between October 2004 and October 2005, he was a strategy consultant for Europraxis Consulting (now known as Indra Company). Raza Perez obtained his degree in Mathematical Sciences from Universidad de Zaragoza in 1997 and subsequently obtained his Masters in Business Administration from IESE Business School, Spain in 2004.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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**Angela Sadler** is our Chief Talent Officer and General Counsel and joined our Group on a full time basis in September 2016. She is a solicitor admitted to the Law Society of England and Wales in November 1996 and was in legal practice for around 20 years; her practice latterly focused on investment work, acquisitions, sales and shareholder disputes. Angela Sadler joined our Group as a non-executive director of Sycap UK and ayondo UK from February 2011 and June 2014 respectively. She is responsible for overseeing our Group's human resource and personnel management, and in her role as General Counsel all legal matters arising including crisis management. Between January 2014 and June 2016 she was a non-executive director for Sycap UK and ayondo UK, together with other non-executive directorships in several other companies, and a business mentor for University College London, giving business mentoring to small and medium enterprises. Prior to that, she was a partner in Collins Long Solicitors from June 2011 to December 2013, and running Cliftons Solicitors before its merger with Collins Long Solicitors which was set up by her in 2004. Prior to that, she was a solicitor in the corporate and commercial department in Green Vine Beverley Palos. Angela Sadler obtained her Bachelor of Laws in Business Law with Honours from London Guildhall University in 1993. She later graduated with a post-graduate in Sports Law from University Kings College in June 2002. Angela Sadler is also a qualified accredited mediator in the UK.

Our Executive Officers do not have any family relationship with another Executive Officer or with any Director or Substantial Shareholders of our Company.

To the best of our knowledge and belief, there are no agreements or arrangements with any Substantial Shareholders, customers or suppliers or others, pursuant to any of our Executive Officers appointed.

The list of present and past directorships of the Executive Officers over the last five (5) years preceding the date of this Offer Document, is set out below:

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Edward Drake	<u>Group companies</u>	<u>Group companies</u>
	ayondo UK	NIL
	<u>Other companies</u>	<u>Other companies</u>
	NIL	AM2UK Limited
Rick Fulton	<u>Group companies</u>	<u>Group companies</u>
	NIL	NIL
	<u>Other companies</u>	<u>Other companies</u>
	NIL	NIL

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Sarah Brylewski	<u>Group companies</u>  ayondo GmbH  <u>Other companies</u>  NIL	<u>Group companies</u>  STN GmbH  <u>Other companies</u>  NIL
Raza Perez	<u>Group companies</u>  NIL  <u>Other companies</u>  ChangeYourFlight, S.L. Flow Ventures SL Ototech Central SL	<u>Group companies</u>  NIL  <u>Other companies</u>  Activotrade Valores, Agencis de Valores, SA
Angela Sadler	<u>Group companies</u>  ayondo UK Sycap UK  <u>Other companies</u>  Fulham Legal Advice Centre Shoreditch Music Plc Jass Consulting Ltd	<u>Group companies</u>  NIL  <u>Other companies</u>  Comsec Investigations Limited Comsec Solutions Limited Comsec Sports Limited Papa Joe's Holdings (UK) Ltd Papa Joe's Publishing Ltd Papa Joe's Records Ltd Taywell Ice Creams Limited

### EXECUTIVE COMMITTEE

Our executive committee comprises of our CEO, Executive Officers and the following consultants:

**Daniel Vranesic** has been providing consulting services to our Group on behalf of TXIO Corporation (“TXIO”) and has been assuming the role of our Principal Technology Consultant since 2010. He contributes his expertise in technology systems in regard to our information technology systems, including the integration and deployment of TradeHub. Currently, he is also the co-founder and chief executive officer of TXIO where he has worked since 2007. He is responsible for the corporate strategy of TXIO and he participates in the architecture, implementation and operation of TXIO’s marketdepth system which forms the basis of our TradeHub system. Daniel Vranesic obtained his degree in Applied Science and Engineering from University of Toronto in 1994 and subsequently obtained his Masters in Applied Science and Engineering from University of Toronto in 1998. Pursuant to the agreement between TXIO and our Group dated 3 February 2017, TXIO has agreed to provide consulting services relating to

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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TradeHub for 15 years commencing 3 February 2017 and Daniel Vranesic will continue to provide consulting services and act as our Group's Principal Technology Consultant without any additional compensation.

**Dominic Morris** has been an external consultant and also Principal Innovation Consultant of our Group since 1 October 2016. He is responsible for leading the mobile product and the integration of modern and efficient technologies and services. Currently, he is the founder, an executive director and chief technology officer of My Manisku Pte. Ltd., a wholly-owned subsidiary of MyHero Limited, which owns TradeHero. As the chief technology officer of TradeHero, Dominic Morris was responsible for the allocation and planning of the technology team of TradeHero and for the talent acquisition to support the staffing growth. In addition, he managed the engineering team. Pursuant to the consultancy agreement between Dominic Morris and our Group, Dominic Morris has agreed to provide technology development and other general services relating to TradeHero for a monthly fee of £4,600 and our business in Singapore commencing 1 October 2016 and the consultancy agreement shall be on-going until terminated in accordance with the terms of the consultancy agreement.

Daniel Vranesic and Dominic Morris are external consultants who assist our Group's management in the formulation and development of policies and strategies relating to our technology systems in relation to TradeHub and TradeHero, as well as providing assistance in such implementation and execution. Accordingly, Daniel Vranesic and Dominic Morris will have access to information relating to strategic decisions and business directions of our Group on a need to know basis to advise on information technology matters and will participate only in meetings relating to information technology matters, or as and when the Executive Committee wishes to consult them on matters relating to TradeHub or TradeHero respectively. However, such external consultants do not have any management power nor authority to make any management decisions on behalf of our Group, and they report directly to our CEO, Robert Lempka.

The role and function of our Group's executive committee are to assist the Directors to implement and execute its strategic decisions for our Group and the overall operational management of our Group. Save for day-to-day operational decisions which may be made by our Group's executive committee, the other decisions, changes or policies are subject to the Directors' approval. Our Group's executive committee meets on a regular basis for strategic and team-building off-site to explore key business decisions and to analyse our current business in depth. There are existing safeguards to ensure none of the executive committee members will be placed in a position of potential conflict of interests including strictly non-participation by the relevant executive committee member in any negotiations which concern companies in which he has an interest and our Audit and Risk Committee will review the internal control procedures relating to the review and monitoring of any potential conflicts of interests and ensure the application of such internal control procedures.

### STAFF

As at the Latest Practicable Date, we have a workforce of 71 full-time employees. We do not experience any significant seasonal fluctuations in our number of staff. None of our staff are unionised. There have been no any incidence of work stoppages nor labour disputes that have affected our operations. Accordingly, we consider our relationship with our staff to be good. We also provide staff benefits including gym membership, company-branded gear, professional development, courses, and conferences to our full-time employees.

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The number of staff of our Group as at the end of each of the Period Under Review and as at the Latest Practicable Date, segmented by function, are as follows:

<b>Function</b>	<b>As at 31 December 2014</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>	<b>As at 30 September 2017</b>	<b>As at Latest Practicable Date</b>
Management <sup>(1)</sup>	5	4	7	7	7
Project Management	1	4	4	6	6
Software development and IT	10	10	20	16	15
Marketing	3	5	6	4	4
Finance and corporate affairs	4	4	6	7	6
Human resources and administration	1	1	2	2	2
Trading	4	6	6	8	8
Sales and Customer Service	12	13	19	20	20
Compliance, Risk and Legal	1	2	2	3	3
<b>Total full-time employees</b>	<b>41</b>	<b>49</b>	<b>72</b>	<b>73</b>	<b>71</b>

**Note:**

(1) Management includes our Directors and Executive Officers.

The geographical distribution of our full-time employees is as follows:

<b>Location</b>	<b>As at 31 December 2014</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>	<b>As at 30 September 2017</b>	<b>As at Latest Practicable Date</b>
England	23	29	34	36	36
Germany	14	15	16	18	18
Singapore	–	1	13	8	6
Spain	–	–	5	7	7
Switzerland	4	4	4	4	4
<b>Total</b>	<b>41</b>	<b>49</b>	<b>72</b>	<b>73</b>	<b>71</b>

Under the employment laws of Spain, if an employer enforces a non-compete provision in the employment agreement, the employer shall pay the employee a fraction of his or her annual salary for each year the non-compete provision is in force unless the employee waives the same.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED STAFF

#### Directors and Executive Officers

The remuneration paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000<sup>(1)</sup> during FY2015 and FY2016 (being the two most recent completed financial years) and as estimated for FY2017 excluding bonus under any profit-sharing plan or any other profit-linked agreement(s) is as follows:

	FY2015	FY2016	FY2017 (estimated)
<b>Directors</b>			
Thomas Winkler	Band B	Band B	Band B
Robert Lempka	Band B	Band B	Band B
Foo Fatt Kah	Band A	Band A	Band A
Foong Daw Ching	–	–	–
Chan Heng Toong	–	–	–
Lam Shiao Ning	–	–	–
<b>Executive Officers</b>			
Edward Drake	Band A	Band B	Band B
Rick Fulton	–	Band A	Band B
Sarah Brylewski	Band A	Band A	Band A
Raza Perez	–	Band A	Band A
Angela Sadler	Band A	Band A	Band A

**Notes:**

- (1) Band A: Compensation up to S\$250,000 per annum.  
 Band B: Compensation from S\$250,001 to S\$500,000 per annum.

The above-mentioned Directors and Executive Officers also received options for FY2014 and FY2015 granted to them by ayondo AG, details of which are set forth below. The value of these options that were granted in FY2014 and FY2015 has not been included in the compensation of the relevant Directors and Executive Officers as described above.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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	No. of outstanding options granted	Exercise period	Expiry Date	Exercise Price (CHF)
<b>Directors:</b>				
Thomas Winkler	15,120	19 December 2014 to 31 December 2024	31 December 2024	83
	2,000	2 August 2016 to 31 December 2024	31 December 2024	100
Robert Lempka	15,120	19 December 2014 to 31 December 2024	31 December 2024	83
	5,000	2 August 2016 to 31 December 2024	31 December 2024	100
<b>Executive Officers:</b>				
Edward Drake	7,000	10 December 2018 to 9 December 2024	9 December 2024	83
Rick Fulton	4,000	30 April 2017 to 2 August 2026	2 August 2026	83
	3,000	30 April 2018 to 2 August 2026	2 August 2026	97
Sarah Brylewski	7,000	30 March 2015 to 30 March 2025	30 March 2025	83
	1,250	2 August 2016 to 2 August 2026	2 August 2026	100
Raza Perez	5,000	1 February 2016 to 31 March 2026	31 March 2026	97
	1,650	1 February 2016 to 31 March 2026	31 March 2026	1
Angela Sadler	1,500	26 March 2019 to 31 December 2024	31 December 2024	83
	1,500	2 August 2016 to 31 December 2024	31 December 2024	97

The above options granted to the Directors and Executive Officers will be replaced by Pre-IPO Options. Please refer to the “Directors, Executive Officers and Staff – Remuneration of Directors, Executive Officers and Staff – Pre-IPO Options” section of this Offer Document for more details on the Pre-IPO Options.

Save for amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrue any amount to provide pension, retirement or similar benefits.

### **Related Staff**

Save for Franz Joachim Mueller, the brother-in-law of our Executive Chairman, Thomas Winkler, who is the business manager of ayondo AG, as at the Latest Practicable Date, we do not have any other employees who are related to our Directors or Substantial Shareholders. Franz Joachim Mueller’s remuneration in FY2015, FY2016 and 9M2017, which included salary, bonus, statutory

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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employee contribution and benefits-in-kind, were approximately CHF120,000, CHF120,000 and CHF90,000 respectively. From 1 October 2017 up to the Latest Practicable Date, his remuneration is approximately CHF46,110.

The basis of determining the remuneration of this related employee is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of any staff who are related to our Directors or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related staff will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the staff under review, he will abstain from the review.



## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

### Pre-IPO Options

#### Proposed grant of Pre-IPO Options

Options have been granted by ayondo AG to employees, directors and consultants of ayondo AG and its subsidiaries and certain third parties, giving them the right to purchase shares in ayondo AG (“**AG Options**”). On 12 March 2018, our Company has granted Pre-IPO options to replace all the AG Options based on the terms set out below and in “Appendix I – Terms and Conditions of the Pre-IPO Options” section of this Offer Document.

Details of the Pre-IPO Options are set out below. There is no option purchase price and all Pre-IPO Options will be vested on the Listing Date.

Name of Pre-IPO Option Holder	No. of Shares in respect of outstanding AG Options granted	Exercise Price of AG Options (CHF)	No. of Shares in respect of which the Pre-IPO Options to be granted	Exercise Price of Pre-IPO Options (S\$)	Exercise Period	Expiry Date
<b>Directors:</b>						
Thomas Winkler	15,120	83	8,164,800	0.215	From Listing Date to 31 December 2024	31 December 2024
	2,000	100	1,080,000	0.259	From Listing Date to 31 December 2024	31 December 2024
Robert Lempka	15,120	83	8,164,800	0.215	From Listing Date to 31 December 2024	31 December 2024
	5,000	100	2,700,000	0.259	From Listing Date to 31 December 2024	31 December 2024

**DIRECTORS, EXECUTIVE OFFICERS AND STAFF**

<b>Name of Pre-IPO Option Holder</b>	<b>No. of Shares in respect of outstanding AG Options granted</b>	<b>Exercise Price of AG Options (CHF)</b>	<b>No. of Shares in respect of which the Pre-IPO Options to be granted</b>	<b>Exercise Price of Pre-IPO Options (\$\$)</b>	<b>Exercise Period</b>	<b>Expiry Date</b>
<b>Executive Officers:</b>						
Edward Drake	7,000	83	3,780,000	0.215	From Listing Date to 9 December 2024	9 December 2024
Rick Fulton	4,000	83	2,160,000	0.215	From Listing Date to 2 August 2026	2 August 2026
	3,000	97	1,620,000	0.251	From Listing Date to 2 August 2026	2 August 2026
Sarah Brylewski	7,000	83	3,780,000	0.215	From Listing Date to 30 March 2025	30 March 2025
	1,250	100	675,000	0.259	From Listing Date to 2 August 2026	2 August 2026
Raza Perez	5,000	97	2,700,000	0.251	From Listing Date to 31 March 2026	31 March 2026
	1,650	1	891,000	0.003	From Listing Date to 31 March 2026	31 March 2026
Angela Sadler	1,500	83	810,000	0.215	From Listing Date to 31 December 2024	31 December 2024
	1,500	97	810,000	0.251	From Listing Date to 31 December 2024	31 December 2024

**DIRECTORS, EXECUTIVE OFFICERS AND STAFF**

Name of Pre-IPO Option Holder	No. of Shares in respect of outstanding AG Options granted	Exercise Price of AG Options (CHF)	No. of Shares in respect of which the Pre-IPO Options to be granted	Exercise Price of Pre-IPO Options (\$\$)	Exercise Period	Expiry Date
<b>Other Employees</b>	3,170	83	1,711,800	0.215	From Listing Date to 9 December 2024	9 December 2024
	2,000	83	1,080,000	0.215	From Listing Date to 31 December 2024	31 December 2024
	150	100	81,000	0.259	From Listing Date to 31 December 2024	31 December 2024
	3,250	83	1,755,000	0.215	From Listing Date to 30 March 2025	30 March 2025
	4,900	100	2,646,000	0.259	From Listing Date to 2 August 2026	2 August 2026
2,100	100	1,134,000	0.259	From Listing Date to 15 August 2026	15 August 2026	
<b>Others</b>						
Dominic Morris <sup>(1)</sup>	1,000	1	540,000	0.003	From Listing Date to 10 February 2026	10 February 2026
DonauReal Beteiligungs GmbH <sup>(2)</sup>	1,000	97	540,000	0.251	From Listing Date to 10 August 2026	10 August 2026
Marc Philipp Bernegger <sup>(3)</sup>	3,780	83	2,041,200	0.215	From Listing Date to 31 December 2024	31 December 2024
Rainer Arno Rueppel <sup>(3)</sup>	3,780	83	2,041,200	0.215	From Listing Date to 31 December 2024	31 December 2024
Richard Mark Street <sup>(4)</sup>	1,000	83	540,000	0.215	15 April 2019 to 31 December 2024	31 December 2024
<b>Total:</b>	<b>95,270</b>		<b>51,445,800</b>			

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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**Notes:**

- (1) Dominic Morris was granted the AG Options as part of the consideration for the acquisition of shares in MyHero Limited by ayondo AG from Dominic Morris.
- (2) DonauReal Beteiligungs GmbH is owned by Kurt Ziegler (95.0%) and a minor shareholder who is not related to our Group (5.0%). Kurt Ziegler is the acting chief executive officer of aPM GmbH, a subsidiary of ayondo AG.
- (3) Marc Philipp Bernegger and Rainer Arno Rueppel are shareholders and directors of Next Generation Finance Management AG, which had a management contract with ayondo AG under its former name of Next Generation Finance Invest AG. Following the cessation of the management contract, ayondo AG granted AG Options to the shareholders of Next Generation Finance Management AG as part of the fees settlement.
- (4) Richard Mark Street, who provides business development services to our Group particularly in the Asia region.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### Rationale and justification for the grant of Pre-IPO Options

The objective of the grant of Pre-IPO Options was to motivate, retain and reward the persons who contribute to the growth and profits of our Group. It is in the interests of our Group to recognise their contribution and to give incentive to such persons to align the interests of the Pre-IPO Option Holders with those of the Shareholders so as to motivate them to contribute towards future growth and profitability of our Group, and hence the maximisation of Shareholders value in the longer term. In addition, all terms of the Pre-IPO Options, which were granted in exchange for the cancellation and replacement of all AG Options, including the number of Pre-IPO Options to be granted and the exercise price of the Pre-IPO Options are determined on the same basis as the AG Options, taking into consideration (i) the conversion on the basis of one AG Option for 540 Shares per Pre-IPO Option and (ii) the conversion exchange rate of CHF1.00 to approximately S\$1.40.

The Pre-IPO Options will entitle the holders of these options to subscribe for 51,445,800 Shares, representing approximately 9.2% of the share capital immediately after the Invitation and assuming that all Pre-IPO Options have been exercised.

Our Directors are of the opinion that the expenses arising from the exercise of the Pre-IPO Options are not expected to be significant as such expenses pertain to the administrative expenses and listing expenses to be incurred for the issuance of the Shares pursuant to the exercise of the Pre-IPO Options.

### Terms and Conditions of Pre-IPO Options

The terms and conditions of the Pre-IPO Options are set out in Appendix I to this Offer Document.

### Use of Proceeds

Assuming all Pre-IPO Options are exercised, the estimated gross proceeds from the exercise of the Pre-IPO Options will be approximately S\$11.3 million ("**Options Exercise Proceeds**"). As and when the Pre-IPO Options are exercised, the Options Exercise Proceeds raised may, at the discretion of the Directors, be applied towards our Group's working capital requirements.

Pending the deployment of the proceeds for the purposes mentioned above, the Options Exercise Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of our Group.

We will make periodic announcements on the utilisation of the Options Exercise Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. We will also provide a status report on the use of the Options Exercise Proceeds in our Company's interim and full year financial statements and our Company's annual report. Where the Options Exercise Proceeds are used for working capital purposes, we will provide a breakdown with specific details on how the Options Exercise Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of the Options Exercise Proceeds, we will announce the reasons for such deviation.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### 2018 AYONDO EMPLOYEE SHARE OPTION SCHEME

In view of the listing of our Company on Catalist, our Company has adopted an employee share option scheme, known as the 2018 ayondo ESOS, which was approved pursuant to a written resolution passed by our Shareholders on 23 February 2018. The detailed rules of the 2018 ayondo ESOS are set out in Appendix J of this Offer Document. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Rule 2 of Appendix J of this Offer Document.

#### Rationale for and objectives of the 2018 ayondo ESOS

The objectives of the 2018 ayondo ESOS are as follows:

- (i) to align the interests of the participants with those of the Shareholders so as to motivate them to contribute towards future growth and profitability of our Group, and hence the maximisation of Shareholders value in the longer term;
- (ii) to provide additional means for our Group to attract, retain and motivate talented individuals and key employees whose contributions are essential to our long-term growth and profitability;
- (iii) to promote greater dedication, long-term commitment, loyalty and a sense of identification with our Group;
- (iv) to motivate and incentivise participants to achieve performance targets;
- (v) to encourage participants to aspire towards higher standards of performance and efficiency; and
- (vi) to promote cohesiveness and team spirit through common ownership of equity in our Company.

#### Summary of 2018 ayondo ESOS

The detailed rules of the 2018 ayondo ESOS are set out in Appendix J of this Offer Document. A summary of the rules of the 2018 ayondo ESOS is set out as follows:

#### ***Participants***

The following persons are eligible to participate in the 2018 ayondo ESOS at the absolute discretion of the Remuneration Committee:—

- (i) full-time employees of our Group who are of the age of 18 years and above; and
- (ii) directors of the Company and its subsidiaries,

who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of our Group.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Persons who are Controlling Shareholders and their Associates shall not participate in the 2018 ayondo ESOS unless:–

- (i) written justification has been provided to Shareholders for their participation at the introduction of the 2018 ayondo ESOS or prior to the first Grant of Options to them;
- (ii) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder and/or its Associates; and
- (iii) all conditions for their participation in the 2018 ayondo ESOS as may be required by the regulation of the SGX-ST from time to time are satisfied.

### ***Size of the 2018 ayondo ESOS***

The aggregate number of Shares over which Options may be granted, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme or other share-based incentive schemes of our Company (which shall not include the Pre-IPO Options), shall not exceed fifteen per cent. (15%) of the issued share capital of our Company (excluding treasury shares and subsidiary holdings) on the date preceding the Offer Date of an Option.

With regard to Associates of Controlling Shareholders, the aggregate number of Option Shares which may be granted to all Associate(s) of Controlling Shareholders will not exceed twenty five per cent. (25%) of all the Option Shares available under the Scheme and such other share based incentive schemes of our Company, and that the number of Option Shares issued and issuable to each of the Controlling Shareholders or their Associates shall not exceed ten per cent. (10%) of all the Option Shares available under the Scheme and such other share based incentive schemes of our Company.

To enjoy greater flexibility in structuring remuneration and compensation packages, our Directors believe our Company should have a sufficient number of Shares to accommodate options issued under the 2018 ayondo ESOS. Taking into account the number of issued Shares of our Company as well as the number of eligible participants in the 2018 ayondo ESOS, our Directors believe that the prescribed limit above will enable our Company to grant a sufficient number of options to the participants to create a meaningful compensation for the participants' contributions. However, it does not necessarily mean that our Company will definitely issue Shares up to the prescribed limit, as Options will only be granted to eligible participants who are selected at the discretion of the Remuneration Committee. The size of the 2018 ayondo ESOS is intended to accommodate a reasonably large pool of participants.

### ***Subscription Price***

Subject to any adjustment pursuant to Rule 12 of the Rules, the Subscription Price for each Share in respect of which an Option is exercisable shall be fixed by the Remuneration Committee at:–

- (i) the Market Price; or
- (ii) a price which is set at a discount to the Market Price, provided that:–
  - (a) the maximum discount shall not exceed twenty per cent. (20%) of the Market Price; and

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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- (b) the prior approval of the Shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution.

### ***Exercise of Options***

Subject as provided in Rules 9 and 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, as follows:–

- (i) in the case of a Market Price Option (as defined in Appendix J), during the period commencing after the first anniversary of the Offer Date and expiring on the tenth anniversary of such Date of Grant (or such other shorter period if so determined by the Committee); and
- (ii) in the case of an Incentive Option (as defined in Appendix J), during the period commencing after the second anniversary of the Offer Date and expiring on the tenth anniversary of such Date of Grant (or such other shorter period if so determined by the Committee).

Provided that the exercise period of the Options granted to Non-Executive Directors (including Independent Directors) shall not exceed five years from the date of grant of the respective Options.

### ***Variation of Capital***

If a variation in the issued ordinary share capital of our Company (whether by way of rights issue, capitalisation of profits or reserves, reduction of capital, subdivision, consolidation or distribution of Shares or otherwise) shall take place:

- (i) the Subscription Price for the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (ii) the class and/or number of Shares over which additional Options may be granted under the Scheme, shall be adjusted in such manner as the Remuneration Committee may deem to be appropriate.

Unless the Remuneration Committee considers an adjustment to be appropriate:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Notwithstanding the provisions of Rules:

- (i) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and



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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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- (ii) no adjustment shall be made in such a way that any Participant receives a benefit that a Shareholder does not receive.

Upon any adjustment required to be made pursuant to the Rules, our Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

### ***Administration of the 2018 ayondo ESOS***

The 2018 ayondo ESOS will be administered by the Remuneration Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board, provided that no member of the Remuneration Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

### ***Duration of the ESOS***

The 2018 ayondo ESOS shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by way of an ordinary resolution passed at a general meeting and of any relevant authorities which may then be required.

The 2018 ayondo ESOS may be terminated at any time by the Remuneration Committee or, at the discretion of the Remuneration Committee, by an ordinary resolution passed by the Shareholders at a general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by our Company hereunder.

### **Rationale for participation by Controlling Shareholders and/or their Associates**

One of the objectives of the 2018 ayondo ESOS is to motivate Participants to optimize their performance and to maintain a high level of contribution to our Group. The objectives of the 2018 ayondo ESOS apply equally to our Directors who are Controlling Shareholders or Associates of Controlling Shareholders. Our Company's view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders. Our Directors believe that as the 2018 ayondo ESOS is designed to motivate, retain and reward employees and Directors who contribute to the growth and profits of our Company, employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other employees and should not be excluded from benefiting under the 2018 ayondo ESOS solely for the reason that they are Controlling Shareholders or Associates of the Controlling Shareholders. It is in our Group's interest that these participants who are actively contributing to our Group's progress and development are given the incentive to continue to remain with our Group and contribute towards our Group's future progress and development. In respect of the determination as to eligibility and grant of Options, the terms of the 2018 ayondo ESOS does not differentiate between employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders and other Directors and employees who are not such person. As such, employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders will be subject to the same rules as other employees.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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In accordance with the provision of the Catalist Rules, the specific grant of Options to the Controlling Shareholders and/or their Associates will have to be approved by independent Shareholders in a general meeting of the Company in separate resolutions. The actual number of and terms of Options to be granted to a Controlling Shareholder or its Associate must also be specifically approved by the independent Shareholders. In seeking such approval, clear justification as to their participation, as well as the actual number of Option Shares comprised in, and terms (including Subscription Price) of, the Options to be granted to a Controlling Shareholder or its Associate must be provided.

As a safeguard against abuse, only members of the Remuneration Committee who are not the Controlling Shareholders or Associates of such Controlling Shareholders will be involved in deliberations and decisions in respect of the Options to be granted to or held by Controlling Shareholders and/or their Associates and the terms and conditions including the performance targets and vesting periods attached to such Options. We are of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and/or their Associates in the 2018 ayondo ESOS.

As at the Latest Practicable Date, the Controlling Shareholder who is eligible to participate in the ESOS is Foo Fatt Kah, who is our Non-Executive Director, and is deemed to be interested in the shares held by Luminor Funds which will become Controlling Shareholders following the Invitation.

### **Rationale for participation by Non-Executive Directors (including Independent Directors)**

Although our Non-Executive Directors (including Independent Directors) are not involved in the day-to-day running of our business, they nonetheless play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by our Non-Executive Directors (including Independent Directors) in the 2018 ayondo ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees. The extension of the 2018 ayondo ESOS to our Non-Executive Directors (including Independent Directors) allows our Group to have a fair and equitable system to reward the Non-Executive Directors (including Independent Directors) who have made and who continue to make significant contributions to our long-term growth.

Our Directors believe that the extension of the 2018 ayondo ESOS to our Non-Executive Directors (including Independent Directors) will also enable our Group to attract, retain and incentivise them to achieve higher standards of performance as well as to give recognition to past contributions and services.

To minimise any potential conflicts of interest, it is envisaged that the offer of Options, and hence the number of Option Shares to be allotted and issued to our Non-Executive Directors (including Independent Directors), based on the criteria set out above will be relatively small, in terms of frequency and numbers, and hence, will not jeopardise the independence of the Independent Directors.

As a safeguard against abuse, only members of the Remuneration Committee who are not our Non-Executive Directors (including Independent Directors) will be involved in deliberations and decisions in respect of the Options to be granted to or held by our Non-Executive Directors (including Independent Directors) and the terms and conditions including the performance targets

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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and vesting periods attached to such Options. We are of the view that there are sufficient safeguards against abuse resulting from the participation of our Non-Executive Directors (including Independent Directors) in the 2018 ayondo ESOS.

### **Rationale for Grant of Options at a Discount**

All Participants may be granted Options at a discount under the rules of the 2018 ayondo ESOS. The exercise price of the Options to be granted will be determined by the Remuneration Committee. The Remuneration Committee may grant Options with or without a discount. In the event that Options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the Market Price.

The ability to grant Options at a discount is important in situations where it is more meaningful for our Company to acknowledge a Participant's contribution and achievement through offering Options at a discount to the Market Price as a supplement to cash bonus, as these Options operate as a form of cashless reward from our Company with a greater potential for capital appreciation than Options granted at the Market Price. This serves as an additional method available to our Company for compensating employees in addition to the salaries, salary increments and cash bonuses as it enables our Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for Shareholders.

Further, because Options granted with a discount under the 2018 ayondo ESOS are subject to a longer vesting period (such Options being exercisable only after the second anniversary from the Date of Grant) than those granted at the Market Price (exercisable after the first anniversary of the Date of Grant), holders of such Options are encouraged to have a long term view of our Group, thereby promoting staff and employee retention and reinforcing their commitment to our Group.

Our Directors believe that the maximum discount of 20% to the Market Price of the Shares is sufficient to allow for flexibility in the 2018 ayondo ESOS, while minimising the potential dilutive effect to the Shareholders arising from the 2018 ayondo ESOS.

### **Financial effects of the 2018 ayondo ESOS**

#### ***Share capital***

The share capital of our Company will increase to the extent of the Option Shares that will be issued and allotted pursuant to the exercise of the Options granted under the 2018 ayondo ESOS. Whether and when Options will be exercised will depend on the Subscription Price of the Options, when the Options will vest as well as the prevailing trading price of the Shares.

There would be no impact on our Company's number of issued Shares if the relevant Options are not exercised.

#### ***NTA***

The effect on NTA per Share will depend on whether the Subscription Price is above or below the NTA per Share at the time of issue of the Option Shares pursuant to an exercise of the Options. If the Subscription Price is above the NTA per Share, the effect will be accretive and if the Subscription Price is below the NTA per Share, the effect will be dilutive.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### **EPS**

Without taking into account earnings that may be derived by our Company from the use of the proceeds of their issue, the Option Shares issued pursuant to any exercise of the Options will have a dilutive impact on our Company's EPS.

### **Potential Cost of Issuing the Options**

The International Financial Reporting Standard 2 ("**IFRS 2**") relating to share-based payments became effective for annual reporting periods on or after 1 January 2005. Under IFRS 2, the recognition of an expense in respect of Options granted under the 2018 ayondo ESOS is required.

The expense will be based on the fair value of an Option at each Date of Grant of the Option and will be recognised over the vesting period. This fair value is normally estimated by applying the option pricing model at the Date of Grant of an Option, taking into account the terms and conditions of the grant of the Option and recognised as a charge to our Group's consolidated profit and loss statement over the period from the Date of Grant of the Option to the vesting date (the "**Vesting Period**"), with a corresponding credit to our Company's reserve account.

Before the end of the Vesting Period and at the end of each accounting year, the estimate of the number of Options that are expected to vest in each Participant by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated profit and loss statement with a corresponding adjustment to our Company's reserve account. After the vesting date, no adjustment of the charge to the consolidated profit and loss account is made.

### **SERVICE AGREEMENTS**

Our Company has entered into separate service agreements (the "**Service Agreements**") with our Executive Chairman, Thomas Winkler, and our Executive Director and CEO, Robert Lempka. Each Service Agreement will commence upon admission of our Company to Catalist and continue until and unless either party terminates the Service Agreement at any time by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn monthly salary. Our Group may also terminate the employment of any of the Executive Directors at any time without notice or payment in lieu of notice under the following circumstances:

- (i) if the Executive Director is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;
- (ii) in the event of any serious or repeated breach or non-observance by the Executive Director of any of the stipulations contained in the Service Agreements;
- (iii) the relevant Executive Director commits any act of dishonesty, gross misconduct or wilful neglect of duty or shall commit any continued material breach of the terms of the Service Agreements after written warning (other than a breach which is capable of remedy and has been remedied by the Executive Director to the satisfaction of the Board within 30 days upon him being called upon to do so in writing by the Board);
- (iv) any company (other than a member of our Group) in which the relevant Executive Director is a director or an executive officer or a direct or indirect shareholder goes into liquidation or becomes insolvent or suffers the presentation of a winding up petition or analogous proceedings brought against it;

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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- (v) if the Executive Director becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors;
- (vi) if the Executive Director shall become of unsound mind;
- (vii) If the Executive Director commits any act of criminal offence (other than an offence which in the reasonable opinion of the Board does not affect his position in our Company); or
- (viii) if the Executive Director shall be disqualified to act as a director or an executive officer of the Company under any applicable laws or regulations, the Constitution of the Company, or any rules prescribed by the SGX-ST.

Pursuant to the terms of the respective Service Agreements, the annual salary of the Executive Directors are as follows:

Annual salary	S\$
Thomas Winkler	300,000
Robert Lempka	450,000 <sup>(1)</sup>

**Note:**

- (1) Robert Lempka's annual salary is subject to certain adjustments based on our Group's consolidated gross revenue excluding intercompany sales and revenue ("**Group Revenue**") and the adjusted salary will be as follows:

Group Revenue	Adjusted Salary
Where Group Revenue exceeds CHF65 million for the financial year ending 31 December 2018	S\$550,000 per annum commencing on 1 January 2019
Where Group Revenue exceeds CHF130 million for the financial year ending 31 December 2019	S\$650,000 per annum commencing on 1 January 2020

Pursuant to the terms of the Service Agreement, our Executive Director and CEO, Robert Lempka, is entitled to a Profit Sharing Bonus of a sum calculated based on our Group's audited consolidated profit before tax from continuing operations (after deducting profit before tax attributable to minority interests and excluding non-recurring or one-off gains or losses) ("**PBT**") achieved in the relevant financial year as set out below:

<b>PBT</b>	<b>Profit Sharing Bonus</b>
<b>For the financial year ending 31 December 2018:</b>	
(i) Where PBT is CHF5 million or less	1.0% of PBT
(ii) Where PBT is more than CHF5 million	4.0% of PBT
<b>For the financial year ending 31 December 2019:</b>	
(i) Where PBT is CHF40 million or less	2.0% of PBT
(ii) Where PBT is more than CHF40 million	5.0% of PBT
<b>For the financial year ending 31 December 2020 and onwards:</b>	
(i) Where PBT is CHF40 million or less	3.0% of PBT
(ii) Where PBT is more than CHF40 million	5.0% of PBT

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Where the employment of the Executive Director has been for less than a full financial year in our Group, the annual wage supplement and/or the Profit Sharing Bonus (as the case may be) for that financial year shall be apportioned in respect of the actual number of days of the employment of the Executive Director on the basis of a 365 day financial year.

Under the Service Agreements, the salary of the Executive Directors is subject to review by the Remuneration Committee after the accounts of our Group for the immediate preceding financial year have been audited. The relevant Executive Director shall abstain from voting in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of his or her Service Agreements.

Under the Service Agreements, each Executive Director has covenanted that he and his associates will not do business with any person who has done business with our Group or entice away any of our employees in connection with the carrying on of any business similar to or in competition with our business for 12 months after ceasing to be employed by our Group. Each Executive Director has also covenanted that he/she or his/her associates will not carry on any activity or business in competition with our Group within Singapore or any country in which we have operations or carried on business, for 12 months after ceasing to be employed under his Service Agreement. During such period, in consideration of the Executive Director agreeing that he shall not, amongst other things, engage in any other business to be concerned or interested, whether for reward or gratuitously, in any capacity in any trade or business or occupation of a similar nature to or competitive with that carried on by our Group, the Executive Director's basic monthly salary as at the point of termination will be payable to the Executive Director in arrears on the last Business Day of every month for the period of two (2) years upon termination of the Service Agreement. For the avoidance of doubt, the entitlement of the Executive Director to this basic monthly salary for these two (2) years shall not apply where our Company terminates the Executive Director's appointment with just cause and excuse.

Directors' fees do not form part of the terms of the Service Agreements as these will only be paid out to Directors after the approval of Shareholders at our Company's annual general meeting.

Had the Service Agreements been in existence since the beginning of FY2016, the aggregate remuneration paid to the Executive Directors would have been approximately S\$0.8 million and our loss after tax would have been approximately S\$15.0 million (instead of S\$14.8 million).

Save as disclosed, there are no existing or proposed service agreements between our Group and any of our Directors. Save for (i) the options granted and vested in favour of the Executive Director as at the date of termination and (ii) the entitlement to the annual profit sharing bonus ("**Profit Sharing Bonus**") (if applicable) which will be pro-rated according to the actual number of days of the employment of our Executive Director on the basis of a 365-day financial year, there are no benefits payable to the Executive Director upon termination of employment.

There are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

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## INTERESTED PERSON TRANSACTIONS

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In general, transactions between our Group and any of its interested persons (namely, our Directors or Controlling Shareholders or their respective Associates) are known as interested person transactions. The following discussions on material interested person transactions for the Relevant Period, is based on our Group and interested persons as construed accordingly.

Save as disclosed below, in the “Dividend Policy” and “Restructuring Exercise” sections of this Offer Document, none of our Directors, Controlling Shareholders or their respective Associates (each, an Interested Person) was or is interested in any material transaction undertaken by our Group for the Relevant Period.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S\$100,000 is not considered material in the context of the “Interested Person Transactions” section of this Offer Document and is not taken into account for the purposes of aggregation in this section and has not been disclosed in this section.

### INTERESTED PERSONS

The following persons or companies are considered “**Interested Persons**” for the purposes of this section.

Thomas Winkler	:	Our Executive Chairman
Robert Lempka	:	Our Executive Director and CEO
Foo Fatt Kah	:	Our Non-Executive Director and Controlling Shareholder
Kwan Chee Seng	:	Our Controlling Shareholder
Global Money Ventures AG	:	An investment holding company and its shareholders are Thomas Winkler (50.0%), Robert Lempka (49.0%) and Franz Joachim Muller, brother-in-law of Thomas Winkler (1.0%). The directors of Global Money Ventures AG are Thomas Winkler and Robert Lempka.
GRP Limited	:	A company whose shares are listed on the Main Board of the SGX-ST and Kwan Chee Seng holds approximately 32.5% of the issued share capital of GRP Limited.
Luminor Funds	:	Luminor Pacific Fund 1 Ltd. and Luminor Pacific Fund 2 Ltd. which will collectively hold an aggregate of approximately 18.7% of the issued share capital of our Company following the Invitation. Luminor Capital Pte. Ltd. is the fund manager of the Luminor Funds. Foo Fatt Kah is a director of Luminor Capital Pte. Ltd. holding 50.0% equity in Luminor Capital Pte. Ltd.

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## INTERESTED PERSON TRANSACTIONS

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- Starland Holdings Limited : A company whose shares are listed on the Catalist board of the SGX-ST and GRP Limited indirectly holds approximately 83.2% of the issued share capital of Starland Holdings Limited. By virtue of section 7 of the Companies Act, Kwan Chee Seng is deemed to be interested in the shares of Starland Holdings Limited indirectly held by GRP Limited.
- Next Generation Finance Management AG (“NGFM”) : An investment holding company and its shareholders are Thomas Winkler (20.7%), Robert Lempka (20.7%), Global Money Ventures AG (38.6%), Rainer Arno Rueppel (10.0%) and Marc Philipp Bernegger (10.0%). Rainer Arno Rueppel and Marc Philipp Bernegger are not related to our Directors or Controlling Shareholders (20.0%). The directors of NGFM are Thomas Winkler, Robert Lempka, Rainer Arno Rueppel and Marc Philipp Bernegger.

### PAST TRANSACTIONS

#### Payment of management fees to NGFM

The following fees were paid to NGFM in return for the provision of management services by NGFM to our Group.

(CHF'000)	FY2014	FY2015	FY2016	9M2017
NGFM	110	–	–	–

The payment of management fees paid by our Group to NGFM was conducted on an arm's length basis and on normal commercial terms as the management fees were mutually agreed between the parties and the management fee is based on the prevailing market rate at the time the management agreement is agreed upon. Our Directors are of the opinion that these transactions are not prejudicial to the interests of our Group and our Company's minority shareholders. We have ceased paying management fees to NGFM since 2015.

#### Issuance of Convertible Bonds in January 2014

In January 2014, ayondo AG (under its former name of Next Generation Finance Invest AG) and its wholly-owned subsidiary, Christal Finance Ltd. (“**Christal**”) entered into an investment agreement with, amongst others, Luminor Pacific Fund 2 Ltd. (“**CB1**”). Christal was a special investment vehicle of ayondo AG set up to facilitate the delisting of ayondo AG from Berne stock exchange at that time.



## INTERESTED PERSON TRANSACTIONS

Pursuant to the CB1, convertible bonds in the principal amount of CHF5,500,000 were initially issued to various investors by Christal (whose obligations were subsequently assumed by ayondo after completion of ayondo AG's delisting exercise and the dissolution of Christal). Below are the details of convertible bonds in January 2014:

Name of Investor	Amount (CHF)	Number of ayondo AG Shares to be issued	Number of Warrants issued
Luminor Pacific Fund 2 Ltd.	5,000,000	60,241	12,048
Kwan Chee Seng	440,000	5,301	1,060
Foo Fatt Kah	40,000	482	97
Kantilal S/O Champaklal Ramdas	20,000	241	–
<b>Total</b>	<b>5,500,000</b>	<b>66,265</b>	<b>13,205</b>

The maturity date of the bonds is four (4) years from the date of issuance, carries nil interest for the first two (2) years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum on all overdue payment.

The terms of the conversion of the convertible bonds, are amongst others:

- (i) The investors have the option and right to convert all or part of the convertible bonds into ayondo AG shares upon the earliest of (a) a listing event; (b) a change of control or (c) at the election of the investors at their discretion after the first anniversary of the respective completion dates.
- (ii) The subscription price for each ayondo AG share shall be (a) CHF83 per ayondo AG share; or (b) at any subsequently adjusted price which represents a valuation of CHF38,000,000 of ayondo AG on a fully-diluted basis, whichever is lower;
- (iii) Any part of the principal amount and interest of the convertible bonds to be applied for the conversion into ayondo AG shares shall be converted at the rate of exchange for each Singapore dollar to Swiss Franc as extracted from the Business Times of Singapore on the date falling three days before the issue of the written notice by the Investors;
- (iv) Upon conversion of the convertible bonds, ayondo AG shall issue to the investors such number of free warrants, pro rata their investment, with an aggregate exercise price equivalent to 20% of the principal amount of the convertible bonds. Please refer to the "Interested Person Transactions – Issuance of Warrants" section of this Offer Document for more details;
- (v) Upon the occurrence of an event of default:
  - (a) ayondo AG shall repay to the investors the repayment price pro rata their investment, which is an amount equivalent to the principal amount, pro rata their investment, plus an annual premium of 12% calculated on a per annum basis from the relevant completion date to the repayment date;

## INTERESTED PERSON TRANSACTIONS

- (b) ayondo AG shall undertake to issue to the investors such number of additional free warrants with an aggregate exercise price equivalent to 30% of the value of the principal amount and pro rata their investment and having an expiry date being 2 years from the repayment event.

As at the date of this Offer Document, the principal amount of CHF5,500,000 under the CB1 has been converted and an aggregate of 66,265 ayondo AG shares were issued to the investors. The interest accrued for convertible bonds pursuant to CB1 will be repaid using the proceeds from the Invitation. Please refer to the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

Our Directors are of the opinion that the CB1 was conducted on arm’s length basis and on normal commercial terms and were not prejudicial to the interests of our Group and our Company’s minority shareholders as the interest rates were at the prevailing market lending rate at the time the CB1 was entered into.

### Issuance of Convertible Bonds in July 2014

ayondo AG and ayondo Asia entered into a convertible bond agreement dated 23 July 2014 (“CB2”) with, amongst others, Luminor Pacific Fund 1 Ltd. and Foo Fatt Kah. Below are the details of the Convertible Bonds in July 2014 pursuant to CB2:

Name of Investor	Amount (S\$)	Number of ayondo AG Shares to be issued	Number of Warrants issued
Luminor Pacific Fund 1 Ltd.	4,200,000	36,713	7,343
Kwan Chee Seng	350,000	3,059	612
Foo Fatt Kah	350,000	3,059	612
Kantilal S/O Champaklal Ramdas	100,000	874	–
<b>Total</b>	<b>5,000,000</b>	<b>43,705</b>	<b>8,567</b>

The maturity date of the bonds is four (4) years from the date of issuance, carries nil interest for the first two (2) years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum on all overdue payment.

The terms of the conversion of the convertible bonds, are amongst others:

- (i) The investors have the option and right to convert all or part of the convertible bonds into ayondo AG shares upon the earliest of (a) a listing event; (b) a change of control or (c) at the election of the investors at their discretion after the first anniversary of the completion date of the relevant tranches;
- (ii) The subscription price for each ayondo AG share shall be (a) CHF83 per ayondo AG share; or (b) at any subsequently adjusted price which represents a valuation of CHF38,000,000 of ayondo AG on a fully-diluted basis, whichever is lower;
- (iii) Any part of the principal amount and interest of the convertible bond to be applied for the conversion into ayondo AG shares shall be converted at the rate of exchange for each Singapore dollar to Swiss Franc as extracted from the Business Times of Singapore on the date falling three days before the issue of the written notice by the investors;

## INTERESTED PERSON TRANSACTIONS

- (iv) Upon conversion of the convertible bonds, ayondo AG shall issue to the investors such number of free warrants, pro rata their investment, with an aggregate exercise price equivalent to 20% of the principal amount of the convertible bonds. Please refer to the “Interested Person Transactions – Issuance of Warrants” section of this Offer Document for more details; and
- (v) Upon the occurrence of an event of default:
- (a) ayondo AG shall repay to the investors the repayment price pro rata their investment, which is an amount equivalent to the principal amount, pro rata their investment, plus an annual premium of 12% calculated on a per annum basis from the relevant completion date to the repayment date;
- (b) ayondo AG shall undertake to issue to the investors such number of additional free warrants with an aggregate exercise price equivalent to 30% of the value of the principal amount and pro rata their investment and having an expiry date being 2 years from the repayment event.

As at the date of this Offer Document, the principal amount of S\$5,000,000 under CB2 has been converted and an aggregate of 43,705 ayondo AG shares were issued to the investors. The interest accrued for convertible bonds pursuant to CB2 will be repaid using the proceeds from the Invitation. Please refer to the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

Our Directors are of the opinion that CB2 was conducted on arm’s length basis and on normal commercial terms and was not prejudicial to the interests of our Group and our Company’s minority shareholders as the interest rates were at the prevailing market lending rate at the time the CB2 was entered into.

### Issuance of Convertible Bonds in April 2015

On 20 April 2015, ayondo AG and ayondo Asia further entered into an exchangeable bond agreement (“**CB3**”) with, amongst others, Luminor Pacific Fund 1 Ltd. and Foo Fatt Kah. Below are the details of the convertible bonds in April 2015 pursuant to CB3:

Name of Investor	Amount (S\$)	Number of ayondo AG Shares to be issued	Number of Warrants issued
Luminor Pacific Fund 1 Ltd.	5,000,000	36,459	18,230
Kwan Chee Seng	1,000,000	7,292	3,771
Foo Fatt Kah	500,000	3,646	1,913
Kantilal S/O Champaklal Ramdas	100,000	729	–
Angelie Cheah Yee Ping	100,000	729	–
<b>Total</b>	<b>6,700,000</b>	<b>48,855</b>	<b>23,914</b>

## INTERESTED PERSON TRANSACTIONS

The maturity date of the bonds is two (2) years from the date of issuance, carries nil interest for the first year and 8% per annum interest after the first year and bears an overdue interest of 5% per annum on all overdue payment.

As at the date of this Offer Document, the principal amount of S\$6,700,000 has been fully converted and an aggregate of 48,855 ayondo AG shares were issued to the investors. The interest accrued for convertible bonds pursuant to CB3 will be repaid using the proceeds from the Invitation. Please refer to the “Use of Proceeds and Listing Expenses” section of this Offer Document for more details.

Our Directors are of the opinion that the CB3 was conducted on arm’s length basis and on normal commercial terms and were not prejudicial to the interests of our Group and our Company’s minority shareholders as the interest rates were at the prevailing market lending rate at the time the CB3 was entered into.

### Issuance of Warrants

During the Relevant Period, pursuant to the Singapore Investment Agreements, ayondo AG issued warrants to purchase shares to Luminor Pacific Fund 2 Ltd. and Foo Fatt Kah who have exercised their rights to purchase shares in ayondo AG in accordance with the respective terms and conditions of the warrants. The table below sets out the details of such warrants to purchase shares in the capital of ayondo AG.

	<b>Date of Instrument</b>	<b>Number and description of shares</b>	<b>Exercise Price</b>	<b>Date of Exercise</b>
Luminor Pacific Fund 1 Ltd.	23 July 2014	7,343 ordinary shares	CHF83 per ordinary share	20 October 2016
	20 April 2015	18,230 ordinary shares	CHF97 per ordinary share	18 August 2016
Luminor Pacific Fund 2 Ltd.	17 January 2014	12,048 ordinary shares	CHF83 per ordinary share	27 June 2016
Foo Fatt Kah	17 January 2014	97 ordinary shares	CHF83 per ordinary share	27 June 2016
	23 July 2014	612 ordinary shares	CHF83 per ordinary share	20 October 2016
	20 April 2015	90 ordinary shares	CHF97 per ordinary share	18 August 2016
	20 April 2015	1,823 ordinary shares	CHF97 per ordinary share	18 August 2016

## INTERESTED PERSON TRANSACTIONS

	Date of Instrument	Number and description of shares	Exercise Price	Date of Exercise
Kwan Chee Seng	17 January 2014	1,060 ordinary shares	CHF83 per ordinary share	27 June 2016
	23 July 2014	612 ordinary shares	CHF83 per ordinary share	20 October 2016
	20 April 2015	125 ordinary shares	CHF97 per ordinary share	18 August 2016
	20 April 2015	3,646 ordinary shares	CHF97 per ordinary share	18 August 2016

As at the date of this Offer Document, the Luminor Funds, Kwan Chee Seng and Foo Fatt Kah have exercised all the warrants.

Our Directors are of the opinion that the above warrants were issued on an arm's length basis and on normal commercial terms and were not prejudicial to the interests of our Group and our Company's minority shareholders having regard that the exercise price, other terms and conditions applicable to non-interested persons who have entered into the Singapore Investment Agreements have been granted similar warrants.

### Other transaction – Provision of consultant services by Angela Sadler

The following fees were paid to Jass Consulting Ltd. ("**Jass Consulting**"), a company incorporated in UK which is wholly-owned by our Chief Talent Officer and General Counsel, Angela Sadler, in return for the provision of consultant services by Jass Consulting to our Group prior to the employment of Angela Sadler by our Group.

(GBP'000)	FY2014	FY2015	FY2016	9M2017
Jass Consulting	35	60	52.5	–

Our Directors are of the opinion that the above transaction was conducted on an arm's length basis and on normal commercial terms and were not prejudicial to the interests of our Group and our Company's minority shareholders as the consultant fees paid by our Group to Jass Consulting were mutually agreed between the parties, which was based on the amount of consulting services provided at an hourly rate chargeable for similar services. We ceased paying management fees to Jass Consulting since 31 August 2016.

### PRESENT AND ON-GOING TRANSACTIONS

Save as disclosed below and for the Pre-IPO Convertible Loans as disclosed in the "Borrowings" section of this Offer Document which are conducted on arm's length basis and on normal commercial terms having regard to the terms granted to non-interested persons, none of our Directors, Controlling Shareholders or their respective Associates (each, an Interested Person) is interested in any material transaction undertaken by our Group for the Relevant Period.

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## INTERESTED PERSON TRANSACTIONS

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### Sub-lease of office space by NGFM to ayondo AG

We have been sub-leasing the premise at Baarerstrasse 79, 6300 Zug, Switzerland from NGFM for use as an office for ayondo AG. The sub-lease agreement is on-going until terminated by either party giving six months' notice. Details of the rental paid by our Group to NGFM during the Relevant Period are as follows:

(CHF)	FY2014	FY2015	FY2016	9M2017	1 October 2017 to the Latest Practicable Date
NGFM	22,800	24,000	24,000	18,000	9,222

Our Directors are of the opinion that the above transaction is carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Group and our Company's minority shareholders as the current monthly rental is based on the prevailing market rate at the time the sub-lease agreement was entered into.

### Loans from Global Money Ventures AG to our Group

Non-trade related loans are given by Global Money Ventures AG to our Group for the Relevant Period for working capital purposes. The value of transactions made from Global Money Ventures AG to our Group during the Relevant Period are as follows:

	As at 31 December 2014 ( '000)	As at 31 December 2015 ( '000)	As at 31 December 2016 ( '000)	As at 30 September 2017 ( '000)	Largest amount outstanding for the Relevant Period ( '000)	As at the Latest Practicable Date ( '000)
Global Money Ventures AG	€300	€200	€100	€100	€300	€100

The above loan will be fully repaid using the proceeds from the Invitation. Please see the "Use of Proceeds and Listing Expenses" section of this Offer Document for more details. The loan transaction is not regarded as being conducted on an arm's length basis nor on normal commercial terms as the interest charged at the rates at 2% and 4% is lower than the prevailing market lending rates at the time the loan agreements were entered into. Accordingly, our Directors are of the opinion that this transaction is not prejudicial to the interests of our Group and our Company's minority shareholders.

Following the admission of our Company to Catalist, we have no intention to obtain further loans from this Interested Person.

## INTERESTED PERSON TRANSACTIONS

### Loans from our Directors to our Group

As part of our business and working capital requirements, our Directors have granted loans to our Group. Details of the loans granted by our Directors to our Group during the Relevant Period are as follows:

	As at 31 December 2014 ('000)	As at 31 December 2015 ('000)	As at 31 December 2016 ('000)	As at 30 September 2017 ('000)	Largest amount outstanding for the Relevant Period ('000)	As at the Latest Practicable Date ('000)
Thomas Winkler	US\$400	US\$400	US\$400	US\$400	US\$400	US\$400
			€100	€100	€100	€100 <sup>(1)</sup>
				CHF150	CHF150	CHF150 <sup>(1)</sup>
Robert Lempka	–	–	€100	€100	€100	€100 <sup>(2)</sup>
Foo Fatt Kah	–	–	S\$1,050	S\$1,050	S\$1,126 <sup>(3)</sup>	S\$1,126 <sup>(3)</sup>

#### Notes:

- (1) The outstanding principal amounts of these loans of €100,000 and CHF100,000 respectively were converted into Pre-IPO Convertible Loans. An additional Pre-IPO Convertible Loan of CHF50,000 was granted by Thomas Winkler to our Group. The conversions of these existing loans to Pre-IPO Convertible Loans are conducted on an arm's length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons. Please refer to the "Capitalisation and Indebtedness – Borrowings" section of this Offer Document for more details on the terms of such conversions.
- (2) The outstanding principal amount of €100,000 was converted into Pre-IPO Convertible Loan. The conversions of these existing loans to Pre-IPO Convertible Loans are conducted on an arm's length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons. Please refer to the "Capitalisation and Indebtedness – Borrowings" section of this Offer Document for more details on the terms of such conversions.
- (3) The outstanding principal amount together with the accrued and unpaid interest under this loan being the sum of S\$1,126,300 were converted into Pre-IPO Convertible Loan. The conversion of this existing loan to Pre-IPO Convertible Loan is conducted on an arm's length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons. Please refer to the "Capitalisation and Indebtedness – Borrowings" section of this Offer Document for more details on the terms of such conversions.

The loans were granted at the interest rates of 2% and 8% per annum. Where interest is charged at the rate of 2% per annum, the loan transaction is not regarded as being conducted on an arm's length basis nor on normal commercial terms as the interest charged is lower than the prevailing market lending rates at the time the loan agreements were entered into. However, our Directors are of the opinion that these transactions are not prejudicial to the interests of our Group and our Company's minority shareholders.

In the case where interest is charged at the rate of 8% per annum, the loan transaction is regarded as being conducted on an arm's length basis and on normal commercial terms as the interest charged is at the prevailing market lending rates at the time the loan agreements were entered into. Accordingly, our Directors are of the opinion that these transactions are not prejudicial to the interests of our Group and our Company's minority shareholders.

Following the admission of our Company to Catalist, we have no intention to obtain further loans from these Interested Persons.

## INTERESTED PERSON TRANSACTIONS

### Loans from Kwan Chee Seng and his associates to our Group

As part of our business and working capital requirements, our Controlling Shareholder, Kwan Chee Seng and his associates have granted loans to our Group. Details of the loans granted by Kwan Chee Seng and his associates to our Group during the Relevant Period are as follows:

	As at 31 December 2014 ('000)	As at 31 December 2015 ('000)	As at 31 December 2016 ('000)	As at 30 September 2017 ('000)	Largest amount outstanding for the Relevant Period ('000)	As at the Latest Practicable Date ('000)
Kwan Chee Seng	–	–	S\$1,050	S\$1,050	S\$1,126	S\$1,126 <sup>(1)</sup>
GRP Limited	–	–	–	S\$2,100	S\$2,180	S\$2,180 <sup>(2)</sup>
Starland Holdings Limited	–	–	–	S\$992	S\$1,027	S\$1,027 <sup>(3)</sup>

#### Notes:

- (1) The outstanding principal amount together with the accrued and unpaid interest under this loan being the sum of S\$1,126,300 were converted into Pre-IPO Convertible Loan. Please refer to the “Capitalisation and Indebtedness – Borrowings” section of this Offer Document for more details. The conversion of this existing loan to Pre-IPO Convertible Loan is conducted on an arm’s length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons.
- (2) The outstanding principal amount together with the accrued and unpaid interest under this loan being the sum of S\$2,179,627 were converted into Pre-IPO Convertible Loan. Please refer to the “Capitalisation and Indebtedness – Borrowings” section of this Offer Document for more details. The conversion of this existing loan to Pre-IPO Convertible Loan is conducted on an arm’s length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons.
- (3) The outstanding principal amount together with the accrued and unpaid interest under this loan being the sum of S\$1,027,153 were converted into Pre-IPO Convertible Loan. Please refer to the “Capitalisation and Indebtedness – Borrowings” section of this Offer Document for more details. The conversion of this existing loan to Pre-IPO Convertible Loan is conducted on an arm’s length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons.

The above loans are regarded as being conducted on an arm’s length basis and on normal commercial terms as the interest rate of 8% per annum is at the prevailing market lending rate at the time the loan agreements were entered into. Accordingly, our Directors are of the opinion that these transactions are not prejudicial to the interests of our Group and our Company’s minority shareholders.

Following the admission of our Company to Catalist, we have no intention to obtain further loans from these Interested Persons.

### Expenses incurred in relation to the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited

On 27 October 2017, our Company and Starland Holdings Limited have entered into an agreement pursuant to which our Company agreed to assume the sum of S\$1,140,544 (“**Acquisition Expenses**”) as part of the expenses incurred in relation to the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited (“**Proposed Acquisition**”). As the conditions precedent for the Proposed Acquisition were not fulfilled or waived by the extended long-stop date of 30 September 2017 and the parties to the Proposed Acquisition had not agreed on any further extension of time, the Proposed Acquisition did not complete. Notwithstanding so,



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## INTERESTED PERSON TRANSACTIONS

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our Company has agreed to reimburse Starland Holdings Limited the Acquisition Expenses which were determined based on the purposes of the expenses and the Acquisition Expenses comprise of professional fees incurred in relation to the listing of our Company via a reverse-takeover. It was agreed that our Company will only reimburse the Acquisition Expenses to Starland Holdings Limited upon occurrence of the Listing and the Acquisition Expenses shall be automatically be converted into Shares at the date of conversion selected by our Company. As at the date of this Offer Document, the Acquisition Expenses has been converted and an aggregate of 6,547,324 Shares were issued to Starland Holdings Limited.

The above transaction is regarded as being conducted on an arm's length basis and on normal commercial terms as the Acquisition Expenses which were determined based on the purposes of the expenses and the Acquisition Expenses comprise of professional fees incurred in relation to the listing of our Company via a reverse-takeover. Our Directors are of the opinion that this transaction is not prejudicial to the interests of our Group and our Company's minority shareholders.

### Other transaction – Loan transaction with an Executive Officer

As part of our business and working capital requirements, our CFO, Rick Fulton, has granted a loan to our Group. Details of the loan granted by Rick Fulton to our Group during the Relevant Period are as follows:

	As at 31 December 2014 (‘000)	As at 31 December 2015 (‘000)	As at 31 December 2016 (‘000)	As at 30 September 2017 (‘000)	Largest amount outstanding for the Relevant Period (‘000)	As at the Latest Practicable Date (‘000)
Rick Fulton	–	–	£200	£200	£200	£200 <sup>(1)</sup>

**Note:**

- (1) The outstanding principal amount of this loan of £200,000 was converted into Pre-IPO Convertible Loan. Please refer to the “Capitalisation and Indebtedness – Borrowings” section of this Offer Document for more details. The conversion of this existing loan to Pre-IPO Convertible Loan is conducted on an arm's length basis and on normal commercial terms having regard to the terms offered for such conversion granted to non-interested persons.

The above transaction is regarded as being conducted on an arm's length basis and on normal commercial terms as the interest rate of 8% per annum is at the prevailing market lending rate at the time the loan agreement was entered into. Our Directors are of the opinion that this transaction is not prejudicial to the interests of our Group and our Company's minority shareholders.

Following the admission of our Company to Catalist, we have no intention to obtain further loans from this Executive Officer.

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## INTERESTED PERSON TRANSACTIONS

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### Chapter 9 of the Catalyst Rules

Under Chapter 9 of the Catalyst Rules, where a listed company or any of its subsidiaries or associated companies over which the listed company has control (other than a subsidiary or associated company that is listed on a foreign stock exchange) proposes to enter into a transaction with the listed company's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial threshold. In particular, shareholders' approval is required where the value of such transaction is not below S\$100,000 and is:

- (i) equal to or more than 5% of the latest audited NTA of the listed company; or
- (ii) equal to or more than 5% of the latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

### Definitions under the Catalyst Rules

Under the Catalyst Rules:

- (a) the term "interested person" is defined to mean a director, CEO, or controlling shareholder of the listed company or an associate of any such director, CEO or controlling shareholder; and
- (b) the term "associate" is defined to mean:
  - (i) in relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual):
    - his immediate family;
    - the trustee of any trust of which he and his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - any company in which he and his immediate family (that is, the spouse, child, adopted child, step child, sibling or parent) together (directly or indirectly) have an interest of 30% or more;
  - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

### REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with interested persons are undertaken on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by our Group.

In relation to any purchase of products or procurement of services from interested persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price, procurement

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## INTERESTED PERSON TRANSACTIONS

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price or fee for services shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The Audit and Risk Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to interested persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.

All interested persons transactions above S\$100,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated parties.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follows:

- (i) a “category one” interested person transaction is one where the value thereof is in excess of 5% of the NTA of our Group; and
- (ii) a “category two” interested person transaction is one where the value thereof is below or equal to 5% of the NTA of our Group.

“Category one” interested person transactions must be approved by our Audit and Risk Committee prior to entry. “Category two” interested person transactions need not be approved by our Audit and Risk Committee prior to entry but shall be reviewed on a quarterly basis by our Audit and Risk Committee.

Before any agreement or arrangement with an interested person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit and Risk Committee. In the event that a member of our Audit and Risk Committee is interested in any interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit and Risk Committee.

We will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules, the Companies Act or the SFA, we will seek independent Shareholders’ approval for such transactions.

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## POTENTIAL CONFLICTS OF INTERESTS

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### INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

In general, a conflict of interest arises when any of our Directors, CEO, Controlling Shareholders or their Associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products or services as our Group. Save as disclosed below and in the “Interested Person Transactions” section of this Offer Document, during the Period Under Review and the period from 1 October 2017 to the Latest Practicable Date:

- (a) none of our Directors, Controlling Shareholders or any of their respective Associates has any interest, direct or indirect, in any transactions to which our Company or any of our subsidiaries was or is a party;
- (b) none of our Directors, Controlling Shareholders or any of their respective Associates has any interest, direct or indirect, in any Entity carrying on the same business or dealing in similar products which competes materially and directly with the existing business of our Group; and
- (c) none of our Directors, Controlling Shareholders or any of their respective Associates has any interest, direct or indirect, in any enterprise or company that is our customer or supplier of goods and services.

### INTERESTS OF EXPERTS

None of the experts named in this Offer Document:

- (i) is employed on a contingent basis by our Company or our subsidiaries;
- (ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or
- (iii) has a material economic interest, whether direct or indirect, in our Company, including having an interest in the success of the Invitation.

### INTERESTS OF SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

In the reasonable opinion of our Directors, save as disclosed below and in the “General and Statutory Information” section of this Offer Document, our Company does not have any material relationship with the Sponsor, Issue Manager, Underwriter and Placement Agent, in relation to the Invitation:

- (a) UOBKH is the Sponsor, Issue Manager, Underwriter and Placement Agent in relation to the Listing;
- (b) UOBKH will be the continuing Sponsor of our Company for a period of at least three years from the date our Company is admitted and listed on Catalist; and
- (c) pursuant to the Sponsorship and Management Agreement and as part of UOBKH’s fees as the Sponsor and Issue Manager, our Company issued 2,548,658 UOBKH Shares at the Invitation Price to UOBKH representing 0.5% of the issued and paid-up share capital of our Company immediately prior to the Invitation.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding the Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore GST at the prevailing rate of 7% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## CORPORATE GOVERNANCE

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### CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Our Board of Directors has formed three committees: (i) the Audit and Risk Committee, (ii) the Remuneration Committee and (iii) the Nominating Committee.

We have appointed Foong Daw Ching to be our Lead Independent Director. As Lead Independent Director, he is the contact person for Shareholders in situations where they have concerns or issues for which communication through the normal channels with our Executive Chairman, CEO, Executive Directors and/or CFO has not resolved or for which such communication is inappropriate.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our other Directors or Substantial Shareholders, save as disclosed in the “Interested Person Transactions” section of this Offer Document. Our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

#### **Nominating Committee**

Our Nominating Committee comprises Lam Shiao Ning, Foong Daw Ching and Chan Heng Toong. The chairman of the Nominating Committee is Lam Shiao Ning.

Our Nominating Committee will be responsible for:

- (a) reviewing and recommending the nomination or re-nomination of our Directors having regard to each Director’s contribution and performance;
- (b) determining the composition of the Board, taking into account the future requirements of our Company, the need for diversity in regard to the Board composition and other considerations such as those set out in Guideline 2.6 of the Code of Corporate Governance 2012;
- (c) determining annually, and as and when circumstances require, whether or not a Director is independent;
- (d) deciding whether or not a director is able to and has been adequately carrying out his or her duties as a director;
- (e) assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;
- (f) reviewing and approving any new employment of related persons and the proposed terms of their employment;
- (g) reviewing the training and professional development programmes for our Board;
- (h) reviewing the succession plans for our Executive Directors and Executive Officers; and

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## CORPORATE GOVERNANCE

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- (i) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments.

The Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which addresses how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director. In the event that any member of Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Generally, the Nominating Committee does not appoint new directors, but nominates them to the Board which retains the final discretion in appointing such new directors.

Our Nominating Committee, after having considered the following:

- (a) the principal occupation and commitments of the Independent Directors, including the number of listed company board representations that each of them has;
- (b) the attendance to-date at board meetings of listed companies that each of the Independent Directors serves as independent directors;
- (c) the confirmation by the Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;
- (d) the professional experience and expertise of the Independent Directors; and
- (e) the composition of the Board,

is of the opinion that Lam Shiao Ning, Foong Daw Ching and Chan Heng Toong are suitable to be appointed as our Independent Directors. Each member of the Nominating Committee is able to commit sufficient time, attention and resources to discharge their respective duties. Each of the Independent Directors has also informed the respective nominating committees of the listed companies whom they serve as directors with regard to their appointments as our Independent Directors. Lam Shiao Ning has also confirmed that she has no intention to, nor will she, (excluding any law firm which she may be a partner of) provide legal services to our Group for as long as she is an Independent Director of our Company and that she will abstain from the deliberation on the appointment of, or work performed, by Oon & Bazul LLP for as long as she is an Independent Director of our Company.

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## CORPORATE GOVERNANCE

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### **Remuneration Committee**

Our Remuneration Committee comprises Chan Heng Toong, Foong Daw Ching and Lam Shiao Ning. The chairman of the Remuneration Committee is Chan Heng Toong.

Our Remuneration Committee will be responsible for recommending to the Board a framework of remuneration for our Directors, Executive Officers and key executives, and determine specific remuneration packages for the proposed executive chairman and each of our Executive Directors.

The recommendations of our Remuneration Committee will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. Each member of our Remuneration Committee shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of our Remuneration Committee in respect of his remuneration package.

The total remuneration of the employees who are related to our Directors will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from such review.

The remuneration paid to employees who are immediate family members of our Directors will be disclosed in the annual report in the event such remuneration exceeds S\$150,000 for that financial year.

Additionally, it should be noted that the 2018 ayondo ESOS will be administered by our Remuneration Committee. Our Remuneration Committee will review our Group's obligations arising in the event of termination of service contracts entered into between our Group.

### **Audit and Risk Committee**

Our Audit and Risk Committee comprises Foong Daw Ching, Foo Fatt Kah, Lam Shiao Ning and Chan Heng Toong. The chairman of the Audit and Risk Committee is Foong Daw Ching.

Our Audit and Risk Committee will assist our Board in discharging their responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. Our Audit and Risk Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

In particular, our Audit and Risk Committee will meet at least quarterly to discuss and review the following where applicable:

- (a) review the audit plans of the external auditors, including the results of the external and internal auditors' examination and their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- (b) monitor and review the implementation of the auditors' recommendations for the internal control weaknesses identified in the auditors' letter to management;



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## CORPORATE GOVERNANCE

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- (c) review the quarterly, half-yearly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual, the Catalist Rules and any other relevant statutory or regulatory requirements;
- (d) review the risk profile of our Company, its internal control and risk management procedures and the appropriate steps to be taken to address and manage risks at acceptable levels determined by the Board;
- (e) ensure co-ordination between the external and internal auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our operating results or financial position, and the management's response;
- (g) consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- (h) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (i) review potential conflicts of interest (if any);
- (j) evaluate the independence of the external auditors;
- (k) review the adequacy of the internal audit function and ensure that a clear reporting structure is in place between the Audit and Risk Committee and the internal auditors;
- (l) review the hedging carried out by our Company and review and approve the hedging policies which have been implemented by our Company;
- (m) review procedures and policies of our Company for the purposes of internal accounting controls;
- (n) review arrangements by which our staff may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;
- (o) review the effectiveness of the proposed safeguards on a regular basis to prevent future breaches of the relevant rules and regulations by our Group;

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## CORPORATE GOVERNANCE

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- (p) in relation to risk assessment;
  - (i) keep under review our Group's overall risk assessment processes that inform the Board's decision making;
  - (ii) review regularly the effectiveness of the risk management policies adopted by our Group;
  - (iii) review regularly and approve the parameters used in these measures and the methodology adopted;
  - (iv) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
  - (v) review reports on any material breaches of risk limits and adequacy of proposed action;
  - (vi) oversee the scope and nature of work undertaken by the risk committee formed by our management team and considering the adequacy and effectiveness of resources; and
  - (vii) review all relevant risk reports on our Group;
- (q) monitor and review the regulatory developments, and review plans to mitigate risks which may affect the business of our Group;
- (r) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit and Risk Committee; and
- (s) generally undertake such other functions and duties as may be required by statute, the Catalist Rules, or by such amendments as may be made thereto from time to time.

Apart from the duties listed above, our Audit and Risk Committee shall 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 Group's operating results and/or financial position. Each member of the Audit and Risk Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

We had engaged Ernst & Young Advisory Pte. Ltd. to conduct an internal control review of key business processes for identifying gaps within the internal control framework and recommending controls improvement plans to our Group. The Audit and Risk Committee held discussions with the CFO together with Ernst & Young LLP and the internal auditor in relation to our Group's internal controls. During the course of discussions, the Audit and Risk Committee was given a broad overview of our Group's current internal control procedures, with emphasis on the internal controls over cash and bank balances and the IT systems.

We had previously identified material weaknesses in our internal control and have since been remediated. Based on the work performed by the internal auditors and discussion with the external auditors, implementation of recommendations by the management, and the review performed by management, our Directors, with the concurrence of Audit and Risk Committee, is of the opinion that internal controls and risk management system of our Group are effective and adequate to address the financial, operational, compliance and information technology risk.

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## CORPORATE GOVERNANCE

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Our Audit and Risk Committee shall also commission an annual internal control audit until such time as our Audit and Risk Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weakness (if any). Prior to decommission of such annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit and Risk Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the risk management and internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and our Board, our Board, to the best of its knowledge and belief, with the concurrence of our Audit and Risk Committee, is of the opinion that the risk management and internal controls of our Group are adequate to address financial, operational, compliance and information technology risks of our Group.

Our Audit and Risk Committee, after having conducted interviews with Rick Fulton and considered:

- (a) the qualifications and past working experiences of Rick Fulton (as described in the "Directors, Executive Officers and Staff" section of this Offer Document) which are compatible with his position as CFO of our Group;
- (b) Rick Fulton's past audit, taxation and accounting related experiences;
- (c) Rick Fulton's demonstration of the requisite competency in finance-related matters in connection with the preparation for the listing of our Company;
- (d) the absence of internal control weaknesses attributable to Rick Fulton identified during the internal control review conducted by the internal auditors; and
- (e) the absence of negative feedback on Rick Fulton from the representatives of the Independent Auditor and Reporting Accountants, Ernst & Young LLP, and our internal auditors,

is of the view that Rick Fulton is suitable for the position of CFO of our Group. In addition, he shall be subject to performance appraisal by our Audit and Risk Committee on an annual basis to ensure satisfactory performance.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit and Risk Committee members to cause them to believe that Rick Fulton does not have the competence, character and integrity expected of a CFO of a listed issuer.

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## CORPORATE GOVERNANCE

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### **BOARD PRACTICES**

Our Constitution provides that our Board will consist of not less than two Directors. None of our Directors is appointed for any fixed terms.

Generally, our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One-third (or the number nearest one-third) of our Directors, are required to retire from office at each annual general meeting. Every Director must retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in “Appendix C – Summary of Constitution of our Company” section of this Offer Document.

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## EXCHANGE CONTROLS

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### **Singapore**

There are no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by our Group; and (b) the remittance of profits that may affect dividends, interests or other payments to Shareholders.

### **Switzerland**

There are no foreign exchange control restrictions enforced in Switzerland that may restrict the repatriation of capital and remittance of profits to Shareholders.

### **Germany**

Under German law the transfer of money, including the profits of the German subsidiaries, can generally be transferred from a German bank account to a Swiss bank account by bank transfer. Particularly, it is not required to obtain a governmental or other public permission for a bank transfer.

However, if the amount to be wired exceeds an amount of EUR12,500, the money transfer has to be notified to the German Central Bank (Deutsche Bundesbank) until the fifth calendar day of the month following the money transfer. There are further requirements to be observed in connection with making a money transfer which may particularly involve the fulfillment of know-your-client requirements (as requested by the banks in accordance with applicable German law).

Please note that in certain cases money transfers may also be restricted under German law, particularly if the transfer is illegal under German laws, e.g. in case of money laundering or terrorism financing. If there are facts that indicate such an illegal transfer, the banks have to notify the police and the competent authorities may instruct the banks not to carry out the transfer in order to investigate the matter.

### **UK**

There are no foreign exchange control restrictions enforced in the UK that may restrict the repatriation of capital and remittance of profits to Shareholders.

### **Spain**

There are no foreign exchange control restrictions enforced in Spain that may restrict the repatriation of capital and remittance of profits to Shareholders.

### **Hong Kong**

There are no foreign exchange control restrictions enforced in Hong Kong under the laws of Hong Kong that may restrict the repatriation of capital and remittance of profits to the shareholders of a company incorporated in Hong Kong.

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## GENERAL AND STATUTORY INFORMATION

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### SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT AGREEMENT

Pursuant to the Sponsorship and Management Agreement dated 15 March 2018 between our Company and UOBKH as the Sponsor and Issue Manager, our Company appointed UOBKH to manage the Listing on our behalf and to provide full sponsorship services in relation to the Invitation, subject to the terms and conditions of the Sponsorship and Management Agreement. UOBKH will receive a management fee for such services rendered in connection with the Invitation.

Subject to the consent of the SGX-ST being obtained, the Sponsorship and Management Agreement may be terminated by the Sponsor and Issue Manager at any time before the close of the Application List on the occurrence of certain events including the following:

- (a) UOBKH becomes aware of any material breach by our Company and/or its agent(s) of any warranties, representations, covenants or undertakings given by our Company to UOBKH in the Sponsorship and Management Agreement;
- (b) there shall have been, since the date of the Sponsorship and Management Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of UOBKH; or
- (c) there is a conflict of interest for UOBKH, or any dispute, conflict or disagreement with our Company or our Company wilfully fails to comply with any advice from or recommendation of UOBKH.

Pursuant to the Underwriting and Placement Agreement dated 15 March 2018 between our Company and UOBKH, our Company appointed UOBKH as the Underwriter and Placement Agent, and UOBKH agreed to procure subscriptions for the Invitation Shares at the Invitation Price for a underwriting and placement commission of 3.5% of the Invitation Price (exclusive of GST) per Invitation Share, payable by our Company. UOBKH may, at its absolute discretion, appoint one or more sub-placement agents for the Placement.

Other than pursuant to the Sponsorship and Management Agreement and the Underwriting and Placement Agreement, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription of the Invitation Shares.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares or debentures in our Company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholder is or was involved in any of the following events:
  - (a) had at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction 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 two years from the date he ceased to be a partner;
  - (b) had at any time during the last 10 years, an application or a petition under any law of any jurisdiction 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 two 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;
  - (c) has any unsatisfied judgment against him;
  - (d) 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;
  - (e) has 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 pending criminal proceedings of which he is aware) for such breach;
  - (f) at any time during the last 10 years, had judgment 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 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;
  - (g) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any Entity or business trust;
  - (h) has 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;
  - (i) has 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;

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## GENERAL AND STATUTORY INFORMATION

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- (j) 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;
  - (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;
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
  - (iv) any Entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he was so concerned with the Entity or business trust; or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

### **Specific Disclosures**

#### ***Foong Daw Ching***

In November 2010, Foong Daw Ching was interviewed by the Commissioner of Charities and the Commercial Affairs Department (“**CAD**”) in his capacity as the then managing partner of his firm, TeoFoongWongLCLoong, in respect of certain allegations relating to the misapplication of church funds by certain officials of City Harvest Church. TeoFoongWongLCLoong is the auditor of City Harvest Church but Foong Daw Ching is neither the lead partner nor the engagement partner of the audit of City Harvest Church.

In September 2013, Foong Daw Ching testified in the court as a prosecution witness in the case of six City Harvest Church leaders accused of illegally funnelling money from the church. Foong Daw Ching was not subject to any proceedings in relation to the City Harvest Church cases.

#### ***Chan Heng Toong***

In 2003, Chan Heng Toong assisted in investigations conducted by the Authority in connection with a stop order on the proposed listing of a company on the SGX-ST. Chan Heng Toong was not subject to any warnings or sanctions from the Authority and was not contacted thereafter by the Authority to assist in any further investigations.



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## GENERAL AND STATUTORY INFORMATION

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### ***Lam Shiao Ning***

In 2004, Lam Shiao Ning, in her capacity as then director of ASG Law Corporation which had acted for a listed company in a placement transaction, assisted in investigations conducted by the CAD on the placement transaction where the group financial controller of that relevant company was involved in insider trading activity. Lam Shiao Ning was not subject to any warnings or sanctions from the CAD and was not contacted thereafter by the CAD to assist in any further investigations.

### ***Raza Perez***

In 2012, the Comisión Nacional del Mercado de Valores (“**CNMV**”), the Spanish securities market regulator, carried out a standard inspection of the internal controls of Activotrade for the period between 15 January 2010 and December 2011. On 24 March 2015, the CNMV released a formal decision to fine Activotrade for an aggregate of EUR80,000 for two breaches (the “**Formal Decision**”). Raza Perez was the CEO of Activotrade between January 2014 and December 2015. Activotrade had implemented additional internal controls to address the findings from the CNMV and had appointed external audit and compliance firms to advise Activotrade on internal controls, risk management and compliance matters. Save for the Formal Decision, Raza Perez confirmed that Activotrade has not received any adverse decision or findings by the CNMV up to December 2015. Raza Perez has neither management power nor authority to make any management decisions in Activotrade since December 2015.

In 2016, Raza Perez filed court proceedings against his previous employer, namely Activotrade, seeking discovery of documentation from Activotrade’s directors in connection with suspected breach of their duties as directors. The court in Spain had ordered Activotrade to disclose such documentation. As at the Latest Practicable Date, the court in Spain is still awaiting Activotrade to provide all documentation requested. Activotrade has also, in 2016, filed court proceedings against Raza Perez claiming liability by Raza Perez towards Activotrade for unloyal behavior. Raza Perez refuted such claim and felt that directors of Activotrade had filed such proceedings against him as a retaliation against him due to the pre-action discovery that was filed by him earlier. Due to non-compliance by Activotrade of an order by the Judge instructing it to provide an expert’s report and to pay for the same, an application has been made by Raza Perez to strike out this claim. As at the date of this Offer Document, the aforesaid court proceedings are at pre-trial stage pending the outcome of Raza Perez’s application to strike out the claim.

Around January 2017, Raza Perez received notification of court proceedings being commenced by Activotrade and its directors against Raza Perez and his wife alleging breach of privacy rights arising from the disclosure of information to the court in connection with the proceedings commenced around February 2016 by Raza Perez’s wife against the directors of Activotrade for alleged breach of fiduciary duties. An application has been made by Raza Perez to the court in Spain to dismiss the claim on grounds that there was no violation of privacy rights. As at the date of this Offer Document, the aforesaid court proceedings are pending the outcome of Raza Perez’s application to dismiss the claim.

### ***Luminor Capital Pte. Ltd.***

On 23 September 2014, Luminor Capital Pte. Ltd. was issued a supervisory warning by MAS due to the absence of records relating to beneficial ownership of its clients, thereby resulting in non-compliance of the relevant provisions of Notice SFA 04-N02 to Capital Markets Intermediaries on the Prevention of Money Laundering and Countering the Financing of Terrorism. Luminor Capital Pte. Ltd. and/or its directors were not subject to any fines or any other sanctions for the non-compliance and there were no subsequent correspondence with MAS on this matter.

## GENERAL AND STATUTORY INFORMATION

### SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company, being ordinary Shares. There is no founder, management or deferred shares. Our existing Shares do not carry voting rights which are different from the Invitation Shares. The rights and privileges attached to our Shares are stated in the Constitution of our Company. The Controlling Shareholders and Substantial Shareholders of our Company are not entitled to any different voting rights from the other Shareholders.
  
3. Save as disclosed below and in the “Share Capital” and “Restructuring Exercise” sections of this Offer Document, there were no changes in the share capital or the number or classes of shares of our Company or our subsidiaries within the last three years preceding the Latest Practicable Date.

Group Entity	Date	No. of shares issued	Purpose of issue	Resultant issued share capital
ayondo AG	30 May 2014	180,061	As consideration for acquisitions of equity stake in ayondo UK and ayondo GmbH	CHF21,000,100
	17 July 2014	10,712	Pursuant to the exercise of options	CHF21,535,700
	15 January 2015	46,778	For working capital	CHF23,874,600
	24 March 2015	13,403	For working capital	CHF24,544,750
	23 April 2015	48,855	For working capital	CHF26,987,500
	21 October 2016	25,620	As consideration for acquisitions of equity stake in ayondo UK and ayondo GmbH	CHF28,268,500
	15 December 2016	52,141	Pursuant to the exercise of options	CHF30,875,550
	16 February 2018	109,970	Pursuant to the exercise of options	CHF36,374,050
ayondo UK	24 February 2014	300,000	For working capital	£7,692,244
	24 March 2014	140,000	For working capital	£7,832,244
	30 April 2014	100,000	For working capital	£7,932,244
	13 June 2014	490,000	For working capital	£8,422,244
	26 June 2014	215,000	For working capital	£8,637,244
	28 July 2014	250,000	For working capital	£8,887,244
	30 September 2014	750,000	For working capital	£9,637,244
	20 February 2015	120,000	For working capital	£9,757,244
	23 March 2015	850,000	For working capital	£10,607,244
	22 June 2015	600,000	For working capital	£11,207,244
	31 May 2016	50,000	For working capital	£11,257,244

## GENERAL AND STATUTORY INFORMATION

Group Entity	Date	No. of shares issued	Purpose of issue	Resultant issued share capital
	30 June 2016	320,000	For working capital	£11,577,244
	30 September 2016	750,000	For working capital	£12,327,244
	16 October 2016	200,000	For working capital	£12,527,244
	26 October 2016	600,000	For working capital	£13,127,244
	24 November 2016	800,000	For working capital	£13,927,244
	19 April 2017	850,000	For working capital	£14,777,244
	20 October 2017	480,000	For working capital	£15,257,244
	31 October 2017	335,000	For working capital	£15,592,244
ayondo Asia	1 July 2014	1	For incorporation	S\$0.10
aPM GmbH	10 August 2015	50,000	For incorporation	€50,000
STN GmbH	20 November 2014	1	For incorporation	€25,000
Sycap UK	22 April 2014	1,497,051	For working capital	£8,064,432

4. Save as disclosed in the “Share Capital” and “Restructuring Exercise” sections of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three years preceding the date of this Offer Document.
5. Save as disclosed in the “Share Capital” section of this Offer Document, as at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

### MATERIAL CONTRACTS

6. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and subsidiary within the two years preceding the date of lodgement of this Offer Document and is or may be material:
  - (i) the Singapore Investment Agreements, details of which are set out below:

Agreement	General Nature and Consideration
CB1	Please refer to “Interested Person Transactions” section of this Offer Document for more details
CB2	Please refer to “Interested Person Transactions” section of this Offer Document for more details
CB3	Please refer to “Interested Person Transactions” section of this Offer Document for more details

## GENERAL AND STATUTORY INFORMATION

(ii) Loan Agreements:

<b>Date of Agreement</b>	<b>Lender</b>	<b>Loan Amount</b>	<b>Interest</b>	<b>Tenure/ Repayment Date</b>
27 January 2016	Henrik Peter Takkenberg	€90,000	8% per annum	Loan for 6 months up to 31 August 2016 and was repaid on 31 August 2016
27 January 2016	Next Generation Finance Management AG	CHF200,000	8% per annum	Loan for 6 months up to 31 August 2016 and was repaid on 31 August 2016
1 February 2016	GMC Global Management Consultance Ltd.	CHF150,000 and €50,000	8% per annum	Loan for 6 months up to 31 August 2016 and was repaid on 1 September 2016
2 February 2016	West Broadway GmbH	€100,000	8% per annum	Loan for 6 months up to 31 August 2016 and was repaid on 31 August 2016
5 February 2016	Gianfranco Antonio Calabretti	CHF200,000	8% per annum	Loan for 6 months up to 31 August 2016 and was repaid on 31 August 2016
22 February 2016	Baltische Bauentwicklungsgesellschaft GmbH	€250,000	8% per annum	Loan for 6 months up to 31 August 2016 and was repaid on 31 August 2016
20 October 2016	Baltische Bauentwicklungsgesellschaft GmbH	€100,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(1)</sup>
20 October 2016	Henrik Peter Takkenberg	€90,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>
20 October 2016	Jürgen Breuer	€100,000	8% per annum	Loan for 6 months up to 31 May 2017 and was repaid on 11 September 2017
20 October 2016	Robert Lempka	€100,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>
20 October 2016	Thomas Winkler	€100,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>

## GENERAL AND STATUTORY INFORMATION

Date of Agreement	Lender	Loan Amount	Interest	Tenure/ Repayment Date
30 October 2016	Oana-Madalina Baloi	CHF213,533	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>
7 November 2016	Kwan Chee Seng	S\$1,050,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>
7 November 2016	Foo Fatt Kah	S\$1,050,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>
19 December 2016	Rick Fulton	£ 200,000	8% per annum	Loan for 6 months up to 31 May 2017 <sup>(2)</sup>
10 April 2017	GRP Limited	S\$2,100,000	8% per annum	Loan for the period until 30 September 2017 <sup>(2)</sup>
11 April 2017	Thomas Winkler	CHF100,000	8% per annum	Loan for the period until 30 September 2017 <sup>(2)</sup>
11 September 2017	Baltische Bauentwicklungsgesellschaft GmbH	€100,000	8% per annum	Loan for the period until 30 September 2017 <sup>(1)</sup>

**Notes:**

- (1) This loan was extended until 30 September 2018.
- (2) This loan was converted into Pre-IPO Convertible Loan. Please refer to the “Capitalisation and Indebtedness – Borrowings” section of this Offer Document for more details.
- (iii) The amendment agreement dated 13 November 2017 in relation to the loan of US\$400,000 entered between ayondo AG and Thomas Winkler to extend repayment date until 30 September 2018;
- (iv) The amendment agreement dated 1 October 2017 in relation to the loan of €100,000 entered between ayondo AG and Baltische Bauentwicklungsgesellschaft GmbH to extend repayment date until 30 September 2018;
- (v) The payment and deferral agreement dated 15 November 2017 entered between SevenVentures GmbH and ayondo AG in relation to the agreement with regard to media and services dated 19 May 2017 to extend the repayment date to 30 September 2018;
- (vi) The conditional reimbursement and conversion agreement dated 27 October 2017 entered between our Company and Starland Holdings Limited in relation to the expenses in the amount of S\$1,140,544 incurred for the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited;
- (vii) Conditional sale and purchase agreement dated 20 June 2016 entered between, amongst others, ayondo AG and Starland Holdings Limited in relation to the proposed acquisition of the entire equity interest of ayondo AG by Starland Holdings Limited;

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## GENERAL AND STATUTORY INFORMATION

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- (viii) Sale and purchase agreements dated 5 September 2016 and 31 October 2016 for the sale of shares in Stockpulse GmbH and 2iQ Research GmbH held by ayondo AG, which were minority stakes in these companies, for a consideration of €500,000 and €310,000 respectively;
- (ix) Restructuring agreement dated 23 February 2018 between our Company and shareholders of ayondo AG in respect of the acquisition of shares in ayondo AG. Please refer to the “Restructuring Exercise” section of this Offer Document for more details;
- (x) The Pre-IPO CLAs, details of which are set out in the “Capitalisation and Indebtedness – Borrowings” section of this Offer Document;
- (xi) Sponsorship and Management Agreement dated 15 March 2018 between our Company and UOBKH, in relation to the appointment of UOBKH as introducing sponsor to manage the Placement, as described in the “General and Statutory Information – Sponsorship, Management, Underwriting and Placement Agreement” section of this Offer Document;
- (xii) Underwriting and Placement Agreement dated 15 March 2018 between our Company and UOBKH, in relation to the appointment of UOBKH as the Placement Agent for the Placement, as described in the “General and Statutory Information – Sponsorship, Management, Underwriting and Placement Agreement” section of this Offer Document;

### LITIGATION

7. As at the Latest Practicable Date, neither our Company nor our subsidiaries are engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months immediately preceding the date of this Offer Document, a material effect on our financial position or profitability. Our Directors have no knowledge of any proceedings pending or threatened against our Company or any member of our Group or any facts likely to give risk to any litigation, claims or proceedings which might materially affect our financial position or profitability.

### MISCELLANEOUS

8. Save as disclosed in the “Subsequent Events” section in Appendix A of this Offer Document, our Directors are not aware of any event which has occurred since 30 September 2017 to the Latest Practicable Date, which may have a material effect on the financial information provided in the Audited Consolidated Financial Statements set out in Appendix A of this Offer Document.

### CONSENTS

9. The Auditors and Reporting Accountants, Ernst & Young LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditor’s Report on the Consolidated Financial Statements for the Financial Years ended 31 December 2014, 2015, 2016 and Nine-Month Periods Ended 30 September 2016 and 2017” and “Unaudited Pro Forma Consolidated Financial Information for the Financial Year ended 31 December 2016 and the Nine-Month Period ended 30 September 2017” as set out in Appendices A and B of this Offer Document respectively in the form and context in which it is included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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10. The Sponsor, Issue Manager, Underwriter and Placement Agent, UOB Kay Hian Private Limited, has given and has not withdrawn its written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
11. The Solicitors to the Invitation and Legal Adviser to our Company as to Singapore Law, Opal Lawyers LLC, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.
12. The Legal Adviser to our Company on Swiss Law, Meyerlustenberger Lachenal AG, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.
13. The Legal Adviser to our Company on laws of England and Wales, Reed Smith LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.
14. The Legal Adviser to our Company on German Law except regulatory and tax matters, Greenfort – Partnerschaft von Rechtsanwälten mbB, has given and has not withdrawn its written consent to the issue of the section on German Exchange Control of this Offer Document with the inclusion of its name in the form and context in which it is included in the section Corporate Information of this Offer Document.
15. The Legal Adviser to our Company on regulatory matters under German Law, Noerr LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.
16. The Legal Adviser to ayondo GmbH on regulatory matters in Germany, mzs Rechtsanwälte GbR, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.
17. The Legal Adviser to our Company on Spanish Law, Baker & McKenzie Barcelona, S.L.P., has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.
18. The Legal Adviser to our Company on Hong Kong Law, P. C. Woo & Co., has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity in relation to this Offer Document.

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## GENERAL AND STATUTORY INFORMATION

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19. The Share Registrar, Tricor Barbinder Share Registration Services, has given and has not withdrawn its written consents to the issue of this Offer Document with the inclusion herein of its names and references thereto in the form and context in which it respectively appears in this Offer Document and to act in such capacity relation to this Offer Document.
20. Each of the Solicitors to the Invitation and Legal Adviser to our Company as to Singapore Law, the Legal Adviser to our Company as to Swiss Law, the Legal Adviser to our Company as to laws of England and Wales, the Legal Adviser to our Company matters other than regulatory and tax matters under German Law, the Legal Adviser to our Company as to Spanish Law, the Legal Adviser to our Company as to Hong Kong Law, the Share Registrar, does not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Offer Document.

### DOCUMENTS AVAILABLE FOR INSPECTION

21. Copies of the following documents may be inspected at the registered address of our Company during normal business hours for a period of six months from the date of registration by the SGX-ST acting as agent on behalf of the Authority, of this Offer Document:
  - (a) the Constitution of our Company;
  - (b) the Audited Consolidated Financial Statements set out in Appendix A of this Offer Document;
  - (c) the Unaudited Pro Forma Consolidated Financial Information set out in Appendix B of this Offer Document;
  - (d) the material contracts referred to in paragraph 6 above;
  - (e) the letters of consent referred to in paragraphs 9 to 19 above; and
  - (f) the Service Agreements.

### RESPONSIBILITY STATEMENT BY OUR DIRECTORS

22. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Listing, and our Company and our subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context. In this regard, the Sponsor has advised the Directors to engage the independent auditors and reporting accountants to perform agreed-upon procedures to ensure that such information have been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.



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**APPENDIX A**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015, 2016 AND**  
**NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2016 AND 2017**

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ayondo Ltd. and its Subsidiaries

Audited Consolidated Financial Statements  
For the financial years ended 31 December 2014, 2015, 2016 and  
nine-month periods ended 30 September 2016 and 2017

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**APPENDIX A  
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ayondo Ltd. and its Subsidiaries

**General information**

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**ayondo Ltd. and its Subsidiaries**

**Directors' Statement**

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The directors present their statement to the members together with the audited consolidated financial statements of ayondo Ltd. (the "Company") and its subsidiaries (collectively the "Group") for the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017.

**Opinion of the directors**

In the opinion of the directors

- (i) the consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 September 2017 of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial years ended on 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

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Robert Lempka  
Director

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Thomas Winkler  
Director

28 February 2018

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FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015, 2016 AND  
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ayondo Ltd. and its Subsidiaries

**Independent Auditor's Report**

**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

**Independent Auditor's Report to the members of ayondo Ltd.**

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The Board of Directors  
ayondo Ltd.  
36 Armenian Street  
#02-08  
Singapore 179934

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of ayondo Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position of the Group as at 31 December 2014, 2015, 2016 and September 2017, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, 2015, 2016 and 30 September 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017 in accordance with the International Financial Reporting Standards.

**Basis for Opinion**

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

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**ayondo Ltd. and its Subsidiaries**

**Independent Auditor's Report**

**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

**Independent Auditor's Report to the members of ayondo Ltd.**

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**Responsibilities of Management and Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

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**APPENDIX A  
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ayondo Ltd. and its Subsidiaries

**Independent Auditor's Report**

**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

**Independent Auditor's Report to the members of ayondo Ltd.**

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

***Restriction on Distribution and Use***

This report is made solely to you as a body and for the inclusion in the Offering Document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

Chan Yew Kiang  
Partner  
28 February 2018

**APPENDIX A**  
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ayondo Ltd. and its Subsidiaries

**Consolidated Statements of Comprehensive Income**  
**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended**  
**30 September 2016 and 2017**

	Note	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Trading revenue	4	3,726	11,063	18,886	14,996	14,661
Fees, rebates, client bonuses and betting duty tax	5	(1,477)	(5,120)	(9,006)	(6,653)	(7,403)
<b>Net operating income</b>		<b>2,249</b>	<b>5,943</b>	<b>9,880</b>	<b>8,343</b>	<b>7,258</b>
Other income		19	34	327	256	110
Staff expenses	6	(4,145)	(4,605)	(5,741)	(4,099)	(4,812)
Marketing expenses	7	(1,543)	(6,116)	(3,300)	(2,344)	(2,239)
Other operating expenses		(4,625)	(6,244)	(10,129)	(6,658)	(5,815)
<b>Total operating expenses</b>		<b>(10,294)</b>	<b>(16,931)</b>	<b>(18,843)</b>	<b>(12,845)</b>	<b>(12,756)</b>
<b>Operating loss</b>		<b>(8,045)</b>	<b>(10,988)</b>	<b>(8,963)</b>	<b>(4,502)</b>	<b>(5,498)</b>
Finance income		86	–	1	1	1
Finance costs		(727)	(1,333)	(1,804)	(1,273)	(1,542)
Share of results of associates		(458)	(17)	–	–	–
Remeasurement gain on initial equity interest		7,500	–	–	–	–
<b>Loss before tax</b>	8	<b>(1,644)</b>	<b>(12,338)</b>	<b>(10,766)</b>	<b>(5,774)</b>	<b>(7,039)</b>
Income tax credit	9	231	358	332	260	434
<b>Loss for the year, net of tax</b>		<b>(1,413)</b>	<b>(11,980)</b>	<b>(10,434)</b>	<b>(5,514)</b>	<b>(6,605)</b>
<b>Loss for the year, net of tax, attributable to:</b>						
Equity holders of the Company		(1,132)	(11,483)	(10,223)	(5,426)	(6,600)
Non-controlling interests		(281)	(497)	(211)	(88)	(5)
		<b>(1,413)</b>	<b>(11,980)</b>	<b>(10,434)</b>	<b>(5,514)</b>	<b>(6,605)</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation		12	358	903	486	(1,193)
<i>Items that may not be reclassified to profit or loss</i>						
Actuarial (losses)/gains on defined benefit plans		(228)	12	(164)	(165)	(123)
<b>Total comprehensive loss for the year, net of tax</b>		<b>(1,629)</b>	<b>(11,610)</b>	<b>(9,695)</b>	<b>(5,193)</b>	<b>(7,921)</b>
<b>Total comprehensive loss, attributable to:</b>						
Equity holders of the Company		(1,350)	(11,136)	(9,486)	(5,133)	(7,914)
Non-controlling interests		(279)	(474)	(209)	(60)	(7)
		<b>(1,629)</b>	<b>(11,610)</b>	<b>(9,695)</b>	<b>(5,193)</b>	<b>(7,921)</b>
<b>Loss per share attributable to equity holders of the Company</b>						
- basic (CHF)	25	(3.08)	(22.41)	(17.98)	(9.82)	(10.69)
- diluted (CHF)	25	(3.08)	(22.41)	(17.98)	(9.82)	(10.69)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

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ayondo Ltd. and its Subsidiaries

**Consolidated Statements of Financial Position**  
**For the financial years ended 31 December 2014, 2015, 2016 and nine-month period ended 30 September 2017**

	Note	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		70	51	160	129
Intangible assets	16	33,865	34,417	35,218	36,294
Loan to associate	17	30	–	–	–
Investments in associate	11	335	318	–	–
<b>Total non-current assets</b>		<b>34,300</b>	<b>34,786</b>	<b>35,378</b>	<b>36,423</b>
<b>Current assets</b>					
Trade and other receivables	13	12,810	20,641	33,881	46,032
Derivative financial instrument	14	3	18	67	146
Cash and bank balances	15	543	3,405	3,808	1,446
Investment securities	10	1,020	1,020	932	932
<b>Total current assets</b>		<b>14,376</b>	<b>25,084</b>	<b>38,688</b>	<b>48,556</b>
<b>Total assets</b>		<b>48,676</b>	<b>59,870</b>	<b>74,066</b>	<b>84,979</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Convertible bonds	22	–	–	499	9,248
Trade and other payables	18	12,995	23,612	37,304	51,020
Bank overdraft	15	282	86	19	133
Loans from related parties	19	789	658	3,058	6,562
Derivative financial instrument	14	35	172	54	4,788
<b>Total current liabilities</b>		<b>14,101</b>	<b>24,528</b>	<b>40,934</b>	<b>71,751</b>
<b>Non-current liabilities</b>					
Convertible bonds	22	5,926	7,239	8,058	–
Employee benefit liabilities	24	483	524	747	914
Derivative financial instrument	14,22	4,427	4,916	4,674	–
<b>Total non-current liabilities</b>		<b>10,836</b>	<b>12,679</b>	<b>13,479</b>	<b>914</b>
<b>Total liabilities</b>		<b>24,937</b>	<b>37,207</b>	<b>54,413</b>	<b>72,665</b>
<b>Equity</b>					
<i>Equity attributable to owners of the Company:</i>					
Share capital	20a	31,530	37,164	45,251	50,006
Treasury shares	20b	(13)	1	–	–
Other reserves	21	1,058	6,279	4,752	(612)
Accumulated losses		(8,480)	(19,951)	(30,338)	(37,061)
		24,095	23,493	19,665	12,333
Non-controlling interests		(356)	(830)	(12)	(19)
<b>Total equity</b>		<b>23,739</b>	<b>22,663</b>	<b>19,653</b>	<b>12,314</b>
<b>Total liabilities and equity</b>		<b>48,676</b>	<b>59,870</b>	<b>74,066</b>	<b>84,979</b>

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**ayondo Ltd. and its Subsidiaries**

**Consolidated Statements of Changes in Equity**  
**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

	Attributable to equity holders of the Company							Total CHF'000	Non- controlling interests CHF'000	Total CHF'000
	Share capital CHF'000	Treasury shares CHF'000	Foreign currency translation reserve CHF'000	Equity component of convertible bonds CHF'000	Employee share option reserve CHF'000	Accumulated losses CHF'000	Total CHF'000			
At 1 January 2014	15,913	-	(41)	-	-	(7,079)	8,793	-	8,793	
Loss for the year	-	-	-	-	-	(1,132)	(1,132)	(281)	(1,413)	
<u>Other comprehensive loss</u>										
Actuarial losses on measurement of post-employment benefit plan, net of tax	-	-	-	-	-	(228)	(228)	-	(228)	
Foreign currency translation	-	-	10	-	-	-	10	2	12	
Other comprehensive loss for the year	-	-	10	-	-	(228)	(218)	2	(216)	
<u>Contributions by and distributions to owners</u>										
Shares issued for acquisition of subsidiaries	14,945	-	-	-	-	-	14,945	-	14,945	
Warrants issued in relation to convertible bonds	675	-	-	-	-	-	675	-	675	
Share issuance expense	(3)	-	-	-	-	-	(3)	-	(3)	
Grant of share options to employees	-	-	-	-	1,048	-	1,048	-	1,048	
Purchase of treasury shares	-	(113)	-	-	-	-	(113)	-	(113)	
Treasury shares reissued	-	100	-	-	-	-	100	-	100	
Total contributions by and distributions to owners	15,617	(13)	-	-	1,048	-	16,652	-	16,652	
<u>Changes to ownership interests in subsidiaries</u>										
Acquisition of subsidiaries	-	-	-	-	-	-	-	(77)	(77)	
Transferred to accumulated losses	-	-	41	-	(41)	-	-	-	-	
Total changes in ownership interests in subsidiaries	-	-	41	-	(41)	-	-	(77)	(77)	
<b>At 31 December 2014</b>	<b>31,530</b>	<b>(13)</b>	<b>10</b>	<b>-</b>	<b>1,048</b>	<b>(8,480)</b>	<b>24,095</b>	<b>(356)</b>	<b>23,739</b>	

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**Consolidated Statements of Changes in Equity**  
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	Attributable to equity holders of the Company							Total CHF'000	
	Share capital CHF'000	Treasury shares CHF'000	Foreign currency translation reserve CHF'000	Equity component of convertible bonds CHF'000	Employee share option reserve CHF'000	Accumulated losses CHF'000	Total CHF'000		Non- controlling interests CHF'000
At 1 January 2015	31,530	(13)	10	-	1,048	(8,480)	24,095	(356)	23,739
Loss for the year	-	-	-	-	-	(11,483)	(11,483)	(497)	(11,980)
<u>Other comprehensive loss</u>									
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	-	-	-	-	12	12	-	12
Foreign currency translation	-	-	335	-	-	-	335	23	358
Other comprehensive loss for the year	-	-	335	-	-	12	347	23	370
<u>Contributions by and distributions to owners</u>									
Issuance of shares	1,300	-	-	-	-	-	1,300	-	1,300
Share issuance expense	4,538	-	-	-	-	-	4,538	-	4,538
Grant of share options to employees	(204)	-	-	-	-	-	(204)	-	(204)
Purchase of treasury shares	-	(2)	-	-	323	-	323	-	323
Treasury shares reissued	-	16	-	-	-	-	16	-	16
Convertible bonds	-	-	-	4,563	-	-	4,563	-	94
Total contributions by and distributions to owners	5,634	14	-	4,563	323	-	10,534	-	10,534
<b>At 31 December 2015</b>	<b>37,164</b>	<b>1</b>	<b>345</b>	<b>4,563</b>	<b>1,371</b>	<b>(19,951)</b>	<b>23,493</b>	<b>(830)</b>	<b>22,663</b>

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	Attributable to equity holders of the Company										
	Share capital CHF'000	Treasury shares CHF'000	Foreign currency translation reserve CHF'000	Equity component of convertible bonds CHF'000	Employee share reserve and option CHF'000	Gain on reissuance of treasury shares CHF'000	Premium paid on acquisition of non-controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non-controlling interests CHF'000	Total CHF'000
At 1 January 2016	37,164	1	345	4,563	1,371	-	-	(19,951)	23,493	(830)	22,663
Loss for the year	-	-	-	-	-	-	-	(10,223)	(10,223)	(211)	(10,434)
<u>Other comprehensive loss</u>	-	-	-	-	-	-	-	(164)	(164)	-	(164)
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	-	901	-	-	-	-	-	901	2	903
Foreign currency translation	-	-	901	-	-	-	-	(164)	901	2	903
Other comprehensive loss for the year	-	-	901	-	-	-	-	(164)	737	2	739
<u>Contributions by and distributions to owners</u>											
Warrants issued in relation to convertible bonds	6,029	-	-	-	-	-	-	-	6,029	-	6,029
Grant of share options to employees	-	-	-	-	633	-	-	-	633	-	633
Purchase of treasury shares	-	(284)	-	-	-	-	-	-	(284)	-	(284)
Share issuance expenses	(68)	-	-	-	-	-	-	-	(68)	-	(68)
Re-issue of treasury shares pursuant to employee share option plans	-	283	-	-	-	92	-	-	375	-	375
Total contributions by and distributions to owners	5,961	(1)	-	-	633	92	-	-	6,685	-	6,685
<u>Changes in ownership interests in subsidiaries</u>											
Acquisition of non-controlling interests without a change in control (Note 12d), representing total changes in ownership interests in subsidiaries	2,126	-	-	-	-	-	(3,153)	-	(1,027)	1,027	-
<b>At 31 December 2016</b>	<b>45,251</b>	<b>-</b>	<b>1,246</b>	<b>4,563</b>	<b>2,004</b>	<b>92</b>	<b>(3,153)</b>	<b>(30,338)</b>	<b>19,665</b>	<b>(12)</b>	<b>19,653</b>

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	Attributable to equity holders of the Company								
	Share capital CHF'000	Treasury shares CHF'000	Foreign currency translation reserve CHF'000	Equity component of convertible bonds CHF'000	Employee share option reserve CHF'000	Accumulated losses CHF'000	Total CHF'000	Non-controlling interests CHF'000	Total CHF'000
At 1 January 2016	37,164	1	345	4,563	1,371	(19,951)	23,493	(830)	22,663
Loss for the year	-	-	-	-	-	(5,426)	(5,426)	(88)	(5,514)
<u>Other comprehensive loss</u>									
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	-	-	-	-	(165)	(165)	-	(165)
Foreign currency translation	-	-	458	-	-	-	458	28	486
Other comprehensive loss for the year	-	-	458	-	-	(165)	293	28	321
<u>Contributions by and distributions to owners</u>									
Warrants issued	4,041	-	-	-	-	-	4,041	-	4,041
Grant of share options to employees	-	-	-	-	449	-	449	-	449
Total contributions by and distributions to owners	4,041	-	-	-	449	-	4,490	-	4,490
<b>At 30 September 2016</b>	<b>41,205</b>	<b>1</b>	<b>803</b>	<b>4,563</b>	<b>1,820</b>	<b>(25,542)</b>	<b>22,850</b>	<b>(890)</b>	<b>21,960</b>

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	Attributable to equity holders of the Company									
	Share capital CHF'000	Foreign currency translation reserve CHF'000	Equity component of convertible bonds CHF'000	Employee share option reserve CHF'000	Gain on reissuance of treasury shares CHF'000	Premium paid on acquisition of non- controlling interest CHF'000	Accumulated losses CHF'000	Total CHF'000	Non- controlling interests CHF'000	Total CHF'000
At 1 January 2017	45,251	1,246	4,563	2,004	92	(3,153)	(30,338)	19,665	(12)	19,653
Loss for the year	-	-	-	-	-	-	(6,600)	(6,600)	(5)	(6,605)
<u>Other comprehensive loss</u>	-	-	-	-	-	-	(123)	(123)	-	(123)
Actuarial gains on measurement of post-employment benefit plan, net of tax	-	(1,191)	-	-	-	-	-	(1,191)	(2)	(1,193)
Foreign currency translation	-	(1,191)	-	-	-	-	(123)	(1,314)	(2)	(1,316)
Other comprehensive loss for the year	-	(1,191)	-	-	-	-	(123)	(1,314)	(2)	(1,316)
<u>Contributions by and distributions to owners</u>	4,755	-	(4,563)	-	-	-	-	192	-	192
Conversion of debt instrument	-	-	-	390	-	-	-	390	-	390
Grant of share options to employees	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	4,755	-	(4,563)	390	-	-	-	582	-	582
<b>At 30 September 2017</b>	<b>50,006</b>	<b>55</b>	<b>-</b>	<b>2,394</b>	<b>92</b>	<b>(3,153)</b>	<b>(37,061)</b>	<b>12,333</b>	<b>(19)</b>	<b>12,314</b>

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ayondo Ltd. and its Subsidiaries

**Consolidated Statements of Cash Flow**

**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
<b><u>Cash flows from operating activities</u></b>					
Loss before tax	(1,644)	(12,338)	(10,766)	(5,774)	(7,039)
<u>Adjustments for:</u>					
Depreciation of property, plant and equipment	41	36	55	81	64
Amortisation of intangibles	202	423	597	442	583
Gain on sale of investment securities	–	–	(74)		
Gain on disposal of associate	–	–	(205)	(205)	–
Impairment of loan to associate	–	30	–		
Employee share-based payments	1,048	323	633	449	390
Changes in fair value of embedded derivatives of convertible bonds	405	447	695	412	(26)
Employee benefit liability expense	255	53	59	42	44
Net fair value (gains)/losses on derivatives	32	122	(167)	(352)	(21)
Interest income on loans and receivables	(86)	–	(1)	(1)	(1)
Finance costs	727	1,333	1,804	1,273	1,542
Remeasurement gain on initial equity interest	(7,500)	–	–	–	–
Share of results of associate	458	17	–	–	–
Issuance of shares in exchange for services	–	4,538	–	–	–
Unrealised exchange (gain)/loss	68	103	1,157	343	(1,421)
<b>Operating cash flows before changes in working capital</b>	<b>(5,994)</b>	<b>(4,913)</b>	<b>(6,213)</b>	<b>(3,290)</b>	<b>(5,885)</b>
Increase in trade and other receivables	(2,659)	(7,733)	(15,515)	(12,064)	(12,017)
Decrease/(increase) in receivables from and payable to associate and related parties	108	(18)	(154)	12	–
Increase in trade and other payables	1,159	10,666	16,036	11,471	14,692
<b>Cash flows used in operations</b>	<b>(7,386)</b>	<b>(1,998)</b>	<b>(5,846)</b>	<b>(3,871)</b>	<b>(3,210)</b>
Interest received	–	–	1	1	1
Interest paid	(23)	(29)	–	–	(7)
Income tax refund	–	225	335	332	422
<b>Net cash flows used in operating activities</b>	<b>(7,409)</b>	<b>(1,802)</b>	<b>(5,510)</b>	<b>(3,538)</b>	<b>(2,794)</b>

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ayondo Ltd. and its Subsidiaries

**Consolidated Statements of Cash Flow**

**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
<b><u>Cash flows from investing activities</u></b>					
Proceeds from sale of associate	–	–	552	552	–
Purchase of property, plant and equipment	(60)	(23)	(170)	(134)	(29)
Capitalisation of IT platform costs	(340)	(1,006)	(1,609)	(1,211)	(1,542)
Acquisition of subsidiaries	(1,139)	–	–	–	–
Purchase of investment securities	–	–	(249)	(249)	–
Proceeds from sale of investment securities	–	–	411	–	–
Loan to associate	(30)	–	–	–	–
<b>Net cash used in investing activities</b>	<b>(1,569)</b>	<b>(1,029)</b>	<b>(1,065)</b>	<b>(1,042)</b>	<b>(1,571)</b>
<b><u>Cash flows from financing activities</u></b>					
Proceeds from issuance of shares	–	1,300	–	–	–
Share issuance expense	(3)	(204)	(68)	–	–
Purchase of treasury shares	(113)	(2)	(284)	–	–
Proceeds from reissuance of treasury shares	100	16	375	–	–
Proceeds from/(repayment of) short-term loans	–	(119)	2,462	–	1,962
Repayment of shareholder's loan	–	–	–	–	(115)
Proceeds from warrants issued	–	–	4,753	4,041	–
Proceeds from convertible bonds	9,185	4,890	–	–	–
<b>Net cash flows generated from financing activities</b>	<b>9,169</b>	<b>5,881</b>	<b>7,238</b>	<b>4,041</b>	<b>1,847</b>
Net increase/(decrease) in cash and cash equivalents	191	3,050	663	(539)	(2,518)
Effects of exchange rate changes on cash and cash equivalents	3	8	(193)	(21)	42
Cash and cash equivalents at the beginning of the year	67	261	3,319	3,319	3,789
<b>Cash and cash equivalents at the end of the year</b>	<b>261</b>	<b>3,319</b>	<b>3,789</b>	<b>2,759</b>	<b>1,313</b>

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ayondo Ltd. and its Subsidiaries

**Notes to the Consolidated Financial Statements**

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**1. Corporate information**

The Company was incorporated as a private limited company domiciled in Singapore on 4 October 2017. On 23 February 2018, the Company was converted into a public company limited by shares and changed its name to ayondo Ltd.

The registered office of the Company is located at 36 Armenian Street, #02-08, Singapore 179934.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 12.

**1.1 The Restructuring Exercise**

The Group undertook the following transaction as part of a corporate reorganisation implemented in preparation for its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") ("the Restructuring Exercise").

Prior to 4 October 2017, ayondo Holding AG has the following subsidiaries:

- Sycap Group (UK) Ltd
- ayondo GmbH
- Social Trading Netzwerk GmbH
- ayondo Asia Pte. Ltd.
- ayondo Markets Ltd
- ayondo Portfolio Management GmbH

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated ayondo Ltd. with S\$1 share capital. On 23 February 2018, ayondo Ltd. (the "Company") became the holding company of ayondo Holding AG.

The consolidated financial statements presented for the years ended 31 December 2014, 2015 and 2016 and for the nine-month period ended 30 September 2017 are a continuation of the existing ayondo Holding AG Group, comprising the financial position and the results of the ayondo Holding AG and its subsidiaries.

Pursuant to this, assets, liabilities, reserves, revenue and expense of ayondo Holding AG and its subsidiaries are consolidated at their existing carrying amounts.

For the purpose of the preparation of the consolidated financial statements, the share capital as at 31 December 2014, 2015 and 2016 and as at 30 September 2017 represents the issued and paid up share capital of ayondo Holding AG.



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**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

**2.2 Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

**2.3 Functional and presentation currency**

These financial statements are presented in Swiss Francs (CHF or SFr) which is the Company's functional currency. All values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

**2.4 Fundamental accounting concept**

*Going concern*

The financial statements have been prepared on a going concern basis notwithstanding that the Group's total current liabilities exceeded its total current assets by CHF 23,195,000 as at 30 September 2017. The Group also incurred net losses of CHF 1,413,000, CHF 11,980,000, CHF 10,434,000, CHF 5,514,000 and CHF 6,605,000 during the financial years ended 31 December 2014, 2015, 2016 and 9 months ended 30 September 2016 and 2017 respectively.

The third convertible bond was converted on 21 April 2017. The convertible bond holders of the first and second bonds have also converted all the remaining convertible bond into equity as at 22 February 2018. Pursuant to the Pre-Initial Public Offering ("IPO") Convertible Loan Agreements in October 2017, loans from related parties obtained in 2017 amounting to CHF 5,500,000 have been converted into Redeemable Convertible Loan ("RCL"). In addition, new RCL with principal amount of CHF 1,498,571 have also been issued to various investors on 1 October 2017. The RCL holders have the option to convert into conversion shares no later than 7 days prior to lodgement of the IPO offer document.

The RCL holders have signed a letter of undertaking confirming their decision to exercise or not to exercise their right to convert the RCL into Conversion Shares. Based on the letter of undertaking signed by the RCL holders, CHF 2,143,000 will be converted into Conversion Shares within 7 days prior to lodgement of the IPO offer document.

Upon the conversion of the bonds and RCL, the carrying amounts of the liability component and the equity conversion option are de-recognised with a corresponding recognition of share capital. Therefore, no cash outflow is expected upon settlement.

In the Directors' opinion there is a reasonable expectation that adequate funding will become available when necessary. Accordingly, the Directors are of the view that the use of the going concern assumption is appropriate for the preparation of the consolidated financial statements of the Group.

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**2. Summary of significant accounting policies (cont'd)**

**2.5 *Changes in accounting policies***

The accounting policies have been constantly applied by the Group during the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017 except that during the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014, 2015, 2016 and 2017 respectively. The adoption of these standards did not have any effect on the financial performance or position of the Group.

**2.6 *Standards issued but not yet effective***

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

***IFRS 9 Financial Instruments***

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. The Group will perform a detailed assessment of all three aspect of IFRS 9 in the future to determine the extent.

***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 was issued in May 2014 and amended in April 2016, establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method. The Group is currently assessing the impact of FRS 115.

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**2. Summary of significant accounting policies (cont'd)**

**2.6 Standards issued but not yet effective (cont'd)**

***Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

***IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2***

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

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**2. Summary of significant accounting policies (cont'd)**

**2.6 Standards issued but not yet effective (cont'd)**

***IFRS 16 Leases***

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

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**2. Summary of significant accounting policies (cont'd)**

**2.7 Basis of consolidation and business combinations**

**(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting periods. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**(b) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd)**

**2.7 Basis of consolidation and business combinations (cont'd)**

**(b) Business combinations and goodwill (cont'd)**

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

**2.8 Investment in associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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**2. Summary of significant accounting policies (cont'd)**

**2.8 *Investment in associate (cont'd)***

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of associate' in profit or loss.

**2.9 *Current versus non-current classification***

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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**2. Summary of significant accounting policies (cont'd)**

**2.10 Fair value measurement**

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions Note 3  
Quantitative disclosures of fair value measurement hierarchy Note 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or;

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



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**2. Summary of significant accounting policies (cont'd)**

**2.10 Fair value measurement (cont'd)**

Derivatives are valued quarterly and long term debt is valued annually. Involvement of external valuers is decided upon annually by the Chief Financial Officer. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Senior personnel decide, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Chief Financial Officer analyse the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, senior Finance personnel verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.11 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Revenue for the Group is earned from the provision of the Group's services after eliminating sales within the Group, and is recognised at the fair value of consideration received or receivable for the rendering of services, net of discount.

Trading revenue represents gains and losses arising on client trading activity, primarily in financial spread betting and contracts for difference and the transactions undertaken to hedge the risk associated with client trading activity. Open client and hedging positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.

Trading revenue also includes spread, commission and funding charges made to clients in respect of the opening, holding and closing of financial spread bets and contracts for difference.

Trading revenue is reported gross of introducing partner commission as these amounts are directly linked to trading revenue.

Introducing partner commission, along with betting duties and financial transaction taxes paid, is disclosed as an expense in arriving at net operating income, as is commissions and execution fees paid to hedging counterparties.

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**2. Summary of significant accounting policies (cont'd)**

**2.11 Revenue recognition (cont'd)**

The Group recognises revenue when the specific criteria for each of the Group's activities are met as follows:

(a) Spread and commission

Revenue from spread and commission is recognised upon the completion of a trading transaction.

(b) Funding charges

Revenue from funding charges is recognised at the applicable daily interest rates..

**2.12 Taxes**

**Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interest in associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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**2. Summary of significant accounting policies (cont'd)**

**2.12 Taxes (cont'd)**

**Deferred tax (cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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**2. Summary of significant accounting policies (cont'd)**

**2.13 Foreign currencies**

The financial statements are presented in Swiss Francs (CHF or SFr), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of comprehensive income are also recognised in OCI or the statement of profit or loss, respectively).

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Swiss Francs at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

**2.14 Leases**

**Group as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

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**2. Summary of significant accounting policies (cont'd)**

**2.14 Leases (cont'd)**

**Group as a lessee (cont'd)**

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**2.15 Intangible assets**

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

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**2. Summary of significant accounting policies (cont'd)**

**2.15 Intangible assets (cont'd)**

***Research and development costs for IT Platform***

Research costs are expensed as incurred. Development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset';
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development cost as an intangible asset, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future sales from the related IT platform (5 years) on a straight line basis. Amortisation is recorded in other operating expenses.

**2.16 Financial instruments – initial recognition and subsequent measurement**

**(i) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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**2. Summary of significant accounting policies (cont'd)**

**2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)**

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

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

**Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**Held-to-maturity investments**

The Group did not have any held-to-maturity investments.

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**2. Summary of significant accounting policies (cont'd)**

**2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)**

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

**Available-for-sale financial assets**

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

**De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

**Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Trade and other receivables Note 13

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



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**2. Summary of significant accounting policies (cont'd)**

**2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)**

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

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

**Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**(ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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**2. Summary of significant accounting policies (cont'd)**

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

**(ii) Financial liabilities (cont'd)**

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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**2. Summary of significant accounting policies (cont'd)**

**2.18 Impairment of non-financial assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Intangible assets Note 16

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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**2. Summary of significant accounting policies (cont'd)**

**2.19 Cash and cash equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**2.20 Provisions**

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.21 Employee benefits**

*(i) Employee leave entitlement*

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

*(ii) Defined contribution plans*

The Group participates in defined contribution plans as defined by the laws of the countries in which it has operations. As required by law, the Group makes contributions to the state pension scheme, and recognised such contribution as compensation expenses in the period which the related service is performed.

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**2. Summary of significant accounting policies (cont'd)**

**2.21 Employee benefits (cont'd)**

*(iii) Pensions and other post-employment benefits*

The Group maintains one defined benefit pension plan in Switzerland.

The Group's contributions to defined benefit plans, the recognised amount in the statement of financial position is determined as the present value of the defined benefit obligation at the reporting date less the fair value of any plan assets. Where this calculation results in a net surplus, the excess of assets is recognised only to the extent that it represents a future economic benefit which is actually available to the Group, for example in the form of refunds from the plan or reduction in future contributions to the plan. When such excess is not available or does not represent a future economic benefit, it is not recognised but is disclosed in the notes.

Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Actuarial gains and losses are not reclassified to profit or loss in subsequent periods. Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred.

Past service costs are recognised immediately in the operating profit. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognised as an expense in the operating profit.

The present value of the defined benefit obligations and the related service costs are calculated annually by qualified actuaries using the projected unit credit method. The pension obligation is measured as the present value of the estimated future cash outflows using market yields of high quality corporate bonds in the country concerned or interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

*(iv) Employee share-based compensation*

Certain employees of the Group receive remuneration in the form of share options as consideration for the services rendered. The cost of these equity settled share based payment transactions with employees are measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each date until the vesting date reflected the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period recognised in employee benefit expense.

The employee share-based payment reserve is transferred to retained earnings upon expiry of the share option.

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**2. Summary of significant accounting policies (cont'd)**

**2.22 Award of equity instruments to non-employees**

All non-employee transactions in which goods and services are the consideration received in exchange for equity instruments are accounted for based on the fair value of the consideration received at the dates on which the goods are received or the date on which the services are rendered.

**2.23 Share capital and share issuance expenses**

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.

**2.24 Convertible bonds**

Redeemable Convertible bonds with conversion option and warrants feature are accounted for as financial liability with embedded derivatives (early redemption option, equity conversion option and issuance of warrants at conversion and warrants at redemption) based on the terms of the contract.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are de-recognised with a corresponding recognition of share capital.

The convertible bonds are hybrid financial instruments with a host debt component, embedded derivative component and an equity component. On issuance of convertible bonds, the embedded options are recognised at fair value as derivative liabilities with subsequent changes in fair value recognised in profit or loss.

The residual amount after deducting the fair value of the embedded derivative component and liability component is recognised in equity.

**2.25 Segment reporting**

The Group's revenue is derived from a single operating entity. The Chief Operating Decision Maker reviews the Group's financial information and the Group's turnover by revenue streams or customer country of domicile.

**2.26 Introducing partner commission and betting duty tax**

Commissions payable to introducing partners, and spread betting duty tax are charged to the profit or loss when the associated revenue is recognised. Betting duty tax is payable on net gains generated from clients on spread betting products.

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**3. Significant accounting judgments and estimates**

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

**(a) Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Intangible assets – Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to a project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of capitalised development costs is disclosed in Note 16. Amounts capitalised include the total cost of any services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs and external consulting cost to capitalise and the amounts involved.

**(b) 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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**(i) Impairment of intangible assets**

The recoverable amounts of intangible assets are determined based on fair value less cost to sell. The key assumptions applied in the determination of the fair value less cost to sell, are disclosed and further explained in Note 16 to the financial statements. The carrying amount of the intangible assets is disclosed in Note 16.

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**3. Significant accounting judgments and estimates (cont'd)**

**(b) Key sources of estimation uncertainty (cont'd)**

(ii) Share-based payments

Significant estimates are involved in determining the share-based payments expenses. The share-based payments are recognized based on their respective grant date fair values. The fair value of each employee stock option is estimated on the date of grant using the binomial model. The determination of the fair value of share-based payment awards using the binomial model is affected by the stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The Group believes that its current assumptions generate a representative estimate of fair value. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.

(iii) Defined benefit plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

Future salary increases and pension increases are based on expected future inflation rates for the country.

Details of defined benefit plans are disclosed in Note 24.



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**3. Significant accounting judgments and estimates (cont'd)**

**(b) Key sources of estimation uncertainty (cont'd)**

(iv) Valuation of embedded derivative component of the convertible bonds

The fair value of the embedded derivative component of the convertible bond (the "embedded derivative") at initial recognition and at each reporting period were determined using Binomial Option Pricing Model (the Model). In arriving at the fair value of the embedded derivative, it requires significant estimates made by management.

The Model uses observable data, to the extent practicable. However, areas such as share price and the annual risk free interest rate require management to make estimates and judgement to a certain extent. The value of the embedded derivative and the liability component of the convertible bonds at initial recognition and subsequent measurement would differ if a different valuation model and parameter values were adopted.

Should there be a change in the methodology and parameter values used, the fair value of the embedded derivative and the corresponding amount of the liability component and the related amortisation of the convertible bond would change accordingly. This will have an impact to the Group's results.

Details of the convertible instruments are disclosed in Note 22.

(v) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has CHF 51,082,000 (2016: CHF 45,118,000; 2015: CHF 35,374,000; 2014: CHF 24,776,000; 30 September 2016: CHF 39,294,000) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The use of these tax losses is 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. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. The Group has not recognised deferred tax assets on the tax losses.

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**4. Trading revenue**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Spread and commission	3,032	9,675	16,094	13,236	11,271
Funding charges	619	1,339	2,773	1,737	3,389
Others	75	49	19	23	1
	<u>3,726</u>	<u>11,063</u>	<u>18,886</u>	<u>14,996</u>	<u>14,661</u>

**5. Fees, rebates, client bonuses and betting duty tax**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Rebates <sup>1</sup>	851	3,968	7,630	6,121	5,720
Client bonuses <sup>2</sup>	467	848	816	169	757
Trading counterparty charges <sup>3</sup>	98	280	502	319	852
Betting duty tax <sup>4</sup>	61	24	58	44	74
	<u>1,477</u>	<u>5,120</u>	<u>9,006</u>	<u>6,653</u>	<u>7,403</u>

<sup>1</sup> Represents amounts paid to partners, top traders and clients as an incentive for introducing business

<sup>2</sup> Represents amounts paid to client in rewarding them for opening an account, depositing funds and trading

<sup>3</sup> Represents broker fees incurred in transacting hedging activity executed via the Group's hedging counterparties

<sup>4</sup> Represents legislative monetary obligations from trade activities that are payable to local regulatory bodies

**6. Employee benefits expense**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Staff expenses (including directors):					
Salaries and bonuses	2,575	3,824	4,620	3,335	4,060
Defined contributions expenses	48	72	114	77	98
Employee share-based payments	1,048	323	633	449	390
Employee benefit liability expense	255	53	59	42	44
Other short-term benefits	219	333	315	196	220
	<u>4,145</u>	<u>4,605</u>	<u>5,741</u>	<u>4,099</u>	<u>4,812</u>

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**7. Marketing expenses**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Marketing expense	1,543	1,578	3,300	2,344	1,941
Media services	–	4,538	–	–	298
	<u>1,543</u>	<u>6,116</u>	<u>3,300</u>	<u>2,344</u>	<u>2,239</u>

Marketing expenses comprise of Google marketing (YouTube pre-rolls, adwords search and display ads), display banners on regular financial websites, events and fairs, sport sponsoring and the production of brochures and corporate items. Content production for Blogs, Social Media and educational webinars or books is part of the marketing expenditure.

Media services relates to TV broadcasting and advertising spots in Germany.

On 11 December 2014, ayondo Holding AG entered into a media services and compensation agreement with one of its marketing and media suppliers. In exchange for media services provided by the supplier, the supplier received shares of ayondo Holding AG pursuant to the terms and conditions of the agreement. The media services were to be received over a period of 18 months, two consecutive contract periods of 9 months each. Media services were rendered by the supplier for the first contract period and ayondo Holding AG granted them 46,778 shares in ayondo Holding AG at a value of CHF 97 per share in return for the services rendered. The fair value of the share awards was measured at a market price for the services rendered by the supplier. The media service and compensation agreement was terminated by mutual consent on 24 September 2015 after the completion of the first 9 months contract period by the supplier.

On 19 May 2017, ayondo Holding AG entered into a new media agreement with one of its marketing and media suppliers as part of the Group's offline marketing effort to increase brand awareness.

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**8. Loss before tax**

The following items have been included in arriving at loss before tax:

	Note	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Depreciation of property, plant and equipment		41	36	55	81	64
Amortisation of intangibles	16	202	423	597	442	583
IT costs		668	1,008	1,304	997	1,123
Legal, other professional fees and consultancy fees		572	905	2,312	815	1,663
Value added tax charges		325	424	608	411	655
Regulatory fees		165	346	474	366	490
Research expenses		180	376	520	362	479
Operating lease expenses	27	267	387	656	397	568
Bank charges		23	218	522	243	175
Travel related expenses		135	264	368	160	187
Restructuring expenses		126	–	–	–	–
Net foreign exchange (gain)/ loss		175	678	1,436	932	(905)
Convertible bond finance cost		692	1,295	1,694	1,232	1,286
Finance cost on loan from related parties		35	38	110	41	256
Changes in fair value of embedded derivatives of convertible bonds		405	447	695	412	(26)

**9. Income tax**

The major components of income tax credit recognised are:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Current income tax credit	(231)	(358)	(332)	(260)	(336)
Under provision of income tax credit in respect of previous year	–	–	–	–	(98)
Income tax credit recognised in profit or loss	(231)	(358)	(332)	(260)	(434)

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**9. Income tax (cont'd)**

The reconciliation of income taxes below is determined by applying the applicable corporate tax rates:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Loss before tax	(1,644)	(12,338)	(10,766)	(5,774)	(7,039)
Tax at the domestic rates applicable to profits in the countries where the Group operates	(1,060)	(2,760)	(1,971)	(944)	(1,508)
Income not subject to tax	(638)	–	–	–	–
Non-deductible items	34	95	45	100	92
Effect of research and development tax credits	(231)	(358)	(330)	(261)	(336)
Deferred tax asset not recognised	1,625	2,664	1,924	845	1,416
Under provision in respect of previous year	–	–	–	–	(98)
Add: Share of losses from associates	39	1	–	–	–
Total income tax credit	(231)	(358)	(332)	(260)	(434)

The corporate income tax rates for all financial years/periods applicable to the Switzerland, Singapore, Germany and United Kingdom is 8.50%, 17.00%, 30.00% and 20.00%.

The Group has tax losses of CHF 51,082,000 (2016: CHF 45,118,000; 2015: CHF 35,374,000; 2014: CHF 24,776,000; 30 September 2016: CHF 39,294,000) that are available for offset against future taxable profit of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses and temporary differences as it may not be probable that there are future taxable profits to allow the deferred tax asset to be utilised. The use of these tax losses is 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.

Research and development tax credits represent amounts claimed from HM Revenue & Customs in the UK in respect of research and development relief on expenditure incurred by Ayondo Markets Limited. Where a UK company is in a loss making position, expenditure incurred in prescribed qualifying research and development projects is used to compute a taxation credit that is refunded to the UK Company each year on the submission of a qualifying claim.

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**10. Investment securities**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
<b>Current:</b>				
<b>Available-for-sale financial assets</b>				
Unquoted equity shares, at cost, at beginning of the year	1,020	1,020	1,020	932
Unquoted equity shares acquired during the year	–	–	249	–
Disposal	–	–	(337)	–
	<hr/>			
Unquoted equity shares, at cost, at end of the year	1,020	1,020	932	932

During 2016, the Group purchased 15,000 unquoted equity shares amounting to CHF 249,000 and sold 5,000 unquoted equity shares for CHF 411,000. A gain amounting to CHF 74,000 was recorded on the sale of the unquoted equity shares.

Investment securities denominated in foreign currencies at the balance sheet date are as follows:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Euro	337	337	–	–
United States Dollar	683	683	932	932
	<hr/>			
	1,020	1,020	932	932

**11. Investment in associate**

The Group's investment in associate is summarised below:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Stockpulse GmbH	335	318	–	–

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**11. Investment in associate (cont'd)**

On 14 September 2016, Stockpulse GmbH was sold for CHF 523,000. A gain of CHF 205,000 was recorded.

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest			
			31.12.2014	31.12.2015	31.12.2016	30.9.2017
	<i>Held through subsidiary</i>					
ayondo GmbH	Germany	Social Trading	—*	—*	—*	—
SYCAP Group (UK) Ltd	United Kingdom	Broker, Trading CFDs components	—**	—**	—**	—
Stockpulse GmbH	Germany	Big Data Analytics for Financial Markets	20.30	20.30	—	—

\* ayondo Holding AG held 36.32% of ownership interest in ayondo GmbH and increased the ownership interest to 93.43% on 28 February 2014 and accounted for it as a subsidiary (Note 12). The share of results as associate for the year ended 31 December 2014 is inclusive of the two months of results from ayondo GmbH before it was accounted for as a subsidiary in the financial year ended 31 December 2014. The share of results for ayondo GmbH amounted to a loss of CHF 128,000. No additional losses are recognised in excess of the carrying value of the investment as there were no legal or constructive obligation. Ownership interest was subsequently increased to 100% in 2016 (Note 12).

\*\* ayondo Holding AG held 49.51% of ownership interest in SYCAP Group (UK) Ltd and increased the ownership interest to 94.95% on 22 April 2014 and accounted for it as a subsidiary (Note 12). The share of results as an associate for the year ended 31 December 2014 is inclusive of the four months of results from SYCAP Group (UK) Ltd before it was accounted for as a subsidiary in the financial year ended 31 December 2014. The share of results for SYCAP Group (UK) Ltd amounted to a loss of CHF 304,000. No additional losses are recognised in excess of the carrying value of the investment as there were no legal or constructive obligation. Ownership interest was subsequently increased to 99.91% in 2016 (Note 12).

The activities of the associates were strategic to the Group's activities. The Group recognised losses relating to its share of losses for each associate in the respective years.

Aggregate information about the Group's investment in associate is as follows:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Loss after tax	(128)	(84)	—	—
Group's share of loss of associate representing the Group's share of total comprehensive income for the year	(26)	(17)	—	—

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**12. Subsidiaries**

**(a) Composition of the Group**

Details of the subsidiaries are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective equity interest		
			31.12.2014	31.12.2015	31.12.2016
			%	%	%
<b>Held through ayondo Holding AG:</b>					
Sycap Group (UK) Ltd.	UK- London	Financial Holding	94.95	94.95	99.91
ayondo GmbH	GER- Frankfurt a. M.	Social Trading	93.43	93.43	100
Social Trading Netzwerk GmbH <sup>(1)</sup>	GER- Frankfurt a. M	Dormant	–	100	100
ayondo Asia Pte. Ltd. <sup>(2)</sup>	Singapore	Social Trading – B2B services	100	100	100
<b>Held through Sycap Group (UK) Ltd:</b>					
ayondo Markets Ltd	UK- London	Broker, Trading CFDs	94.95	94.95	99.91
<b>Held through ayondo GmbH:</b>					
ayondo Portfolio Management GmbH <sup>(1)</sup>	GER- Frankfurt a. M	Dormant	–	84.18	90.10

<sup>(1)</sup> Incorporated during the financial year 31 December 2015.

<sup>(2)</sup> Incorporated during the financial year ended 31 December 2014.

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated ayondo Ltd. with S\$1 share capital. On 23 February 2018, ayondo Ltd. (the "Company") became the holding company of ayondo Holding AG.



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**12. Subsidiaries (cont'd)**

**(b) Interest in subsidiaries with material non-controlling interest (NCI)**

The Group does not have any interest in subsidiaries that have NCI that are material to the Group.

**(c) Significant restrictions**

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries.

**(d) Acquisition of subsidiaries**

**Acquisition of subsidiary – ayondo GmbH**

On 28 February 2014 (the "acquisition date"), ayondo Holding AG acquired an additional 57.11% equity interest in its 36.32% owned associate, ayondo GmbH. Upon acquisition, ayondo GmbH became a subsidiary of the ayondo Holding AG.

ayondo Holding AG acquired ayondo GmbH in order to strengthen its virtual trading proposition and allow for strategic synergies with other fellow subsidiaries.

ayondo Holding AG has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of ayondo GmbH's net identifiable liabilities.

The fair values of the identifiable assets and liabilities of ayondo GmbH as at the acquisition date when ayondo Holding AG obtained control were:

	<b>Fair value recognised on acquisition CHF'000</b>
Property, plant and equipment	48
Trade and other receivables	27
Cash and cash equivalents	227
	302
Trade and other payables	(1,083)
	(781)
Total identifiable net liabilities at fair value	(781)
Less: Fair value of equity interest in subsidiaries held by ayondo Holding AG immediately before acquisition	(3,462)
Non-controlling interest measured at the non-controlling interest's proportionate share of ayondo GmbH's net identifiable liabilities	49
Goodwill arising from acquisition	13,266
	9,072

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12. Subsidiaries (cont'd)

(d) *Acquisition of subsidiaries (cont'd)*

*Acquisition of subsidiary – ayondo GmbH (cont'd)*

	<b>Fair value recognised on acquisition CHF'000</b>
<u>Consideration transferred for the acquisition of ayondo GmbH</u>	
Cash paid	1,375
Equity instruments issued	6,759
Cash paid by ayondo Holding AG in previous years	938
	9,072
 <u>Effect of the acquisition of ayondo GmbH on cash flows</u>	
Total consideration for 57.11% equity interest acquired	9,072
Less: non-cash consideration	(6,759)
Less: Cash paid by ayondo Holding AG in previous years	(938)
	1,375
Consideration settled in cash	1,375
Less: Cash and cash equivalents of subsidiary acquired	(227)
	1,148
	1,148
Fair value of initial equity interest of 36.32% in ayondo GmbH	3,462
Less: Carrying value of 36.32% investment in ayondo GmbH	(3,040)
	422
	422

Equity instruments issued as part of consideration transferred

In connection with the acquisition of additional 57.11% equity interest in ayondo GmbH, ayondo Holding AG issued 81,438 ordinary shares with a fair value of CHF83 each, at a total of CHF 6,759,354. The fair value of these shares is the last published price of the shares prior to delisting from the Berne Stock Exchange.

Gain on remeasuring previously held equity interest in ayondo GmbH to fair value at acquisition date

The Group recognised a gain of CHF 422,000 as a result of measuring at fair value its 36.32% equity interest in ayondo GmbH held before the business combination. The gain is included in the "Remeasurement gain on initial equity" line item in the Group's profit or loss for the year ended 31 December 2014.

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**12. Subsidiaries (cont'd)**

**(d) Acquisition of subsidiaries (cont'd)**

Goodwill arising from acquisition

The goodwill of CHF 13,266,000 comprises the value of strengthening ayondo Holding AG's market position in the industry while giving flexibility to ayondo Holding AG's strategic planning and overall virtual trading offering. None of the goodwill recognised is expected to be deductible for income tax purposes.

As part of the purchase price allocation (PPA) exercise for the acquisition of ayondo GmbH, ayondo Holding AG engaged an independent professional valuer to identify and to determine the fair value of any specific intangible assets identified.

The independent professional valuer has performed the specific intangible assets identification exercise arising with management. No specific intangible assets were identified.

Impact of the acquisition on profit or loss

From the acquisition date, ayondo GmbH has contributed nil revenue and CHF 2,897,391 to the Group's loss for the year ended 31 December 2014. If the business combination had taken place at the beginning of the year, the consolidated revenue would have been CHF 3,736,000 and the Group's loss for the year would have been CHF 3,202,520.

Acquisition on ownership interest in ayondo GmbH, without loss of control

On 24 October 2016, ayondo Holding AG acquired an additional 6.57% in ayondo GmbH from its non-controlling interests via a share swap with ayondo Holding AG. As a result of this acquisition, ayondo GmbH became a wholly-owned subsidiary of ayondo Holding AG. The carrying value of the net liabilities of ayondo GmbH on 24 October 2016 was CHF 11,224,000 and the carrying value of the additional interest acquired was negative CHF 742,000. The difference of CHF 1,794,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the changes in the ayondo Holding AG's ownership interest in ayondo GmbH on the equity attributable to owners of the Company:

	CHF'000
Value of shares issued in the form of consideration paid for acquisition of non-controlling interests	(1,052)
Decrease in equity attributable to non-controlling interests	(742)
	(1,794)
Decrease in equity attributable to owners of the Company	(1,794)

In connection with the acquisition of additional 6.57% in ayondo GmbH, ayondo Holding AG issued 12,682 ordinary shares with a fair value of CHF 83 each, at a total of CHF 1,052,606.

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**12. Subsidiaries (cont'd)**

**(d) Acquisition of subsidiaries (cont'd)**

**Acquisition of subsidiary – SYCAP Group (UK) Ltd and its subsidiary**

On 22 April 2014 (the "acquisition date"), ayondo Holding AG acquired an additional 45.44% equity interest in its 49.51% owned associate, SYCAP Group (UK) Ltd and its subsidiary, a financial holding business. Upon acquisition, SYCAP Group (UK) Ltd and ayondo Markets Ltd (held through SYCAP Group (UK) Ltd) became subsidiaries of ayondo Holding AG.

ayondo Holding AG acquired SYCAP Group (UK) Ltd in order to strengthen its virtual trading proposition and allow for strategic synergies with other fellow subsidiaries.

ayondo Holding AG has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of SYCAP Group (UK) Ltd's net identifiable liabilities.

The fair value of the identifiable assets and liabilities of SYCAP Group (UK) Ltd as at the acquisition date were:

	<b>Fair value recognised on acquisition CHF'000</b>
Property, plant and equipment	9
Intangible assets - IT Platform	334
Trade and other receivables	9,781
Cash and cash equivalents	9
	10,133
Trade and other payables	(10,680)
	(547)
Total identifiable net liabilities at fair value	(547)
Less: Fair value of equity interest in subsidiaries held by ayondo Holding AG immediately before acquisition	(7,738)
Non-controlling interest measured at the non-controlling interest's proportionate share of SYCAP Group (UK) Ltd's net identifiable liabilities	28
Goodwill arising from acquisition	20,094
	11,837

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12. Subsidiaries (cont'd)

(d) *Acquisition of subsidiaries (cont'd)*

*Acquisition of subsidiary – SYCAP Group (UK) Ltd and its subsidiary*

	<b>Fair value recognised on acquisition CHF'000</b>
<u>Consideration transferred for the acquisition of SYCAP Group (UK) Ltd and its subsidiary</u>	
Equity instruments issued	8,186
Conversion of loan	3,651
	11,837
	11,837
<u>Effect of the acquisition of SYCAP Group (UK) Ltd on cash flows</u>	
Total consideration for 45.44% equity interest acquired	11,837
Less: non-cash consideration	(11,837)
	–
Consideration settled in cash	–
Less: Cash and cash equivalents of subsidiary acquired	(9)
	(9)
Net cash inflow on acquisition	(9)

*Acquisition of subsidiary – SYCAP Group (UK) Ltd*

	<b>Fair value recognised on acquisition CHF'000</b>
Fair value of initial equity interest of 49.51% in SYCAP Group (UK) Ltd and its subsidiary	7,738
Less: Carrying value of 49.51% in SYCAP Group (UK) Ltd and its subsidiary	(660)
	7,078
Fair value gain on initial equity interest	7,078

Equity instruments issued as part of consideration transferred

In connection with the acquisition of additional 45.44% equity interest in SYCAP Group (UK) Ltd and its subsidiary, ayondo Holding AG issued 98,623 ordinary shares with a fair value of CHF83 each, at a value of CHF 8,185,709 with a fair value of CHF83 each. The fair value of these shares is the last published price of the shares prior to delisting from the Berne Stock Exchange.

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**12. Subsidiaries (cont'd)**

**(d) Acquisition of subsidiaries (cont'd)**

Trade and other receivables acquired

Trade and other receivables comprise predominantly funds held in designated client money bank accounts on behalf of SYCAP Group (UK) Ltd's clients.

Trade and other payables

Trade and other payables comprise predominantly client money liabilities that relate to the funds held on clients' behalf in trade and other payables above.

Gain on remeasuring previously held equity interest in SYCAP Group (UK) Ltd to fair value at acquisition date

The Group recognised a gain of CHF 7,078,000 as a result of measuring at fair value its 49.51% equity interest in SYCAP Group (UK) Ltd and its subsidiary held before the business combination. The gain is included in the "Remeasurement gain on initial equity" line item in the Group's profit or loss for the year ended 31 December 2014.

Goodwill arising from acquisition

The goodwill of CHF 20,094,000 comprises the value of strengthening ayondo Holding AG's market position in the industry while giving flexibility to the ayondo Holding AG's strategic planning and overall virtual trading offering. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, SYCAP Group (UK) Ltd and its subsidiary has contributed CHF 3,726,066 of revenue and CHF 1,792,000 to the Group's loss for the year ended 31 December 2014. If the business combination had taken place at the beginning of the year, the revenue would have been CHF 5,183,206 and the Group's loss for the year would have been CHF 2,416,185.

***Acquisition of subsidiary – SYCAP Group (UK) Ltd***

Acquisition on ownership interest in SYCAP Group (UK) Ltd, without loss of control

On 24 October 2016, ayondo Holding AG acquired an additional 4.96% in SYCAP Group (UK) Ltd from its non-controlling interests via a share swap with ayondo Holding AG. As a result of this acquisition, SYCAP Group (UK) Ltd became a wholly-owned subsidiary of ayondo Holding AG. The carrying value of the net liabilities of SYCAP Group (UK) Ltd on 24 October 2016 was CHF 5,871,000 and the carrying value of the additional interest acquired was negative CHF 285,000. The difference of CHF 1,359,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

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**12. Subsidiaries (cont'd)**

**(d) Acquisition of subsidiaries (cont'd)**

**Acquisition of subsidiary – SYCAP Group (UK) Ltd (cont'd)**

The following summarises the effect of the change in the ayondo Holding AG's ownership interest in SYCAP Group (UK) Ltd on the equity attributable to owners of the Company:

	<b>CHF'000</b>
Value of shares issued in the form of consideration paid for acquisition of non-controlling interests	(1,074)
Decrease in equity attributable to non-controlling interests	(285)
	(1,359)
Decrease in equity attributable to owners of the Company	(1,359)

In connection with the acquisition of additional 4.96% in SYCAP Group (UK) Ltd, ayondo Holding AG issued 12,938 ordinary shares with a fair value of CHF 83 each, at a total of CHF 1,073,854.

**13. Trade and other receivables**

	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.9.2017</b>
	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>
Segregated client funds	10,505	17,018	27,317	40,425
Amounts due from brokers	1,610	2,585	4,965	4,279
Client fund assets	30	217	203	212
Other receivables	561	689	1,092	721
Prepayments	104	132	304	395
Total trade and other receivables	12,810	20,641	33,881	46,032
Add: Cash and bank balances	543	3,405	3,808	1,446
Less: Prepayments	(104)	(132)	(304)	(395)
Total loan and receivables	13,249	23,914	37,385	47,083

Segregated client funds comprise individual client funds held in segregated client money accounts established under UK's Financial Conduct Authority. Segregated client money accounts hold statutory trust status restricting the Group's ability to control the monies and accordingly the funds are not available for the Group's own use.

Amounts due from brokers represent balances with brokers of cash held on the account for trading purpose.

Other receivables are unsecured, interest-free and are repayable on demand. The amounts are to be settled in cash.

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**14. Derivative financial instruments**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
<b>Current assets</b>				
Futures	3	18	67	146
<b>Current liabilities</b>				
Futures	35	172	54	112
Warrants issued – Convertible bonds (Note 22)	–	–	–	4,676
	35	172	54	4,788
<b>Non-current liabilities</b>				
Warrants issued – Standalone	–	135	–	–
Warrants issued – Convertible bonds (Note 22)	4,427	4,781	4,674	–
	4,427	4,916	4,674	–

Futures

Futures are derivative contracts held to hedge client market exposures in accordance with the Group's market risk management policy. The details of the futures of the Group at the end of the reporting period are as follows:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.09.2017 CHF'000
Contract notional amount	3,163	33,573	28,293	112,506
Assets	3	18	67	146
Liabilities	(35)	(172)	(54)	(112)

Warrants issue – Convertible bonds

Warrants issued are in relation to convertible bonds (see also note 22) issued by ayondo Holding AG to the investors. These warrants are fair valued at each financial year end.

Warrants issue – Standalone

In March 2015, ayondo Holding AG issued an additional 6,455 warrants to the investors in relation to a capital increase. The additional warrants issued amounted to CHF 135,000. In 2016, all of the warrants have been exercised by the investors at an exercise price of CHF 97 per share.



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**15. Cash and cash equivalents**

	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.9.2017</b>
	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>
Gross cash	11,048	20,423	31,125	41,871
Less: Segregated client funds (Note 13)	(10,505)	(17,018)	(27,317)	(40,425)
Cash and bank balances	543	3,405	3,808	1,446
Less: Bank overdraft	(282)	(86)	(19)	(133)
Cash and cash equivalents as per statement of cash flows	261	3,319	3,789	1,313

Gross cash relate to the Group's own cash and client monies held.

Cash and cash equivalents are denominated in following currencies at the balance sheet date:

	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.9.2017</b>
	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>
Euro	68	147	885	744
Sterling Pound	(192)	2,762	2,287	449
Singapore Dollar	159	146	348	36
United States Dollar	-	-	15	81
Swiss Francs	226	264	236	(2)
Danish Krone	-	-	18	5
Cash and bank balances	261	3,319	3,789	1,313

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**16. Intangible assets**

	Development cost - IT Platform CHF'000	Goodwill CHF'000	Total CHF'000
<u>Cost:</u>			
At 1 January 2014	–	–	–
Acquisition of subsidiaries (Note 12)	334	33,360	33,694
Additions–internal development	340	–	340
Exchange differences	28	–	28
<hr/>			
At 31 December 2014 and 1 January 2015	702	33,360	34,062
Additions–internal development	1,006	–	1,006
Exchange differences	(62)	–	(62)
<hr/>			
At 31 December 2015 and 1 January 2016	1,646	33,360	35,006
Additions–internal development	1,609	–	1,609
Exchange differences	(394)	–	(394)
<hr/>			
At 31 December 2016 and 1 January 2017	2,861	33,360	36,221
Additions–internal development	1,542	–	1,542
Exchange differences	194	–	194
<hr/>			
At 30 September 2017	4,597	33,360	37,957
<hr/>			
<u>Accumulated amortisation:</u>			
At 1 January 2014	–	–	–
Amortisation	202	–	202
Exchange differences	(5)	–	(5)
<hr/>			
At 31 December 2014 and 1 January 2015	197	–	197
Amortisation	423	–	423
Exchange differences	(31)	–	(31)
<hr/>			
At 31 December 2015 and 1 January 2016	589	–	589
Amortisation	597	–	597
Exchange differences	(183)	–	(183)
<hr/>			
At 31 December 2016 and 1 January 2017	1,003	–	1,003
Amortisation	583	–	583
Exchange differences	77	–	77
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	1,663	–	1,663

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**16. Intangible assets (cont'd)**

	<b>Development cost -IT Platform CHF'000</b>	<b>Goodwill CHF'000</b>	<b>Total CHF'000</b>
<u>Net carrying amount</u>			
At 31 December 2014	505	33,360	33,865
At 31 December 2015	1,057	33,360	34,417
At 31 December 2016	1,858	33,360	35,218
At 30 September 2017	2,934	33,360	36,294

The development cost relates to enhancement to the Group's IT platform. All research costs eligible for capitalisation have been expensed. The weighted average remaining amortisation period for the Group's IT platform as at 31 December 2014, 2015, 2016 and 30 September 2017 were 3.5 years, 3.3 years, 3.2 years and 3.6 years respectively.

Impairment testing of goodwill

The goodwill arose from ayondo Holding AG's acquisition of ayondo GmbH and Sycap Group (UK) Ltd in February 2014 and April 2014 respectively. The goodwill arising from the acquisition of ayondo GmbH and Sycap Group (UK) Ltd was CHF 13,266,000 and CHF 20,094,000 respectively.

Goodwill was tested for impairment as at the respective reporting periods. The recoverable amount of the goodwill has been determined based on fair value less cost to dispose. To determine the fair value less cost to dispose, an appropriate multiple was applied to the revenue of the Group which management believes is sustainable in view of current and anticipated business conditions.

The fair value less cost to dispose is estimated based on the projected revenue and market multiples. The market multiples are calculated based on the median of comparable companies' indications, after adjustments for differences in risks and growth. The fair value derived is categorised under Level 3 of the fair value hierarchy.

No impairment loss was recorded as the fair value less cost to dispose was in excess of the carrying value of the goodwill.

**17. Loan to associate**

Loan to associate relates to loan to Stockpulse GmbH. The loan to Stockpulse GmbH is unsecured, interest bearing at 3.95% per annum, it was fully impaired in 2015. Upon disposal of Stockpulse GmbH on 14 September 2016, the loan was fully written off.

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**18. Trade and other payables**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
<b>Current:</b>				
Trade payables	432	512	1,428	2,193
Client fund liabilities	10,974	21,385	33,592	45,826
Other payables	309	354	153	184
Accruals	1,157	1,165	2,021	2,796
VAT payable	75	146	105	–
Provisions	48	50	5	21
Total trade and other payables	12,995	23,612	37,304	51,020

Trade payables and other payables are non-interest bearing and normally settled on 30 to 90-day terms.

Client fund liabilities include segregated client money, trading profits/losses and bonds attributable to the clients.

**19. Loans from related parties**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Loan from related parties	379	236	1,404	4,656
Loan from directors	410	422	1,403	1,627
Loan from executive officer	–	–	251	279
	789	658	3,058	6,562

The loans from related parties are unsecured, interest bearing at 4% to 8% (2016: 4% to 8%, 2015 & 2014: 4%) per annum and repayable upon demand. These amounts are expected to be settled in cash.

The loan from directors are unsecured, interest bearing at 2.25% to 8% (2016: 2.25% to 8%, 2015 & 2014: 2.25%) per annum. The loan is repayable upon demand and is expected to be settled in cash.

The loan from executive officer is unsecured, interest bearing at 8% (2016: 8%, 2015 & 2014: nil) per annum. The loan is repayable upon demand and is expected to be settled in cash.

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20. Share capital and treasury shares

(a) Share capital

	Group							
	31.12.2014	31.12.2015	31.12.2016	30.9.2017	31.12.2014	31.12.2015	31.12.2016	30.9.2017
	No of shares '000	No. of shares '000	No of shares '000	No. of shares '000	CHF'000	CHF'000	CHF'000	CHF'000
Issued and fully paid ordinary shares								
At 1 January	240	431	540	618	15,913	31,530	37,164	45,251
Issuance of ordinary shares	-	13	-	-	-	1,300	-	-
Issued for acquisition of subsidiaries	180	-	-	-	14,945	-	-	-
Issued for acquisition of non-controlling interests without a change in control	-	-	26	-	-	-	2,126	-
Exercise of warrants issued	11	-	52	-	675	-	6,029	-
Issuance of shares in exchange for services (Note 7)	-	96	-	-	-	4,538	-	-
Share issuance cost	-	-	-	-	(3)	(204)	(68)	-
Conversion of debt instrument	-	-	-	-	-	-	-	4,755
	431	540	618	618	31,530	37,164	45,251	50,006

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated ayondo Ltd. with S\$1 share capital. On 23 February 2018, ayondo Ltd. (the "Company") became the holding company of ayondo Holding AG.

The holders of ordinary shares are entitled to receive dividends as and when declared by ayondo Holding AG. All ordinary shares carry one vote per share without restrictions. The ordinary shares have par value of CHF 50 per share.

For the year ended 31 December 2016, key investors exercised warrants over 21,772 shares at a strike price of CHF 83 per share and 30,369 shares at a strike price of CHF 97 per share. Total consideration paid was CHF 4,753,000. Additionally, amounts previously recognised as a derivative liability relating to these embedded derivatives amounted to CHF 1,276,000.

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**20. Share capital (cont'd)**

**(a) Share capital (cont'd)**

Issued for acquisition of non-controlling interests without a change in control

On 24 October 2016, ayondo Holding AG acquired an additional 6.57% and 4.96% in ayondo GmbH and SYCAP Group (UK) Ltd respectively from its non-controlling interests via a share swap with ayondo Holding AG. As a result of the acquisition, ayondo GmbH and SYCAP Group (UK) Ltd became wholly-owned subsidiaries of the Company. The value of shares issued in the form of consideration paid for acquisition of non-controlling interests in ayondo GmbH and SYCAP Group (UK) Ltd were CHF 1,052,000 and CHF 1,074,000 respectively. The differences between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity were CHF 1,794,000 and CHF 1,359,000 respectively.

Conversion of debt instrument

Conversion of debt instrument represents the redemption of "third convertible bond" (see note 22) with a principal amount of SGD 6,700,000, in which it was exchanged into 48,855 shares ("Conversion Shares") at an exercise price of CHF 97 per share. The Conversion Shares were issued on 23 April 2015 and held in trust by the Directors in the interests of ayondo Holding AG. The Conversion Shares held in trust were distributed to the bondholders upon redemption. The redemption resulted in the de-recognition of the carrying amount of liability component and the equity conversion option with a corresponding increase in share capital

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**20. Share capital and treasury shares (cont'd)**

**(b) Treasury shares**

	31.12.2014	31.12.2015	31.12.2016	Group		31.12.2014	31.12.2015	31.12.2016	30.09.2017	31.12.2014	31.12.2015	31.12.2016	30.09.2017
				No of shares '000	No of shares '000								
At 1 January	-	-*	-*	-	-	-	-	-	-	-	-	-	-
Acquired during the financial year	(1)	-*	(3)	-	-	(113)	-	-	-	(13)	(2)	1	-
Reissued during the year	1	-*	3	-	-	100	-	-	-	16	283	-	-
	-*	-*	-*	-	-	(13)	1	-	-	-	-	-	-

\* Less than 1,000 shares

Treasury shares related to ordinary shares of ayondo Holding AG that is held by ayondo Holding AG.

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**21. Other reserves**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Foreign currency translation reserve	10	345	1,246	55
Employee share-based payments reserve (Note 23)	1,048	1,371	2,004	2,394
Gain on re-issuance of treasury shares	–	–	92	92
Premium paid on acquisition of non-controlling interest	–	–	(3,153)	(3,153)
Equity component of convertible bonds	–	4,563	4,563	–
At 31 December/ 30 September	1,058	6,279	4,752	(612)

**(a) Foreign currency translation reserve**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of entities within the Group whose functional currencies are different from that of the Group's presentation currency.

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
At 1 January	(41)	10	345	1,246
Net effect of exchange differences: arising from translation of financial statements of foreign operations	10	335	901	(1,191)
Transferred to accumulated losses	41	–	–	–
At 31 December/ 30 September	10	345	1,246	55



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**22. Convertible bonds**

First convertible bond

In 2014, ayondo holding AG issued convertible bonds in the principal amount of CHF 5,500,000 to various investors which is denominated in the functional currency of the issuer. The bonds was disbursed by the investors in 2 tranches at two different completion dates subsequent to the fulfilment of the conditions in the agreement.

The maturity date of the bonds is 4 years from the date of issuance, carries nil interest for the first 2 years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum on all overdue payment.

The investors have the option to convert the principal amount and any accrued and unpaid interests of the bonds into ordinary shares of ayondo Holding AG at a subscription price of (i) CHF 83 per share or (ii) at any subsequently adjusted price which represents a valuation of CHF 38,000,000 of ayondo Holding AG on a fully diluted basis, upon the earliest of the following events:

- (i) at an IPO of the wholly-owned subsidiary or ayondo Holding AG;
- (ii) a change in control of the wholly-owned subsidiary or ayondo Holding AG; or
- (iii) at the absolute discretion of the investors after the first anniversary of the date of issuance of the bonds.

Upon the conversion of the bonds, ayondo Holding AG undertakes to issue to the investors such number of free warrants, pro rata their investment, with an aggregate exercise price equivalent to 20% of the principal amount of the bonds, with an expiry date of 2 years from the warrants' issuance date.

The investor also has the option to redeem all the bonds then outstanding at principal together with any outstanding interests on the maturity date or occurrence of an event of default (unless waived by the investors) (collectively termed as Redemption Event).

If the redemption is triggered by an event of default, ayondo Holding AG is required to pay an additional annual premium of 12% calculated on a per annum basis from the date of issuance of the bond to the repayment date.

Upon occurrence of a Redemption Event, ayondo Holding AG undertakes to issue to the investors additional free warrants with an aggregate exercise price equivalent to 30% of the value of the principal amount outstanding at the time of the occurrence of the Redemption Event, with an expiry date of 2 years from the redemption date.

In January 2014, ayondo Holding AG issued 13,254 free warrants respectively with an exercise price of CHF 83 per share to the investors, in which the warrants were to expire 2 years after the date of issue of the warrants. The expiry dates of the free warrants had been extended to 31 December 2018.

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**22. Convertible bonds (cont'd)**

Second convertible bond

In 2014, a wholly owned subsidiary of ayondo Holding AG issued convertible bonds in the principal amount of SGD 5,000,000 (CHF 3,685,000) to various investors, which is denominated in the functional currency of the issuer.

The terms of the second convertible bond inclusive of the warrants issuance are similar to the terms of the first convertible bond.

In August 2014, ayondo Holding AG issued 8,742 free warrants respectively with an exercise price of CHF 83 per share to the investors, in which the warrants were to expire 2 years after the date of issue of the warrants. The expiry dates of the free warrants had been extended to 31 December 2018.

Third convertible bond

On 20 April 2015, a wholly owned subsidiary of ayondo Holding AG issued convertible bonds in the principal amount of SGD 6,700,000 (CHF 4,890,000) to various investors, which is denominated in the functional currency of issuer.

The maturity date of the bonds was 2 years from the date of issuance, carries an interest rate of 8% per annum after the first anniversary of the date of issuance and bears an overdue interest of 5% per annum on all overdue payment.

The bonds can be converted into 48,855 of ayondo Holding AG's shares, determined on the issuance date of the convertible bonds.

The principal amount of the bonds could be converted upon the earliest of the following events:

- (i) at the maturity date, 20 April 2017;
- (ii) at an IPO of ayondo Holding AG;
- (iii) a change in control of ayondo Holding AG; or
- (iv) at the absolute discretion of the investors prior to the maturity date.

The investors have the discretion to redeem all outstanding bonds prior to the maturity date if certain event of defaults occurs. The redemption price is at the subscription price together with accrued and unpaid interest at the redemption date plus an additional premium of 12% calculated on a per annum basis on the principal amount from the issuance date of the convertible bonds to the repayment date.

Upon conversion of the principal amount of the of the bonds into fixed number of ayondo Holding AG's or occurrence of the redemption event, ayondo Holding AG undertakes to issue 24,429 free warrants to the investors with an exercise price of CHF 97 for each ayondo Holding AG's share. The warrants' expiry date is on 30 September 2017. On 22 June 2017, a wholly owned subsidiary of ayondo Holding AG extended the expiry date to 31 December 2017 for the remaining 765 unexercised warrants.

As at 31 December 2016, 21,772 warrants in relation to the first and second convertible bonds have been exercised by the investors with an exercise price of CHF 83 per share and 23,914 warrants in relation to the third convertible bonds have been exercised by the investors with an exercise price of CHF 97 per share.

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**22. Convertible bonds (cont'd)**

The carrying amount of the Bonds at the end of the reporting period is arrived at as follows:

	Note	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Total face value of the Bonds		9,185	14,075	14,075	14,075
Derivative liability at initial recognition		(3,995)	(3,995)	(3,995)	(3,995)
Equity component at initial recognition	21	–	(4,563)	(4,563)	(4,563)
Liability component of the Bonds at initial recognition		5,190	5,517	5,517	5,517
Less: Conversion of third convertible bond					
- Face value of the bond		–	–	–	(4,890)
- Equity component		–	–	–	4,563
Liability component of the Bonds after conversion		5,190	5,517	5,517	5,190
Add: Accumulated amortization of discount					
- Opening balance at 1 January		–	736	1,722	3,040
- Amortisation of discount during the year	8	692	1,295	1,694	1,286
- Exchange difference		44	(309)	(376)	348
Less: Accumulated amortization of discount attributable to third convertible bond		–	–	–	(616)
- Closing balance at 31 December/ 30 September		736	1,722	3,040	4,058
Liability component of the Bonds at the end of the reporting period		5,926	7,239	8,557	9,248
<u>Liability component of the Bonds at the end of the reporting period:</u>					
- Current		–	–	499	9,248
- Non-current		5,926	7,239	8,058	–
<u>Derivative liability component of the Bonds:</u>					
- At the beginning of the reporting period		–	4,427	4,781	4,674
- At initial recognition		3,995	–	–	–
- Fair value change	8	405	447	695	(26)
- Exercise of warrants		–	–	(1,148)	–
- Exchange difference		27	(93)	346	28
- At the end of the reporting period	14	4,427	4,781	4,674	4,676

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**23. Employee share-based payments reserve**

Employee share-based payments reserve relates to the equity-settled share awards granted by the Group to employees of the Group. This reserve is made up of cumulative value to services received from employees recorded over the vesting period commencing from the grant date of the shares. The expense for services received will be recognised over the vesting period.

	Group			
	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
At 1 January	–	1,048	1,371	2,004
Grant of shares options to employees (Note 6) <sup>1</sup>	1,048	323	633	390
At 31 December/ 30 September	1,048	1,371	2,004	2,394

<sup>1</sup> This represents cost of share-based payments recognised in profit or loss, with a corresponding increase in the employee share-based payments reserve, over the vesting period.

ayondo Employee Share option plan

Selected employees are entitled to a grant of share options. The exercise price of the options is equal to the fair value of the shares on the date of the grant. The options generally become exercisable over four years (with approximately 25 percent of the total grant vesting each year on the anniversary of the grant date or 25% at the end of the first year, 25% at the end of the second year and 50% at the end of the end of the 4<sup>th</sup> year). Employee must remain in continuous employment relationship with the Group at the time of exercise of the option. There are no cash settlement alternatives except for in the event of termination of the employment relationship upon death of the employee.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, stock options during the year.

	31.12.2014 No.	31.12.2015 No.	31.12.2016 No.	30.9.2017 No.
Outstanding at beginning of year	–	48,720	68,970	95,270
Granted during the year <sup>(1)</sup>	48,720	21,000	31,550	–
Forfeited during the year	–	(750)	(5,250)	–
Outstanding at end of the year <sup>(2)</sup>	48,720	68,970	95,270	95,270

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**23. Employee share-based payments reserve (cont'd)**

	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.9.2017</b>
	<b>WAEP</b>	<b>WAEP</b>	<b>WAEP</b>	<b>WAEP</b>
	<b>(CHF)</b>	<b>(CHF)</b>	<b>(CHF)</b>	<b>(CHF)</b>
Outstanding at beginning of year	–	83.0	83.4	85.0
Granted during the year <sup>(1)</sup>	83.0	84.3	88.6	–
Forfeited during the year	–	(83.0)	(85.7)	–
Outstanding at end of the year <sup>(2)</sup>	83.0	83.4	85.0	85.0

<sup>(1)</sup> The weighted average fair value of options granted during the year/period was Nil (2016: CHF 88.6; 2015: CHF 84.3; 2014: CHF 83).

<sup>(2)</sup> The range of exercise prices for options outstanding at the end of the year/period was CHF 1 to CHF 100 (2016: CHF 1 to CHF 100; 2015: CHF 83 to CHF 97; 2014: CHF 83). The weighted average remaining life for these options is 2.78 years (2016: 3.53 years; 2015: 2.16 years; 2014: 4.0 years).

**Information on fair value**

The fair value of stock options granted as at the date of grant is estimated using actuarial valuations, taking into account the terms and conditions upon which the options and the rights were granted. The following table lists the inputs to the model used:

		<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.9.2017</b>
<u>Employee stock option</u>					
Dividend yield	(%)	0.0	0.0	0.0	0.0
Volatility	(%)	25.0	25.0	25.0	25.0
Risk-free interest rate	(%)	0.452	0.452	0.452	0.452
Expected life	(years)	4	4	4	4
Weighted average stock price	(CHF)	83	97	100	100

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

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**24. Employee benefit liabilities**

**Legal framework and responsibilities**

ayondo Holding AG operates a defined plan based on pensionable remuneration and length of service for qualifying employees of ayondo Holding AG as prescribed by the Swiss legislation.

The defined benefit plan is administered by a separate collective fund that is legally separated from the entity. In accordance with the legal provisions, the board of the pension fund is independent from ayondo Holding AG and is responsible for the management and governance of the plan. The board of the pension fund is composed of an equal number of representatives from both employer and employees.

The assets are invested collectively within the scope of a re-insurance agreement.

**Pension scheme**

Under the plan, the employees are entitled to post-retirement amounting to the amount accrued in the individual member's saving accounts as well as a minimum interest on those savings. At retirement date, the saving accounts are converted into pensions at a legal conversion rate. Members may opt to receive the pension as a lump sum.

The benefits to be paid to dependents plan members (widow and orphan benefits) vary depending on the respective plan and are determined either in percentage of the insured salary or the estimated retirement pension.

No other post-retirement benefits were granted to the employees.

**Funding**

The plan is a cash balance plan, where contributions are expressed as a percentage of the pensionable salary. The contributions are split between employer and employee. The law requires that the employer bears a minimum of 50% of the contributions; higher contributions are allowed. ayondo Holding AG bears 60% of the contributions, the other 40% are borne by the employees.

**Risk related to the defined benefit plans**

The collective fund may at any time change the funding scheme. As long as the entity is joining a plan with full insurance character, no pension deficit can occur. However, the collective fund may terminate the insurance agreement, and the entity would then need to arrange a new insurance agreement with another collective fund.

**Significant events**

There were no plan amendments, curtailments or settlements in the reporting periods.

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**24. Employee benefit liabilities (cont'd)**

**Asset-liability matching**

The pension fund bears all actuarial and investment risks. The board of the pension fund is responsible for the assets management. The investments strategy has been defined in such a way that the regulatory benefits can be paid at their maturity date.

The defined benefit plans only commenced on 1<sup>st</sup> April 2014 as this was the employment commencement date of these employees for ayondo Holdings AG.

The principal assumptions used for accounting the employee benefit liabilities purposes were as follows:

	31.12.2014 %	31.12.2015 %	31.12.2016 %	30.9.2017 %
Discount rates	1.20	1.00	1.00	1.00
Expected rates of salary increase	0.50	0.50	0.50	0.50

The following table summarises the components of net benefit expense and the funded status recognised in the consolidated financial statements.

	31.12.2014 CHF'000	31.12.2015 CHF'000	Group 31.12.2016 CHF'000	30.9.2017 CHF'000
<u>Net benefit expense</u>				
Current service cost	296	117	122	92
Interest cost on benefit obligation	29	26	23	17
Interest on plan asset	(25)	(20)	(18)	(14)
Administrative cost	1	1	1	1
Net benefit expense	301	124	128	96

Re-measurement of net defined benefit obligations:

	31.12.2014 CHF'000	31.12.2015 CHF'000	Group 31.12.2016 CHF'000	30.9.2017 CHF'000
Defined benefit cost recognised in OCI				
Actuarial (gain)/loss on defined benefit obligation	217	(22)	157	118
Return on plan assets excluding interest income	11	10	7	5
Defined benefit cost recognised in OCI	228	(12)	164	123

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**24. Employee benefit liabilities (cont'd)**

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	<b>31.12.2014</b> <b>CHF'000</b>	<b>31.12.2015</b> <b>CHF'000</b>	<b>31.12.2016</b> <b>CHF'000</b>	<b>30.9.2017</b> <b>CHF'000</b>
Present value of defined benefit obligation	2,074	2,242	2,590	2,852
Fair value of plan assets	(1,591)	(1,718)	(1,843)	(1,938)
Net liability arising from defined benefit obligation	483	524	747	914

Reconciliation in net defined benefit liability/(asset):

	<b>31.12.2014</b> <b>CHF'000</b>	<b>31.12.2015</b> <b>CHF'000</b>	<b>31.12.2016</b> <b>CHF'000</b>	<b>30.9.2017</b> <b>CHF'000</b>
Net defined benefit liability/(asset) at beginning of the year	–	483	524	747
Defined benefit cost recognised in profit or loss	301	124	128	96
Defined benefit cost recognised in OCI	228	(12)	164	123
Contributions by the employer	(46)	(71)	(69)	(52)
Net defined benefit liability at end of the year	483	524	747	914

Changes in present value of defined benefit obligations are as follows:

	<b>31.12.2014</b> <b>CHF'000</b>	<b>31.12.2015</b> <b>CHF'000</b>	<b>31.12.2016</b> <b>CHF'000</b>	<b>30.9.2017</b> <b>CHF'000</b>
At 1 January/1 April	–	2,074	2,242	2,590
Interest cost	29	26	23	17
Current service cost	296	117	122	92
Contribution by plan participants	1,532	47	46	35
Actuarial gains recognised in other comprehensive income	217	(22)	157	118
At 31 December/ 30 September	2,074	2,242	2,590	2,852



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**24. Employee benefit liabilities (cont'd)**

The changes in the fair value of plan assets were as follows:

	Group			
	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Fair value of plan assets as at				
1 January	–	1,591	1,718	1,843
Interest income	25	20	18	14
Contributions by employer	46	71	69	52
Contributions by plan participants	1,532	47	46	35
Benefits/(paid)	(1)	(1)	(1)	(1)
Return on plan assets excluding interest income	(11)	(10)	(7)	(5)
	<u>1,591</u>	<u>1,718</u>	<u>1,843</u>	<u>1,938</u>

**25. Loss per share**

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2016 CHF'000	30.9.2017 CHF'000
Loss attributable to equity holders of the Company	(1,132)	(11,483)	(10,223)	(5,426)	(6,600)
Loss attributable to equity holders of the Company used in computation of diluted earnings per share	<u>(1,132)</u>	<u>(11,483)</u>	<u>(10,223)</u>	<u>(5,426)</u>	<u>(6,600)</u>

	31.12.2014 No. of Shares '000	31.12.2015 No. of Shares '000	31.12.2016 No. of Shares '000	30.9.2016 No. of Shares '000	30.9.2017 No. of Shares '000
Weighted average number of ordinary shares for basic loss per share computation	367	512	569	552	618
Effects of dilution: - Warrants	22	53	1	1	1
Weighted average number of ordinary shares for diluted loss per share computation	<u>389</u>	<u>565</u>	<u>570</u>	<u>553</u>	<u>619</u>

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to equity owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and dividing the loss for the year attributable to equity owners of the Company.

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**25. Loss per share (cont'd)**

Employee share options issued and convertible redeemable shares had been excluded from the calculation of diluted loss per share for the financial period ended 31 December 2014, 2015, 2016, 30 September 2016 and 30 September 2017 as their effects would be anti-dilutive (i.e. loss per share would have been increased in the event that employee share options and warrants issued were vested or exercised). Thus, the diluted loss per share was the same as the basic loss per share for the financial period ended 31 December 2014, 2015, 2016, 30 September 2016 and 30 September 2017.

**26. Related party transactions**

**(a) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	31.12.2014	31.12.2015	31.12.2016	30.9.2017
	CHF'000	CHF'000	CHF'000	CHF'000
<b>Income</b>				
Interest income from:				
- Subsidiaries	151	196	361	368
- Associate	—*	1	—	—
Management fee income from:				
- Subsidiaries	658	756	761	328
<b>Expense</b>				
Interest expense to:				
- A shareholder of the subsidiary	151	196	361	368
- Related parties	23	23	100	256
- Shareholders of the Group	692	1,295	1,694	1,286
Management fee expense to:				
- The former management company of ayondo	110	—	—	—
Rental income paid to:				
- The former management company of ayondo	23	24	24	18
Purchase of IT services <sup>1</sup>	579	631	820	722
Payment for consulting services <sup>2</sup>	35	60	53	—

\* Less than CHF 1,000

<sup>1</sup> The Group entered into a contract for the provision of IT services with a firm of which the Chief Executive Officer, is the Principal Technology Consultant of the Group.

<sup>2</sup> The Chief Talent Officer and General Counsel of the Group, had an interest in a company which provides consulting services to the Group.

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**26. Related party transactions (cont'd)**

(b) *Compensation of key management personnel*

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Short-term employee benefits	677	883	1,230	948
Share-based payments	804	117	564	272
	<u>1,481</u>	<u>1,000</u>	<u>1,794</u>	<u>1,220</u>
<i>Comprise amounts paid to:</i>				
Directors of the Company	1,090	463	484	399
Other key management personnel	391	537	1,310	821
	<u>1,481</u>	<u>1,000</u>	<u>1,794</u>	<u>1,220</u>

**Directors' interests in employee share option scheme**

In the financial year ended 31 December 2014 and 31 December 2016, 30,240 options and 7,000 options were granted to two of the Company's executive directors under the ayondo ESOP, at an exercise price of CHF 83 each and CHF 97 each respectively.

At the end of the reporting period, the total number of outstanding share options granted by the Company to the abovementioned directors under the ESOP amount to 37,240 (2016: 37,240; 2015: 30,240, 2014: 30,240).

**27. Commitments**

**Operating lease commitments – as lessee**

The Group entered into operating lease agreements for office premises. These leases have an average life of between 1 and 5 years with renewable options included in the agreements. There are no restrictions placed upon the Group by entering into these leases. Operating lease payments recognised in profit or loss during the year amounted to CHF 568,000 (2016: CHF 656,000; 2015: CHF 387,000, 2014: CHF 267,000).

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	31.12.2014 CHF'000	31.12.2015 CHF'000	31.12.2016 CHF'000	30.9.2017 CHF'000
Not later than one year	257	450	610	621
Later than one year but not later than 5 years	397	2,470	1,628	1,217
	<u>654</u>	<u>2,920</u>	<u>2,238</u>	<u>1,838</u>

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**28. Fair value of assets and liabilities**

**(a) Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(b) Assets and liabilities measured at fair value**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	<b>2014 CHF'000</b>			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
Fair value measurements at the end of the reporting period using				
<b>Measured at fair value</b>				
<b>Financial liabilities as at 31 December 2014</b>				
<i>Derivative financial instrument</i>	–	3	–	3
<b>Financial liabilities as at 31 December 2014</b>				
<i>Derivative financial instrument</i>	–	4,462	–	4,462

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**28. Fair value of assets and liabilities (cont'd)**

**(b) Assets and liabilities measured at fair value (cont'd)**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (cont'd)

		<b>2015</b> <b>CHF'000</b>			
		Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Measured at fair value</b>					
<b>Financial assets as at 31 December 2015</b>					
<i>Derivative financial instrument</i>		–	18	–	18
<b>Financial liabilities as at 31 December 2015</b>					
<i>Derivative financial instrument</i>		–	5,088	–	5,088
		<b>2016</b> <b>CHF'000</b>			
		Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Measured at fair value</b>					
<b>Financial assets as at 31 December 2016</b>					
<i>Derivative financial instrument</i>		–	67	–	67
<b>Financial liabilities as at 31 December 2016</b>					
<i>Derivative financial instrument</i>		–	4,728	–	4,728

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**28. Fair value of assets and liabilities (cont'd)**

**(b) Assets and liabilities measured at fair value (cont'd)**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (cont'd)

	<b>30.09.2017</b>			Total
	<b>CHF'000</b>			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>Measured at fair value</b>				
<b>Financial assets as at 30 September 2017</b>				
<i>Derivative financial instruments</i>	–	146	–	146
<b>Financial liabilities as at 30 September 2017</b>				
<i>Derivative financial instruments</i>	–	4,788	–	4,788

**(c) Level 2 fair value measurements**

The valuation of the embedded derivatives component of the convertible bonds and derivative financial instrument is based on binomial option pricing model. This model incorporated various inputs including share price, risk free rate, and dividend yield.

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

Trade and other receivables (Note 13), cash and cash equivalents, and bank overdraft (Note 15), trade and other payables (Note 18) and loans from related parties (Note 19).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rate approximate market interest rates on or near the end of the reporting period.

**(e) Financial instruments carried at other than fair value**

Loan to associate (Note 17) have no fixed terms of repayment and are repayable only when the cash flows of the borrower permits. Accordingly, the fair value of these loans is not determinable as the timing of the cash flows arising from these loans cannot be estimated reliably.

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**28. Fair value of assets and liabilities (cont'd)**

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

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Note	31.12.2014		31.12.2015		31.12.2016		30.09.2017		
	CHF'000		CHF'000		CHF'000		CHF'000		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial assets:</b>									
Available-for-sale financial assets*	10	1,020	#	1,020	#	932	#	932	#

# Fair value information has not been disclosed for these financial instruments carried at cost because fair value cannot be measured reliably.

\* Investment in equity instruments carried at cost less impairment loss.

**29. Financial risk management objectives and policies**

The Group is exposed to financial risks arising from its use of financial instruments. The key financial risks are client credit risk, credit institution credit risk, liquidity risk, foreign currency risk and market risk. The management reviews and agrees policies and procedures for the management of these risks, which are executed by the Directors of the Group.

The following section provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Client credit risk**

The Group operates a real-time mark-to-market leveraged trading facility where customers are required to maintain margin against positions, and any profits and losses generated by the customer are credited and debited automatically to their accounts. As with any leveraged product offering, there is the potential for a customer to lose more than they have deposited in their account. Client credit risk represents the risk associated with a client defaulting on their obligations due to the Group.

The Group has in place the following processes which aim to mitigate client credit risk:

- **Auto-liquidation:** in the event that a customer account value drops to a certain pre-determined threshold, the customer's account will automatically be liquidated. Upon liquidation, the customer will not be able to open any new positions and all open positions will be closed at the best price available.

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**29. Financial risk management objectives and policies (cont'd)**

**(a) Client credit risk (cont'd)**

- Client Risk Simulation: The Group maintains a highly complex credit risk model in which the following scenarios are identified and controlled:
  - Significant exposures to assets that are prone to 'gapping', low liquidity or geo-political events;
  - Where customers are carrying large positions and the collateral held is not sufficient to mitigate against simulated sudden shocks in the underlying asset price;
  - Where exposure to one asset (or a highly correlated group of assets) is large and concentrated amongst one or a small number of clients; and
  - Hedging scenarios which compound the overall revenue impact to the Group in the event of adverse market movements.

**(b) Credit institution credit risk**

Credit institution credit risk is the risk that a credit institution will default on its contractual obligation to the Group resulting in a loss to the Group. The Group has relationships with a number of counterparties that provide brokerage and/or banking services.

The Group maintains accounts with several credit institutions to reduce over-reliance on a single credit institution. In addition, the Group closely monitors the credit quality of the credit institutions by tracking their credit ratings issued by Standard and Poor's long term issuer credit ratings. Where there is a change of credit ratings of these credit institutions, the Group will perform the appropriate changes to mitigate the credit risk.

**(c) 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.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

**Analysis of financial instruments by remaining contractual maturities**

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



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**29. Financial risk management objectives and policies (cont'd)**

**(c) Liquidity risk (cont'd)**

Group	31.12.2014		31.12.2015		31.12.2016		30.9.2017	
	One year or less	Five years	One year or less	Five years	One year or less	Five years	One year or less	Five years
	CHF'000	CHF'000	CHF'000	CHF'000	CHF'000	CHF'000	CHF'000	CHF'000
<b>Financial assets:</b>								
Trade and other receivables (Note 13)	12,706	-	20,509	-	33,577	-	45,637	-
Cash and bank balances	543	-	3,405	-	3,808	-	1,446	-
Derivative financial instrument	3	-	18	-	67	-	146	-
<b>Total undiscounted financial assets</b>	<b>13,252</b>	<b>-</b>	<b>23,932</b>	<b>-</b>	<b>37,452</b>	<b>-</b>	<b>47,229</b>	<b>-</b>
<b>Financial liabilities:</b>								
Trade and other payables	12,995	-	23,612	-	37,304	-	51,020	-
Bank overdraft	282	-	86	-	19	-	133	-
Loans from related parties	812	-	676	-	3,383	-	6,644	-
Convertible bonds	-	7,101	-	13,756	4,773	9,062	10,154	-
Derivative financial instrument	35	4,427	172	4,916	54	4,674	4,788	-
<b>Total undiscounted financial liabilities</b>	<b>14,124</b>	<b>11,528</b>	<b>24,546</b>	<b>18,672</b>	<b>45,533</b>	<b>13,736</b>	<b>72,739</b>	<b>-</b>
<b>Total net undiscounted financial liabilities</b>	<b>(872)</b>	<b>(11,528)</b>	<b>(12,400)</b>	<b>(614)</b>	<b>(8,081)</b>	<b>(13,736)</b>	<b>(25,510)</b>	<b>-</b>

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**APPENDIX A  
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ayondo Ltd. and its Subsidiaries

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**For the financial years ended 31 December 2014, 2015, 2016 and nine-month periods ended 30 September 2016 and 2017**

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**29. Financial risk management objectives and policies (cont'd)**

**(d) Foreign currency risk**

Foreign currency risk arises in the normal course of the business and the Group will closely monitor and ensure that the remaining net foreign exchange exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates to address short-term imbalances. The Group from time to time may consider the use of derivatives from time to time to further mitigate any risks from exposure.

The Group has transactional currency exposures from expenses that are denominated in foreign currencies, primarily Sterling Pound (GBP), Euro (EUR). The net foreign currency risk impact is not material to the Group as the Group exposure is managed by natural hedge of matching assets and liabilities denominated in foreign currencies.

**(e) Market risk**

The Group's financial risk exposure is calculated and monitored using the group's internal risk management platform known as, "Global Risk Model". The Global Risk Model allows its management, trading and risk management teams to monitor the group's exposures throughout the day, with access to risk management dashboards on mobile and desktop applications. The dashboard allows for multi-functional, real-time monitoring and control of the risk management system and features pricing alerts and latency, asset class, turnover, exposure and profit and loss monitoring. Both client and hedge trades are monitored on real-time basis to provide the group with net exposure data across all assets, providing breakdown of details of exposure. This exposure is managed on real-time basis according to the group's approved risk strategy. The Group also maintains an Internal Capital Adequacy Assessment Process.

The Global Risk Model will send automated warnings to the dealers when pre-determined limits are breached. Thereafter, the dealers will trade via broker platforms and place instantaneous orders in the underlying market, thus automatically managing client exposures to levels commensurate with the Group's pre-determined risk limits.

Market risk is the risk of loss from adverse market movements. The primary market risk factors to which the Group is exposed are stock and index prices, interest rates, foreign exchange rates and commodity prices. The Global Risk Model monitors the volatility and liquidity of all financial instruments via real-time modelling. Maximum risk limits are pre-determined by the Board and the Market Risk Committee and are expanded and contracted algorithmically within agreed levels. In addition, equity risk limits are allocated at differing levels of granularity, representing the extent of diversification within the risk book.

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**30. Capital management**

The Group's capital management objective is to comply with the capital adequacy requirements set by the UK's Financial Conduct Authority and other global regulators in jurisdictions in which the Group entities operate. A subsidiary of the Group is required to maintain a minimum total capital ratio of 8%. In the event the total capital ratio falls below 10% at the end of any quarter, the FCA will require the subsidiary of the Group to take steps to increase its available capital and/or reduce its risk.

The primary objective of the Group's capital management is to ensure it maintains healthy capital ratios in order to support its business, maximise shareholder value. The Group monitors, and adjusts accordingly its capital adequacy ratio through the management of operational risk, market risk and credit risk where exposures apply relative to its own capital position.

The Group manages its capital structure comprising principally of shareholders' equity and debt and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital.

No changes were made in the objectives, policies or processes during the years ended 31 December 2014, 2015, 2016 and 9 months ended 30 September 2017.

	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>30.9.2017</b>
	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>	<b>CHF'000</b>
Loans and borrowings	6,715	7,897	11,615	15,810
Trade and other payables	12,995	23,612	37,304	51,020
Less: Cash and cash equivalents	(261)	(3,319)	(3,789)	(1,313)
<i>Net debt</i>	<u>19,449</u>	<u>28,190</u>	<u>45,130</u>	<u>65,517</u>
Equity attributable to owners of the Group	<u>24,095</u>	<u>23,493</u>	<u>19,665</u>	<u>12,333</u>

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ayondo Ltd. and its Subsidiaries

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**31. Events occurring after the reporting period**

Issuance of Redeemable Convertible Loan

Pursuant to the Pre-Initial Public Offering ("IPO") Convertible Loan Agreements in October 2017, existing loans from related parties as at 30 September 2017 amounting to CHF 5,118,376 had been converted into Redeemable Convertible Loan ("RCL"). In addition to the conversion of existing loans from related parties, new RCL with principal amount of CHF 1,498,571 had also been issued to various investors on 1 October 2017.

The maturity date of the RCLs is 30 September 2018. The RCLs with the notional amount of CHF 4,968,076 shall bear simple interest rate at the rate of 8.0% per annum commencing from 1 October 2017, which shall fall due and payable in arrears in cash upon conversion if the RCLs are converted into new ordinary shares of the Company ("Conversion Shares"). The RCL holders have the option to convert into conversion shares no later than 7 days prior to lodgement of the IPO offer document.

The RCLs with the notional amount of CHF 1,648,871 shall bear simple interest rate at the rate of 8.0% per annum commencing from 1 October 2017, which shall fall due and payable in arrears only on maturity date, if the conversion of RCL into the Conversion Shares does not occur due to whatsoever reason. In the event that the RCL is converted into Conversion Shares, no interest shall be payable on the RCL.

The issue price of the Conversion Shares shall be a 33% discount of the IPO price. The RCL holders shall have the option to elect to convert the RCLs (in whole and not in part) into the Conversion Shares. In the event that the RCLs is not converted into the Conversion Shares, the Company shall repay the RCLs and all accrued and unpaid interest.

The issuance of RCLs will result in the recognition of embedded option at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion.

Conditional reimbursement and conversion agreement

Pursuant to the termination of conditional sale and purchase agreement for the proposed acquisition of entire equity interest of ayondo Holding AG by Starland Holdings Limited ("Starland") in which Starland incurred certain expenses in the amount of SGD 1,140,544 ("Acquisition Expenses"), the Company will reimburse Starland the Acquisition Expenses, upon the occurrence of the IPO by issuing Conversion Shares. The issue price of the Conversion Shares shall be a 33% discount of the IPO price.

Payment and deferral agreement

ayondo Holding AG entered into a payment and deferral agreement on 15 November 2017 with one of its media suppliers in relation to the agreement and services dated 19 May 2017 to extend the repayment date to 30 September 2018.

**32. Authorisation of financial statements for issue**

The financial statements for the years/periods ended 31 December 2014 to 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 28 February 2018.

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ayondo Ltd. and its Subsidiaries

Unaudited Pro Forma Consolidated Financial Information  
Financial year ended 31 December 2016 and nine-month period ended 30  
September 2017

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**ayondo Ltd. and its Subsidiaries**

Independent auditor's report on the compilation of the unaudited pro forma consolidated financial information  
For the financial year ended 31 December 2016 and nine-month period ended 30 September 2017

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The Board of Directors  
ayondo Ltd.  
36 Armenian Street  
#02-08  
Singapore 179934

**Report on the compilation of unaudited pro forma consolidated financial information**

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information of ayondo Ltd. (the "Company") and its subsidiaries (collectively, the "Group") by the management. The unaudited pro forma consolidated financial information consists of the unaudited pro forma consolidated statements of financial position of the Group as at 31 December 2016 and 30 September 2017, the unaudited pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2016 and nine-month period ended 30 September 2017 and related notes as set out in pages from B1 to B23 of the Offer Document issued by the Company. The applicable criteria on the basis of which the management has compiled the unaudited pro forma consolidated financial information are described in Note 3.

The unaudited pro forma consolidated financial information has been compiled by the management to illustrate the impact of the transactions set out in Note 2 on the Group's financial position as at 31 December 2017 and 30 September 2017 as if the transactions had taken place on 31 December 2016 and 30 September 2017, and the Group's financial position for the financial year ended 31 December 2016 and nine-month period ended 30 September 2017 as if the transactions had taken place on 1 January 2016.

As part of this process, information about the Group's financial position and financial performance have been extracted by the management from the Group's consolidated financial statements for the financial year ended 31 December 2016 and nine-month period ended 30 September 2017, on which an audit report has been published.

**Management's responsibility for the unaudited pro forma consolidated financial information**

The management is responsible for compiling the unaudited pro forma consolidated financial information on the basis as described in Note 3.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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**ayondo Ltd. and its Subsidiaries**

Independent auditor's report on the compilation of the unaudited pro forma consolidated financial information  
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**Auditor's responsibilities**

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by the management on the basis as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the unaudited pro forma consolidated financial information on the basis as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma consolidated financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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**ayondo Ltd. and its Subsidiaries**

Independent auditor's report on the compilation of the unaudited pro forma consolidated financial information  
For the financial year ended 31 December 2016 and nine-month period ended 30 September 2017

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**Opinion**

In our opinion:

- (a) The unaudited pro forma financial information has been compiled:
- (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited consolidated financial statements as included in Appendix A, which are in accordance with Singapore Financial Reporting Standards;
  - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma consolidated financial information; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such unaudited financial information.

**Restriction on distribution and use**

This report is made solely to you as a body and for the inclusion in the Offer Document to be issued in relation to the proposed listing of the shares of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

Chan Yew Kiang  
28 February 2018

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ayondo Ltd. and its Subsidiaries

Unaudited pro forma consolidated statements of financial position  
As at 30 September 2017 and 31 December 2016

	30.9.2017 CHF'000	31.12.2016 CHF'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	129	160
Intangible assets	36,294	35,218
<b>Total non-current assets</b>	36,423	35,378
<b>Current assets</b>		
Trade and other receivables	46,032	33,881
Derivative financial instrument	146	67
Cash and bank balances	2,744	5,397
Investment securities	932	932
<b>Total current assets</b>	49,854	40,277
<b>Total assets</b>	86,277	75,655
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Convertible bonds	–	–
Trade and other payables	51,020	37,304
Bank overdraft	133	19
Loan from related parties	5,717	2,534
Derivative financial instrument	121	54
<b>Total current liabilities</b>	56,991	39,911
<b>Non-current liabilities</b>		
Convertible bonds	–	–
Employee benefit liabilities	914	747
Derivative financial instrument	–	–
<b>Total non-current liabilities</b>	914	747
<b>Total liabilities</b>	57,905	40,658
<b>Equity</b>		
<i>Equity attributable to owners of the Company:</i>		
Share capital	29,185	35,799
Merger reserve	37,692	30,161
Other reserves	(612)	189
Accumulated losses	(37,874)	(31,140)
	28,391	35,009
Non-controlling interests	(19)	(12)
<b>Total equity</b>	28,372	34,997
<b>Total liabilities and equity</b>	86,277	75,655

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ayondo Ltd. and its Subsidiaries

Unaudited pro forma consolidated statement of comprehensive income  
For the nine-month period ended 30 September 2017 and financial year ended 31 December 2016

	30.9.2017 CHF'000	31.12.2016 CHF'000
Trading revenue	14,661	18,886
Fees, rebates, client bonuses and betting duty tax	(7,403)	(9,006)
<b>Net operating income</b>	<b>7,258</b>	<b>9,880</b>
Other income	110	327
Staff expenses	(4,812)	(5,741)
Marketing expenses	(2,239)	(3,300)
Other operating expenses	(6,643)	(10,240)
<b>Total operating expenses</b>	<b>(13,584)</b>	<b>(18,954)</b>
<b>Operating loss</b>	<b>(6,326)</b>	<b>(9,074)</b>
Finance income	1	1
Finance costs	(216)	(101)
<b>Loss before tax</b>	<b>(6,541)</b>	<b>(9,174)</b>
Income tax credit	434	332
<b>Loss for the year, net of tax</b>	<b>(6,107)</b>	<b>(8,842)</b>
<b>Loss for the year, net of tax, attributable to:</b>		
Equity holders of the Company	(6,102)	(8,631)
Non-controlling interests	(5)	(211)
	<b>(6,107)</b>	<b>(8,842)</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(1,193)	903
<i>Items that may not be reclassified to profit or loss</i>		
Actuarial (losses)/gains on defined benefit plans	(123)	(164)
<b>Total comprehensive income for the year, net of tax</b>	<b>(7,423)</b>	<b>(8,103)</b>
<b>Total comprehensive income, attributable to:</b>		
Equity holders of the Company	(7,416)	(7,894)
Non-controlling interests	(7)	(209)
	<b>(7,423)</b>	<b>(8,103)</b>
<b>Loss per share attributable to equity holders of the Company</b>		
- basic (CHF)	(7.86)	(11.86)
- diluted (CHF)	(7.86)	(11.86)

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ayondo Ltd. and its Subsidiaries

Unaudited pro forma consolidated cash flow statements  
For the nine-month period ended 30 September 2017 and financial year ended 31 December 2016

	Nine-month period ended 30.09.2017	Financial year ended 31.12.2016
<b>Cash flows from operating activities</b>		
Loss before taxation	(6,541)	(9,174)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	64	55
Amortisation of intangibles	583	597
Gain on sale of investment securities	–	(74)
Gain on disposal of associate	–	(205)
Employee share-based payments	390	633
Changes in fair value of embedded derivatives of convertible bonds	–	–
Employee benefit liability expense	44	59
Net fair value (gains)/losses on derivatives	(21)	(167)
Interest income on loans and receivables	(1)	(1)
Finance costs	216	101
Unrealised exchange (gain)/loss	(1,421)	1,157
Reimbursement of acquisition expenses	802	806
<b>Operating cash flows before changes in working capital</b>	<b>(5,885)</b>	<b>(6,213)</b>
<b>Changes in working capital:</b>		
Increase in trade and other receivables	(12,017)	(15,515)
Increase in receivables from and payable to associate and related parties	–	(154)
Increase in trade and other payables	14,692	16,036
<b>Cash flows used in operations</b>	<b>(3,210)</b>	<b>(5,846)</b>
Interest received	1	1
Interest paid	(7)	–
Income tax refund	422	335
<b>Net cash flows used in operating activities</b>	<b>(2,794)</b>	<b>(5,510)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of associate	–	552
Purchase of property, plant and equipment	(29)	(170)
Capitalisation of IT platform costs	(1,542)	(1,609)
Purchase of investment securities	–	(249)
Proceeds from sale of investment securities	–	411
<b>Net cash flows used in investing activities</b>	<b>(1,571)</b>	<b>(1,065)</b>

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ayondo Ltd. and its Subsidiaries

Unaudited pro forma consolidated cash flow statements  
For the nine-month period ended 30 September 2017 and financial year ended 31 December 2016

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	Nine-month period ended 30.09.2017	Financial year ended 31.12.2016
<b>Cash flows from financing activities</b>		
Share issuance expense	–	(68)
Purchase of treasury shares	–	(284)
Proceeds from reissuance of treasury shares	–	375
Proceeds from short-term loans	1,962	2,462
Repayment of shareholder's loan	(115)	–
Proceeds from warrants issued	–	4,753
Proceeds from convertible bonds	1,298	1,589
<b>Net cash flows generated from financing activities</b>	<b>3,145</b>	<b>8,827</b>
Net (decrease)/increase in cash and cash equivalents	(1,220)	2,252
Effects of exchange rate changes on cash and cash equivalents	42	(193)
Cash and cash equivalents at the beginning of the year	3,789	3,319
<b>Cash and cash equivalents at the end of the year</b>	<b>2,611</b>	<b>5,378</b>

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ayondo Ltd. and its Subsidiaries

Statement of adjustments for the unaudited pro forma consolidated statement of financial position as at 30 September 2017

	Audited consolidated statement of financial position 30.09.2017 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of financial position 30.09.2017 CHF'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	129		129
Intangible assets	36,294		36,294
<b>Total non-current assets</b>	<b>36,423</b>		<b>36,423</b>
<b>Current assets</b>			
Trade and other receivables	46,032		46,032
Derivative financial instrument	146		146
Cash and bank balances	1,446	1,298 <sup>(ii)</sup>	2,744
Investment securities	932		932
<b>Total current assets</b>	<b>48,556</b>		<b>49,854</b>
<b>Total assets</b>	<b>84,979</b>		<b>86,277</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Convertible bonds	9,248	(9,248) <sup>(i),(ii)</sup>	–
Trade and other payables	51,020		51,020
Bank overdraft	133		133
Loan from related parties	6,562	(845) <sup>(ii)</sup>	5,717
Derivative financial instrument	4,788	(4,667) <sup>(i)</sup>	121
<b>Total current liabilities</b>	<b>71,751</b>		<b>56,991</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	914		914
<b>Total non-current liabilities</b>	<b>914</b>		<b>914</b>
<b>Total liabilities</b>	<b>72,665</b>		<b>57,905</b>
<b>Equity</b>			
<i>Equity attributable to owners of the Company:</i>			
Share capital	50,006	(20,821) <sup>(i),(ii),(iii),(iv)</sup>	29,185
Merger reserve	–	37,692 <sup>(iii)</sup>	37,692
Other reserves	(612)		(612)
Accumulated losses	(37,061)	(813) <sup>(iv)</sup>	(37,874)
	12,333		28,391
Non-controlling interests	(19)		(19)
<b>Total equity</b>	<b>12,314</b>		<b>28,372</b>
<b>Total liabilities and equity</b>	<b>84,979</b>		<b>86,277</b>

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**ayondo Ltd. and its Subsidiaries**

**Statement of adjustments for the unaudited pro forma consolidated statement of financial position as at 30 September 2017**

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**Note to the pro forma adjustments:**

- (i) The pro forma adjustments relate to the conversion of the First and Second convertible bonds into 66,265 and 43,705 ayondo holding AG shares respectively as described in Note 2 (a). The adjustments are made for the following at the end of the financial period:
- a. First Convertible Bond ("CB1")  
This conversion includes carrying amount of convertible bond of CHF 5,646,000 and fair value of embedded derivative liability of CHF 3,414,000.
  - b. Second Convertible Bond ("CB2")  
This conversion includes carrying amount of convertible bond of CHF 3,602,000 and fair value of embedded derivative liability of CHF 1,253,000.
- (ii) The pro forma adjustments relate to the conversion of the pre-IPO convertible bonds with notional value of CHF 2,143,000. The notional value comprised the conversion of existing loan from related parties as at 30 September 2017 and new convertible bond issued to investors subsequent to 30 September 2017 amounting to CHF 845,000 and CHF 1,298,000 respectively.
- The conversion of the pre-IPO convertible bonds into ayondo Ltd. shares includes the carrying amount of convertible bond of CHF 1,055,000 and fair value of embedded derivative liability of CHF 1,088,000.
- (iii) The pro forma adjustments relate to the restructuring exercise undertaken by the Group as described in Note 2 (c). The adjustments comprised the following:
- a. The aggregate consideration of the entire issued and paid-up share capital of ayondo holding AG as at 30 September 2017 of CHF 63,921,000\* based on the aggregate consolidated Net Asset Value of ayondo holding AG of CHF 26,229,000\*. The consideration was fully satisfied by the allotment and issuance of aggregate of 727,151 shares in ayondo Ltd.
  - b. The merger reserve of CHF 37,692,000 arises from the difference between the aggregate consideration paid and the share capital of the entire issued and paid-up share capital of ayondo holding AG.
- (iv) The pro forma adjustments relate to the conditional reimbursement of the acquisition expenses of CHF 813,000 as described in Note 2 (b), pursuant to the termination of conditional sale and purchase agreement for the proposed acquisition of entire equity interest of ayondo Holding AG by Starland Holdings Limited. The acquisition expenses will be converted into ayondo Ltd.'s shares upon the occurrence of Initial Public Offering ("IPO").

\* Issued and paid-up share capital and NAV as at 30 September 2017 adjusted for the conversion of CB1 and CB2.

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**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR**  
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ayondo Ltd. and its Subsidiaries

Statement of adjustments for the unaudited pro forma consolidated statement of financial position as at 31 December 2016

	Audited consolidated statement of financial position 31.12.2016 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of financial position 31.12.2016 CHF'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	160		160
Intangible assets	35,218		35,218
<b>Total non-current assets</b>	<b>35,378</b>		<b>35,378</b>
<b>Current assets</b>			
Trade and other receivables	33,881		33,881
Derivative financial instrument	67		67
Cash and bank balances	3,808	1,589 <sup>(iii)</sup>	5,397
Investment securities	932		932
<b>Total current assets</b>	<b>38,688</b>		<b>40,277</b>
<b>Total assets</b>	<b>74,066</b>		<b>75,655</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Convertible bonds	499	(499) <sup>(i),(ii)</sup>	–
Trade and other payables	37,304		37,304
Bank overdraft	19		19
Loan from related parties	3,058	(524) <sup>(ii)</sup>	2,534
Derivative financial instrument	54		54
<b>Total current liabilities</b>	<b>40,934</b>		<b>39,911</b>
<b>Non-current liabilities</b>			
Convertible bonds	8,058	(8,058) <sup>(i),(ii)</sup>	–
Employee benefit liabilities	747		747
Derivative financial instrument	4,674	(4,674) <sup>(i)</sup>	–
<b>Total current liabilities</b>	<b>13,479</b>		<b>747</b>
<b>Total liabilities</b>	<b>54,413</b>		<b>40,658</b>
<b>Equity</b>			
<i>Equity attributable to owners of the Company:</i>			
Share capital	45,251	(9,452) <sup>(i),(ii),(iii),(iv)</sup>	35,799
Merger reserve	–	30,161 <sup>(iii)</sup>	30,161
Other reserves	4,752	(4,563) <sup>(i)</sup>	189
Accumulated losses	(30,338)	(802) <sup>(iv)</sup>	(31,140)
	19,665		35,009
Non-controlling interests	(12)		(12)
<b>Total equity</b>	<b>19,653</b>		<b>34,997</b>
<b>Total liabilities and equity</b>	<b>74,066</b>		<b>75,655</b>



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**APPENDIX B**  
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**THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND THE NINE-MONTH**  
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**ayondo Ltd. and its Subsidiaries**

**Statement of adjustments for the unaudited pro forma consolidated statement of financial position as at 31 December 2016**

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**Note to the pro forma adjustments:**

- (i) The pro forma adjustments relate to the conversion of the First, Second and Third convertible bonds into 66,265, 43,705 and 48,855 ayondo holding AG shares respectively as described in Note 2 (a). The adjustments are made for the following at the end of the financial year:
- a. First Convertible Bond (“CB1”)  
This conversion includes carrying amount of convertible bond of CHF 4,837,000 and fair value of embedded derivative liability of CHF 3,245,000.
  - b. Second Convertible Bond (“CB2”)  
This conversion includes carrying amount of convertible bond of CHF 3,221,000 and fair value of embedded derivative liability of CHF 1,429,000.
  - c. Third Convertible Bond (“CB3”)  
This conversion includes carrying amount of convertible bond of CHF 499,000 and equity component of the convertible bond of CHF 4,563,000.
- (ii) The pro forma adjustments relate to the conversion of the pre-IPO convertible bonds with notional value of CHF 2,113,000. The notional value comprised of conversion of existing loan from related parties as at 31 December 2016 and new convertible loan issued to investors subsequent to 31 December 2016 amounting to CHF 524,000 and CHF 1,589,000 respectively.
- The conversion of the pre-IPO convertible bonds into ayondo Ltd. shares includes the carrying amount of convertible bond of CHF 1,041,000 and fair value of embedded derivative liability of CHF 1,072,000.
- (iii) The pro forma adjustments relate to the restructuring exercise undertaken by the Group as described in Note 2 (c). The adjustments comprised the following:
- c. The aggregate consideration of the entire issued and paid-up share capital of ayondo holding AG as at 31 December 2016 of CHF 63,045,000\* based on the aggregate consolidated Net Asset Value (“NAV”) of ayondo holding AG of CHF 32,884,000\*. The consideration was fully satisfied by the allotment and issuance of aggregate of 727,151 shares in ayondo Ltd.
  - d. The merger reserve of CHF 30,161,000 arises from the difference between the aggregate consideration paid and the share capital of the entire issued and paid-up share capital of ayondo holding AG.
- (iv) The pro forma adjustments relate to the conditional reimbursement of the acquisition expenses of CHF 802,000 as described in Note 2 (b), pursuant to the termination of conditional sale and purchase agreement for the proposed acquisition of entire equity interest of ayondo Holding AG by Starland Holdings Limited. The acquisition expenses will be converted into ayondo Ltd.’s shares upon the occurrence of Initial Public Offering (“IPO”).

\* Issued and paid-up share capital and NAV as at 31 December 2016 adjusted for the conversion of CB1, CB2 and CB3

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ayondo Ltd. and its Subsidiaries

Statement of adjustments for the unaudited pro forma consolidated statement of comprehensive income for the nine-month period ended 30 September 2017

	Audited consolidated statement of comprehensive income 30.09.2017 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of comprehensive income 30.09.2017 CHF'000
Trading revenue	14,661		14,661
Fees, rebates, client bonuses and betting duty tax	(7,403)		(7,403)
<b>Net operating income</b>	<b>7,258</b>		<b>7,258</b>
Other income	110		110
Staff expenses	(4,812)		(4,812)
Marketing expenses	(2,239)		(2,239)
Other operating expenses	(5,815)	(828) <sup>(i), (iii)</sup>	(6,643)
<b>Total operating expenses</b>	<b>(12,756)</b>		<b>(13,584)</b>
<b>Operating loss</b>	<b>(5,498)</b>		<b>(6,326)</b>
Finance income	1		1
Finance costs	(1,542)	1,326 <sup>(i), (ii)</sup>	(216)
<b>Loss before tax</b>	<b>(7,039)</b>		<b>(6,541)</b>
Income tax credit	434		434
<b>Loss for the year, net of tax</b>	<b>(6,605)</b>		<b>(6,107)</b>
<b>Loss for the year, net of tax, attributable to:</b>			
Equity holders of the Company	(6,600)	498 <sup>(i), (ii), (iii)</sup>	(6,102)
Non-controlling interests	(5)		(5)
	<b>(6,605)</b>		<b>(6,107)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(1,193)		(1,193)
<i>Items that may not be reclassified to profit or loss</i>			
Actuarial (losses)/gains on defined benefit plans	(123)		(123)
<b>Total comprehensive income for the year, net of tax</b>	<b>(7,921)</b>		<b>(7,423)</b>
<b>Total comprehensive income, attributable to:</b>			
Equity holders of the Company	(7,914)	498 <sup>(i), (ii)</sup>	(7,416)
Non-controlling interests	(7)		(7)
	<b>(7,921)</b>		<b>(7,423)</b>
<b>Loss per share attributable to equity holders of the Company</b>			
- basic (CHF)	(10.69)		(7.86)
- diluted (CHF)	(10.69)		(7.86)

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**ayondo Ltd. and its Subsidiaries**

**Statement of adjustments for the unaudited pro forma consolidated statement of  
comprehensive income for the nine-month period ended 30 September 2017**

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**Note to the pro forma adjustments:**

- (i) The pro forma adjustments relate to the conversion of the First, Second and Third convertible bonds into 66,265, 43,705 and 48,855 ayondo holding AG shares respectively as described in Note 2 (a). The adjustments are made for the following at the beginning of the financial year:
  - a. First Convertible Bond  
This reversal of amortization of liability component of CHF 809,000 and fair value loss on derivative liability of CHF 169,000.
  - b. Second Convertible Bond  
This reversal of amortization of liability component of CHF 337,000 and fair value gain on derivative liability of CHF 196,000.
  - c. Third Convertible Bond  
This reversal of amortization of liability component of CHF 140,000 and fair value loss on derivative liability of CHF 1,000.
- (ii) The pro forma adjustments made at the beginning of the financial year relate to the reversal of finance costs of CHF40,000 in relation to the existing loans from related parties as at 30 September 2017 which were converted into the pre-IPO convertible bonds and subsequently into ayondo Ltd. shares.
- (iii) The pro forma adjustments made at the beginning of the financial year relate to the conditional reimbursement of the acquisition expenses of CHF 802,000 as described in Note 2 (b), pursuant to the termination of conditional sale and purchase agreement for the proposed acquisition of entire equity interest of ayondo Holding AG by Starland Holdings Limited. The acquisition expenses will be converted into ayondo Ltd.'s shares upon the occurrence of Initial Public Offering ("IPO").

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ayondo Ltd. and its Subsidiaries

**Statement of adjustments for the unaudited pro forma consolidated statement of comprehensive income for the financial year ended 31 December 2016**

	Audited consolidated statement of comprehensive income 31.12.2016 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of comprehensive income 31.12.2016 CHF'000
Trading revenue	18,886		18,886
Fees, rebates, client bonuses and betting duty tax	(9,006)		(9,006)
<b>Net operating income</b>	<b>9,880</b>		<b>9,880</b>
Other income	327		327
Staff expenses	(5,741)		(5,741)
Marketing expenses	(3,300)		(3,300)
Other operating expenses	(10,129)	(111) <sup>(i)</sup>	(10,240)
<b>Total operating expenses</b>	<b>(18,843)</b>		<b>(18,954)</b>
<b>Operating loss</b>	<b>(8,963)</b>		<b>(9,074)</b>
Finance income	1		1
Finance costs	(1,804)	1,703 <sup>(i),(ii)</sup>	(101)
<b>Loss before tax</b>	<b>(10,766)</b>		<b>(9,174)</b>
Income tax credit	332		332
<b>Loss for the year, net of tax</b>	<b>(10,434)</b>		<b>(8,842)</b>
<b>Loss for the year, net of tax, attributable to:</b>			
Equity holders of the Company	(10,223)	1,592 <sup>(i),(ii)</sup>	(8,631)
Non-controlling interests	(211)		(211)
	<b>(10,434)</b>		<b>(8,842)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	903		903
<i>Items that may not be reclassified to profit or loss</i>			
Actuarial (losses)/gains on defined benefit plans	(164)		(164)
<b>Total comprehensive income for the year, net of tax</b>	<b>(9,695)</b>		<b>(8,103)</b>
<b>Total comprehensive income, attributable to:</b>			
Equity holders of the Company	(9,486)	1,592 <sup>(i),(ii)</sup>	(7,894)
Non-controlling interests	(209)		(209)
	<b>(9,695)</b>		<b>(8,103)</b>
<b>Loss per share attributable to equity holders of the Company</b>			
- basic (CHF)	(17.98)		(11.86)
- diluted (CHF)	(17.98)		(11.86)

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**ayondo Ltd. and its Subsidiaries**

**Statement of adjustments for the unaudited pro forma consolidated statement of  
comprehensive income for the financial year ended 31 December 2016**

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**Note to the pro forma adjustments:**

- (i) The pro forma adjustments relate to the conversion of the First, Second and Third convertible bonds into 66,265, 43,705 and 48,855 ayondo holding AG shares respectively as described in Note 2 (a). The adjustments are made for the following at the beginning of the financial period:
  - a. First Convertible Bond  
This reversal of amortization of liability component of CHF 874,000 and fair value loss on derivative liability of CHF 530,000.
  - b. Second Convertible Bond  
This reversal of amortization of liability component of CHF 398,000 and fair value loss on derivative liability of CHF 164,000.
  - c. Third Convertible Bond  
This reversal of amortization of liability component of CHF 422,000 and fair value loss on derivative liability of CHF 1,000.
- (ii) The pro forma adjustments made at the beginning of the financial year relate to the reversal of finance costs of CHF9,000 in relation to the existing loans from related parties as at 30 September 2017 which were converted into the pre-IPO convertible bonds and subsequently into ayondo Ltd. shares.
- (iii) The pro forma adjustments made at the beginning of the financial year relate to the conditional reimbursement of the acquisition expenses of CHF 806,000 as described in Note 2 (b), pursuant to the termination of conditional sale and purchase agreement for the proposed acquisition of entire equity interest of ayondo Holding AG by Starland Holdings Limited. The acquisition expenses will be converted into ayondo Ltd.'s shares upon the occurrence of Initial Public Offering ("IPO").

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ayondo Ltd. and its Subsidiaries

Statement of adjustments for the unaudited pro forma consolidated cash flow statements for the nine-month period ended 30 September 2017

	Audited consolidated statement of cash flows 30.09.2017 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of cash flows 30.09.2017 CHF'000
<b>Cash flows from operating activities</b>			
Loss before taxation	(7,039)	498	(6,541)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	64		64
Amortisation of intangibles	583		583
Employee share-based payments	390		390
Changes in fair value of embedded derivatives of convertible bonds	(26)	26	–
Employee benefit liability expense	44		44
Net fair value gains on derivatives	(21)		(21)
Interest income on loans and receivables	(1)		(1)
Finance costs	1,542	(1,326)	216
Unrealised exchange gain	(1,421)		(1,421)
Reimbursement of acquisition expenses	–	802	802
<b>Operating cash flows before changes in working capital</b>	(5,885)		(5,885)
<b>Changes in working capital:</b>			
Increase in trade and other receivables	(12,017)		(12,017)
Increase in trade and other payables	14,692		14,692
<b>Cash flows used in operations</b>	(3,210)		(3,210)
Interest received	1		1
Interest paid	(7)		(7)
Income tax refund	422		422
<b>Net cash flows used in operating activities</b>	(2,794)		(2,794)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(29)		(29)
Capitalisation of IT platform costs	(1,542)		(1,542)
<b>Net cash flows used in investing activities</b>	(1,571)		(1,571)

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ayondo Ltd. and its Subsidiaries

**Statement of adjustments for the unaudited pro forma consolidated cash flow statements for the nine-month period ended 30 September 2017**

	Audited consolidated statement of cash flows 30.09.2017 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of cash flows 30.09.2017 CHF'000
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans	1,962		1,962
Repayment of shareholder's loan	(115)		(115)
Proceeds from convertible bonds	–	1,298 <sup>(i)</sup>	1,298
<b>Net cash flows generated from financing activities</b>	<u>1,847</u>		<u>3,145</u>
Net decrease in cash and cash equivalents	(2,518)		(1,220)
Effects of exchange rate changes on cash and cash equivalents	42		42
Cash and cash equivalents at the beginning of the year	<u>3,789</u>		<u>3,789</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>1,313</u></u>		<u><u>2,611</u></u>

**Note to the pro forma adjustments:**

- (i) The pro forma adjustments relate to the proceeds from new pre-IPO convertible bonds bond issued to investors subsequent to 30 September 2017 with notional value of CHF 1,298,000.

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ayondo Ltd. and its Subsidiaries

Statement of adjustments for the unaudited pro forma consolidated cash flow statements for the financial year ended 31 December 2016

	Audited consolidated statement of cash flows 31.12.2016 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of cash flows 31.12.2016 CHF'000
<b>Cash flows from operating activities</b>			
Loss before taxation	(10,766)	1,592	(9,174)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	55		55
Amortisation of intangibles	597		597
Gain on sale of investment securities	(74)		(74)
Gain on disposal of associate	(205)		(205)
Employee share-based payments	633		633
Changes in fair value of embedded derivatives of convertible bonds	695	(695)	–
Employee benefit liability expense	59		59
Net fair value gain on derivatives	(167)		(167)
Interest income on loans and receivables	(1)		(1)
Finance costs	1,804	(1,703)	101
Unrealised exchange loss	1,157		1,157
Reimbursement of acquisition expenses	–	806	806
<b>Operating cash flows before changes in working capital</b>	<b>(6,213)</b>		<b>(6,213)</b>
<b>Changes in working capital:</b>			
Increase in trade and other receivables	(15,515)		(15,515)
Increase in receivables from and payable to associate and related parties	(154)		(154)
Increase in trade and other payables	16,036		16,036
<b>Cash flows used in operations</b>	<b>(5,846)</b>		<b>(5,846)</b>
Interest received	1		1
Income tax refund	335		335
<b>Net cash flows used in operating activities</b>	<b>(5,510)</b>		<b>(5,510)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of associate	552		552
Purchase of property, plant and equipment	(170)		(170)
Capitalisation of IT platform costs	(1,609)		(1,609)
Purchase of investment securities	(249)		(249)
Proceeds from sale of investment securities	411		411
<b>Net cash flows used in investing activities</b>	<b>(1,065)</b>		<b>(1,065)</b>



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ayondo Ltd. and its Subsidiaries

Statement of adjustments for the unaudited pro forma consolidated cash flow statements for the financial year ended 31 December 2016

	Audited consolidated statement of cash flows 31.12.2016 CHF'000	Pro forma adjustments CHF'000	Unaudited pro forma consolidated statement of cash flows 31.12.2016 CHF'000
<b>Cash flows from financing activities</b>			
Share issuance expense	(68)		(68)
Purchase of treasury shares	(284)		(284)
Proceeds from reissuance of treasury shares	375		375
Proceeds from short-term loans	2,462		2,462
Proceeds from warrants issued	4,753		4,753
Proceeds from convertible bonds	–	1,589 <sup>(i)</sup>	1,589
<b>Net cash flows generated from financing activities</b>	<b>7,238</b>		<b>8,827</b>
Net increase in cash and cash equivalents	663		2,252
Effects of exchange rate changes on cash and cash equivalents	(193)		(193)
Cash and cash equivalents at the beginning of the year	3,319		3,319
<b>Cash and cash equivalents at the end of the year</b>	<b>3,789</b>		<b>5,378</b>

**Note to the pro forma adjustments:**

- (ii) The pro forma adjustments relate to the proceeds from new pre-IPO convertible bonds bond issued to investors subsequent to 31 December 2016 with notional value of CHF 1,589,000.

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**ayondo Ltd. and its Subsidiaries**

**Notes to the unaudited pro forma consolidated financial information**  
**For the financial year ended 31 December 2016 and nine-month period ended 30 September**  
**2017**

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**1. Corporate information**

The Company was incorporated on 4 October 2017 under the Companies Act as a private limited company domiciled in Singapore. On 23 February 2018, the Company was converted to a public limited company and changed its name to ayondo Ltd.

The registered office of the Company is located at 36 Armenian Street, #02-08, Singapore 179934.

The Company is an investment holding company. The details of the subsidiaries are disclosed in Note 12 to the audited consolidated financial statements of the Group for the financial years ended 31 December 2014, 2014, 2016 and nine-month period ended 30 September 2017 as set out in Appendix A of this Offer Document.

Corporate reorganisation

The Group undertook the following transaction as part of a corporate reorganisation implemented in preparation for its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") ("the Restructuring Exercise").

Prior to 4 October 2017, ayondo Holding AG has the following subsidiaries:

- Sycap Group (UK) Ltd
- ayondo GmbH
- Social Trading Netzwerk GmbH
- ayondo Asia Pte. Ltd.
- ayondo Markets Ltd
- ayondo Portfolio Management GmbH

On 4 October 2017, the existing shareholder of ayondo Holding AG incorporated the Company with S\$1 share capital. On 23 February 2018, the Company became the holding company of ayondo Holding AG.

The consolidated financial statements presented for the years ended 31 December 2014, 2015 and 2016 and for the nine-month period period ended 30 September 2017 are a continuation of the existing ayondo Holding AG Group, comprising the financial position and the results of the ayondo Holding AG and its subsidiaries.

Pursuant to this, assets, liabilities, reserves, revenue and expense of ayondo Holding AG and its subsidiaries are consolidated at their existing carrying amounts.

For the purpose of the preparation of the consolidated financial statements, the share capital as at 31 December 2014, 2015 and 2016 and as at 30 September 2017 represents the issued and paid up share capital of ayondo Holding AG.

**2. Significant events**

The unaudited pro forma consolidated financial information of the Group, because of their nature, are not necessarily indicative of the financial position and of the cash flows that would have been attained had the significant event actually occurred earlier. Save as disclosed in this report, management, for the purpose of preparing this set of unaudited pro forma consolidated financial information of the Group, have not considered the effects of other events.

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ayondo Ltd. and its Subsidiaries

**Notes to the unaudited pro forma consolidated financial information**  
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**2. Significant events (cont'd)**

Save for the following significant events relating to the conversion of the convertible bonds and acquisition expenses into ordinary shares of the Company and the acquisition of ayondo Holding AG (the "Significant Events") discussed below, the directors, as at the date of this report, are not aware of other significant events subsequent to 30 September 2017.

(a) *Conversion of convertible bonds*

First and second convertible bond

In 2014, ayondo holding AG and its wholly owned subsidiary issued two convertible bonds in the principal amount of CHF5,500,000 and SGD 5,000,000 (CHF 3,685,000) respectively to various investors. The maturity date of both bonds is 4 years from the date of issuance, carries nil interest for the first two years, 4% per annum interest for the third year and 8% per annum interest for the fourth year and bears an overdue interest of 5% per annum of all overdue payments.

The investors have the option to convert the principal amount and any accrued and unpaid interest of the bonds into ordinary shares of ayondo holding AG at a subscription price of (i) CHF 83 per share or (ii) at any subsequently adjusted price which represents a valuation of CHF 38,000,000 of ayondo holding AG on a fully diluted basis, upon the earliest of the following events:

- (i) at an IPO of the wholly-owned subsidiary or ayondo holding AG;
- (ii) a change in control of the wholly-owned subsidiary or ayondo holding AG; or
- (iii) at the absolute discretion of the investors after the first anniversary of the date of issuance of the bonds.

On 16 February 2018, the two convertible bonds were fully converted into 109,970 ordinary shares of ayondo holding AG.

Third convertible bond

On 20 April 2015, a wholly owned subsidiary of ayondo Holding AG issued convertible bonds in the principal amount of SGD 6,700,000 (CHF 4,890,000) to various investors, which is denominated in the functional currency of issuer.

The maturity date of the bonds was 2 years from the date of issuance, carries an interest rate of 8% per annum after the first anniversary of the date of issuance and bears an overdue interest of 5% per annum on all overdue payment.

The bonds can be converted into 48,855 of ayondo Holding AG's shares, determined on the issuance date of the convertible bonds.

The principal amount of the bonds could be converted upon the earliest of the following events:

- (i) at the maturity date, 20 April 2017;
- (ii) at an IPO of ayondo Holding AG;
- (iii) a change in control of ayondo Holding AG; or
- (iv) at the absolute discretion of the investors prior to the maturity date.

On 20 April 2017, the bond was fully converted into 48,855 ordinary shares of ayondo holding AG.

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**APPENDIX B**  
**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR**  
**THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND THE NINE-MONTH**  
**PERIOD ENDED 30 SEPTEMBER 2017**

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ayondo Ltd. and its Subsidiaries

**Notes to the unaudited pro forma consolidated financial information**  
**For the financial year ended 31 December 2016 and nine-month period ended 30 September**  
**2017**

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**2. Significant events (cont'd)**

(a) *Conversion of convertible bonds (cont'd)*

Pre-IPO convertible bond

Pursuant to the Pre-Initial Public Offering ("IPO") Convertible Loan Agreements in October 2017, existing loans from related parties as at 30 September 2017 amounting to CHF 5,500,000 were converted into Redeemable Convertible Loan ("RCL"). In addition to the conversion of existing loans from related parties, new RCL with principal amount of CHF 1,498,571 had also been issued to various investors on 1 October 2017.

The maturity date of the RCLs is 30 September 2018. The RCLs with the notional amount of CHF3,192,000 shall bear simple interest rate at the rate of 8.0% per annum commencing from 1 October 2017, which shall fall due and payable in arrears in cash upon conversion if the RCLs are converted into new ordinary shares of the Company ("Conversion Shares"). The RCL holders have the option to convert into conversion shares no later than 7 days prior to lodgement of the IPO offer document.

The RCLs with the notional amount of CHF 2,308,000 shall bear simple interest rate at the rate of 8.0% per annum commencing from 1 October 2017, which shall fall due and payable in arrears only on maturity date, if the conversion of RCL into the Conversion Shares does not occur due to whatsoever reason. In the event that the RCL is converted into Conversion Shares, no interest shall be payable on the RCL.

The issue price of the Conversion Shares shall be a 33% discount of the IPO price. The RCL holders shall have the option to elect to convert the RCLs (in whole and not in part) into the Conversion Shares.

The RCL holders have signed a letter of undertaking confirming their decision to exercise or not to exercise their right to convert the RCL into Conversion Shares. Based on the letter of undertaking signed by the RCL holders, CHF 2,143,000 will be converted into Conversion Shares within 7 days prior to lodgement of the IPO offer document.

(b) *Conditional reimbursement and conversion agreement*

Pursuant to the termination of conditional sale and purchase agreement for the proposed acquisition of entire equity interest of ayondo Holding AG by Starland Holdings Limited ("Starland") in which Starland incurred certain expenses in the amount of SGD 1,140,544 ("Acquisition Expenses"), the Company will reimburse Starland the Acquisition Expenses, upon the occurrence of the IPO by issuing Conversion Shares. The issue price of the Conversion Shares shall be a 33% discount of the IPO price.

(c) *Acquisition of ayondo Holding AG*

The Company undertook a corporate restructuring exercise in connection with the listing. Following the restructuring exercise, the Company would acquire 727,151 shares representing approximately 99.95% of the issued and paid up capital of ayondo Holding AG. Out of the 727,151 shares, the completion of the acquisition of 13,084 shares or 2.11.8% of the issued and paid-up capital of ayondo AG held by certain shareholders of ayondo AG residing in Germany will take place at anytime during the period of one month after a moratorium of six months from the date of admission of the Company to Catalist.

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**APPENDIX B**  
**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR**  
**THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND THE NINE-MONTH**  
**PERIOD ENDED 30 SEPTEMBER 2017**

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ayondo Ltd. and its Subsidiaries

**Notes to the unaudited pro forma consolidated financial information**  
**For the financial year ended 31 December 2016 and nine-month period ended 30**  
**September 2017**

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**3. Basis of preparation of the unaudited pro forma consolidated financial information**

- (a) The unaudited pro forma consolidated financial information of the Group is expressed in Swiss Francs ("CHF" or "SFr") and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated. The financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what:
- (i) the unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2016 and 30 September 2017 would have been if the Significant Events as described in Note 2 had occurred on 31 December 2016 and 30 September 2017 respectively;
  - (ii) the unaudited pro forma consolidated statement of comprehensive income and cash flow of the Group for the financial year ended 31 December 2016 and nine-month period ended 30 September 2017 would have been if the Significant Events as described in Note 2 had occurred on 1 January 2016; and
- (b) The unaudited pro forma consolidated financial information of the Group is based on the following:
- Audited consolidated financial statements of ayondo Ltd. and its subsidiaries for the financial years ended 31 December 2014, 2015, 2016 and nine-month period ended 30 September 2017, which have been prepared in accordance with International Financial Reporting Standards.

The audited consolidated financial statements of ayondo Ltd. and its subsidiaries for the financial years ended 31 December 2014, 2015, 2016 and nine-month period ended 30 September 2017 was audited in accordance with Singapore Standards on Auditing by Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore. The independent auditor's report relating to the abovementioned audited financial statements was not subject to any qualification.

**4. Significant accounting policies**

The unaudited pro forma consolidated financial information is prepared using the same accounting policies as the audited consolidated financial statements of the Group for the financial years ended 31 December 2014, 2015, 2016 and nine-month period ended 30 September 2017 as disclosed in Note 2 to the Audited Consolidated Financial Statements of ayondo Ltd. and its subsidiaries for the financial years ended 31 December 2014, 2015, 2016 and nine-month period ended 30 September 2017 as set out in Appendix A of the Offer Document.

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## **APPENDIX C SUMMARY OF CONSTITUTION OF OUR COMPANY**

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The discussion below provides a summary of the principal objects of our Company set out in our Constitution and certain provisions of our Constitution and the laws of Singapore. This discussion is only a summary and is qualified by reference to Singapore law and our Constitution.

### **CONSTITUTION AND REGISTRATION NUMBER**

We are registered in Singapore with the Accounting and Corporate Regulatory Authority. Our company registration number is 201728417D. Our Constitution sets out the objects for which our Company was formed, including carrying on business as, amongst others, an investment holding company.

### **SUMMARY OF OUR CONSTITUTION**

#### **1. Directors**

##### **(a) Ability of interested directors to vote**

A director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting except under circumstances set out in the Constitution.

##### **(b) Remuneration**

Fees payable to Non-Executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary or otherwise (not being a commission on or a percentage of profits or turnover of the Company), as the Directors may determine.

The remuneration of a CEO shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

##### **(c) Borrowing**

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

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## APPENDIX C SUMMARY OF CONSTITUTION OF OUR COMPANY

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**(d) Retirement Age Limit**

There is no retirement age limit for Directors under our Constitution.

**(e) Shareholding Qualification**

There is no shareholding qualification for Directors in the Constitution of our Company.

**2. Share rights and restrictions**

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of Shareholders and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our Shareholders.

**(a) Dividends and distribution**

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits and we may satisfy dividends by the issue of shares to our Shareholders. All dividends are paid *pro-rata* amongst our Shareholders in proportion to the amount paid-up on each Shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque, warrant or post office order sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

**(b) Voting rights**

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one vote, and



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## APPENDIX C SUMMARY OF CONSTITUTION OF OUR COMPANY

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on a poll, every Shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote.

### **3. Change in capital**

Changes in the capital structure of our Company (for example, consolidation, cancellation, sub-division or conversion of our share capital) require Shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our Shareholders' approval by way of a special resolution for any reduction of our share capital or other undistributable reserve, subject to the conditions prescribed by law.

### **4. Variation of rights of existing shares or classes of shares**

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Constitution relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total number of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Constitution does not impose more significant conditions than the Companies Act in this regard.

### **5. Limitations on foreign or non-resident Shareholders**

There are no limitations imposed by Singapore law or by our Constitution on the rights of our Shareholders including those who are regarded as non-residents of Singapore, to hold or vote their shares.

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## APPENDIX D SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

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### SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

Our business operations are not subject to special legislation or regulatory controls which have a material effect on our business and operations, other than those generally applicable to companies and businesses incorporated or operating in the jurisdictions in which we operate.

#### **Regulations by the FCA**

In the UK, firms providing financial services are subject to regulations by the FCA, and in some cases, the Prudential Regulation Authority (“**PRA**”) under the UK Financial Services and Markets Act 2000 (“**FSMA**”). Under the FSMA, persons carrying on regulated activities in the UK require authorisation by the FCA and, in some cases, the PRA. Carrying on regulated activities without authorisation is a criminal offence and agreements made in the course of the carrying on of regulated activities by unauthorised persons are unenforceable.

The business undertaken by our Group involves the carrying on of regulated activities for which ayondo UK (FCA reference 184333) is authorised and regulated by the FCA. The FCA has authorised ayondo UK to carry on, amongst other things, the regulated activities of arranging deals in investments, advising on investments and dealing in investments as principal in relation to certain specified investments, including CFDs, rolling spot forex contracts, futures, spread bets and shares.

#### **(a) FCA Authorisation**

In order for a firm to be authorised and regulated by the FCA, the FCA must be satisfied that the firm meets certain threshold conditions prescribed by the FSMA. In considering an application for authorisation, the FCA will have regard to: (a) the firm’s legal status; (b) the location of its offices; (c) whether it has any close links to other persons which will prevent the firm being effectively supervised; (d) the ability of the FCA to supervise the firm more generally; (e) the appropriateness of the firm’s resources; and (f) the firm’s suitability. In order to remain authorised, the firm will need to demonstrate its continuing compliance with the threshold conditions.

An FCA regulated firm also has to ensure that it complies with the Principles for Businesses and the rules made by the FCA (“**FCA Rules**”). The FCA Rules seek to ensure that authorised and regulated firms satisfy minimum business standards, including in relation to appropriate resourcing, adequate senior management arrangements, systems and controls, appropriate safeguards to protect client money and assets, and to ensure that firms comply with certain minimum conduct of business standards, as set out in the FCA’s Conduct of Business sourcebook (“**Conduct of Business Rules**”).

“Investment firms” (which includes ayondo UK) must also comply with European Union regulations which have direct effect and apply to the conduct of “investment services and activities” in relation to financial instruments as defined in the Markets in Financial Instruments Directive 2004/39/EC (“**MiFID**”), which are further outlined below.

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## APPENDIX D SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

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### **(b) Prudential Capital and Liquidity Requirements**

The FCA Rules and the Capital Requirements Regulation EU Regulation 575/2013 amending EU Regulation 648/2012 (“**EU CRR**”) include requirements that an FCA regulated IFPRU 730 K investment firm, such as ayondo UK, maintain adequate financial (both capital and liquidity) resources at all times to ensure that the firm is able to meet its liabilities as they fall due. A firm must have in place sound, effective and comprehensive strategies, processes and systems (internal capital adequacy assessment process or “**ICAAP**”): (1) to assess and maintain, on an ongoing basis, the amounts, types and distribution of financial resources, own funds and internal capital that it considers adequate to cover: (a) the nature and level of the risks to which it is, or might be, exposed; (b) the risk in the requirement to have adequate financial resources overall; (c) the risk that the firm might not be able to meet the obligations in the EU CRR in the future; and (2) that enable it to identify and manage the major sources of risks referred to in (1), including the major sources of risk in each of the following categories where they are relevant to the firm given the nature and scale of its business: (a) credit and counterparty risk; (b) market risk; (c) liquidity risk (d) operational risk (e) concentration risk; (f) residual risk; (g) securitisation risk; (h) business risk; (i) interest rate risk, including interest-rate risk in a firm’s non-trading book; (j) risk of excessive leverage; (k) pension obligation risk; and (l) group risk.

The FCA may review a firm’s ICAAP from time to time, including the results of the firm’s stress tests carried out under FCA Rules and the EU CRR. The FCA may give individual capital guidance (“**ICG**”) to a firm and will state in an ICG what amount and quality of capital it considers the firm needs to hold in order to comply with overall financial resource requirements. The FCA may require an additional capital buffer to ensure the adequacy of the financial resources that a firm should hold in accordance with general stress testing requirements in the face of adverse circumstances, after allowing for realistic management actions.

### **(c) Recovery and Resolution Requirements**

Each IFPRU 730 K firm, such as ayondo UK, must draw up a recovery plan and submit this plan to the FCA. The recovery plan must have recovery options which include: (a) capital and liquidity actions required to maintain or restore the viability and financial position of the firm; and (b) arrangements and measures to conserve or restore the firm’s own funds; (c) an assessment of the expected timeframe for implementing recovery options; (d) a summary of the overall recovery capacity of the firm, including: (i) the risks associated with recovery options; (ii) an analysis of any material impediments to the effective and timely execution of the recovery plan; and (iii) whether and how material impediments could be overcome. There is a further “bail-in” requirement such that if a liability meets the conditions set out below, a firm must include a term in the contract governing the liability which states that the creditor or party to the agreement creating the liability: (a) recognises that the liability may be subject to write-down and conversion powers; and (b) agrees to be bound by any of the following actions of a resolution authority (in the UK the Bank of England) in relation to that liability: (i) reduction of principal or outstanding amount due; or (ii) conversion; or (iii) cancellation. The foregoing contractual recognition of a bail-in requirement applies to a liability, subject to certain exclusions, that is governed by the law of a non-EEA country and is issued or entered into after 1 January 2016.

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## APPENDIX D SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

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### *(d) Conduct of Business, Policies and Systems*

The Conduct of Business Rules cover areas such as communicating with clients including financial promotions (advertising and marketing communications), advising (suitability assessment obligations), dealing and managing (including best execution and client order handling obligations), reporting information to clients and the protection of clients' funds and assets. Of particular relevance to the ayondo UK's activities are the FCA Rules (and the European Securities relating to client classification and the FCA Rules) together with the Question and Answer guidance issued by the European Securities and Markets Authority provided to National Competent Authorities (including the FCA) relating to the provision of CFDs and other speculative products to retail clients under MiFID which are relevant to determining the obligation relating to the provision of CFDs and other speculative products to retail investors under MiFID to assess, amongst other things, whether the products offered are appropriate for a particular client. The FCA Rules require a firm to classify a client as an eligible counterparty, professional client or retail client. The purpose of client classification is to ensure that a particular client will be given the appropriate level of protection under the FCA Rules. The majority of our clients are classified as "retail" and are therefore afforded the highest degree of protection under the FCA Rules. Under the FCA Appropriateness Rules, ayondo UK is obliged to assess whether a retail client has the necessary experience and knowledge in order to understand the risks involved in relation to derivative products offered such as CFDs, rolling spot forex and spread bets.

The financial promotion rules are also of particular relevance to ayondo UK as they determine what ayondo UK may or may not display on its website and in marketing material. In addition, the Conduct of Business Rules requires the ayondo UK disclose certain details of the products which it offers, including details as to risk. As ayondo UK offers investment advice, the FCA's rules governing the provision of advice are also applicable. The FCA regulatory framework imposes requirements on firms to observe proper standards of market conduct, to ensure that its employees are adequately trained and remain competent, and to ensure that it has proper safeguards to prevent money laundering and market abuse, including systems in place to allow it to confirm identity and make suspicious transaction reports.

Members of the management of an FCA regulated firm, including its directors, managers with significant influence, the senior compliance officer and the money laundering reporting officer, the client assets officer and employees dealing with customers to advise upon or execute transactions are required to be individually registered and approved by the FCA as "approved persons". In order for an individual to become an approved person within a firm, the firm must apply to the FCA on behalf of the individual. Before it approves the individual, the FCA will need to be satisfied that the individual is a fit and proper person to perform the function to which the application relates. An individual who becomes an approved person is required to comply with Statements of Principle and Code of Practice for Approved Persons. The Senior Managers and Certification Regime ("**SMCR**") which focuses on senior managers within firms (which currently only applies to the largest 730 K firms) will likely be extended to all investment firms in 2018. The SMCR operates in the same way as the Approved Persons regime but requires in addition a clear statement of a senior manager's responsibilities for which the manager will be individually accountable.

An FCA regulated firm is also required to implement certain FCA standards and policies when setting pay and bonus awards for staff in a way and to an extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

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## APPENDIX D SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

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### **(e) FCA Supervision**

The regulatory requirements described above help ensure that consumers, including clients of ayondo UK, are provided with an appropriate degree of protection and help maintain confidence in the financial system. In addition to the power to authorise firms, FSMA gives the FCA the power to monitor and supervise FCA regulated firms, including the power to make supervision visits. As part of the supervision process, FCA regulated firms are required to make regular reports to the FCA.

If a regulated firm breaches the FCA Rules or the Principles for Businesses, the FCA has various powers under FSMA to deal with these breaches. These include the power to impose fines, issue public censures, make restitution orders and to suspend or terminate a firm's authorisation. In addition, the FCA may take action against persons performing certain specified functions for a firm, which includes the issue of orders prohibiting them from working in the financial services industry.

FSMA also created the Financial Ombudsman Scheme ("**FOS**") to adjudicate disputes between FCA regulated firms and their clients and, where appropriate, award compensation up to £150,000. The FOS is only available to those clients who are "eligible complainants" at the time of a complaint – principally a consumer being any natural person acting for purposes outside his trade, business or profession.

The Financial Services Compensation Scheme can pay compensation to a client if a firm is unable, or likely to be unable, to pay claims against it. Compensation is capped at £85,000 with respect to bank deposits and £50,000 with respect to investments. Eligibility to make claims will generally arise where the firm has stopped trading and has insufficient assets to meet claims, or is in insolvency.

Pursuant to the FCA's consultation paper dated December 2016, FCA has recommended new measures to enhance protection of retail customers and the proposed new measures include:

- (i) enhancing disclosure requirements to better illustrate the risks of CFD products;
- (ii) setting lower average limits for inexperienced retail clients;
- (iii) introducing lower leverage caps; and
- (iv) preventing providers from using any form of trading account bonuses or benefits to promote CFD products.

### **Internet Regulation and Data Protection**

There is no specific regulator for technology or the internet in the UK or European Union. However, there are many applicable laws relating to technology, the provision of internet services and use of internet and internet-related applications which affect our business.

As we collect data about our customers and other individuals, we are subject to rules and regulations concerning the processing of such information. Currently, EU data protection law derives from Directive 95/46/EC ("**Data Protection Directive**"). The Data Protection Directive

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## APPENDIX D SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

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applies to companies established in the EEA or using equipment in the EEA to process personal data. The Data Protection Directive has been implemented in all EEA jurisdictions in which we have customers. In the UK, the Data Protection Directive has been implemented into law by the UK Data Protection Act 1998 (“**DPA**”), which came into force on 1 March 2000. Both the Data Protection Directive and the DPA impose restrictions on the processing of personal data, including its collection and use and guarantee rights to individuals who are the subject of personal data with regards to their personal data. The DPA also restricts the ability of companies falling within their application to send personal data outside the EEA unless the country to which such data is sent has adequate data protection measures in place.

The Data Protection Directive will be replaced by the European General Data Protection Regulation 2016/679 (“**GDPR**”), from 25 May 2018 in all EU Member States. The GDPR will impose a number of new obligations in relation to the processing of personal data of individuals based in the EU, including a new accountability principle which will require the firm to demonstrate compliance with the GDPR. This includes the requirement to maintain certain documentation, conduct a data protection impact assessment for high risk processing and the requirement to implement data protection by design and default (i.e. the firm must take data protection into consideration from the outset of any new projects). The GDPR also introduces the mandatory appointment of a data protection officer in certain circumstances.

There is also another European Directive which governs privacy and the processing of personal data specifically in the electronic communications sector (Directive 2002/58/EC) (“**Privacy and Electronic Communications Directive**”). The Privacy and Electronic Communications Directive was adopted by the European Union on 12 July 2002 and covers privacy rights in connection with electronic communications, not just computers and the internet, although service providers operating over the internet are most significantly affected. The Privacy and Electronic Communications Directive was implemented into law in the UK by the Privacy and Electronic Communications (EC Directive) Regulations 2003 (“**PECR**”), which came into force on 11 December 2003. The PECR restrict the use of automated calling systems, facsimile machines, e-mail and SMS for direct marketing purposes. In particular, companies may not send unsolicited e-mail communications for individuals for the purposes of direct marketing unless the recipient has given his/her prior consent. A limited exception applies in relation to the direct marketing of similar products and services to a company’s existing clients (the soft opt-in exception), provided that the recipient is, on each occasion, given the opportunity to refuse the use of his/her contact details for such purposes. The Privacy and Electronic Communications Directive also regulates direct marketing to businesses, although there are fewer restrictions on marketing to businesses. The Privacy and Electronic Communications Directive also applies to the use of cookies by website owners, the prior information which must be provided to website visitors (in the privacy notice) and the circumstances in which prior consent is needed. The PECR therefore regulate the way ayondo UK is permitted to send direct marketing by e-mail or SMS and how ayondo UK uses cookies on any website it operates.

In January 2017, the European Commission published the draft ePrivacy Regulation (“**ePR**”), to replace the current Privacy and Electronic Communications Directive, with subsequent drafts published in September and December 2017. The EU had intended that the EPR would come into effect in May 2018 alongside the GDPR, however if announced in January 2018 that any update is likely to be delayed until late 2018. In relation to direct marketing communications, the current draft ePR retains the requirement to obtain consent and retains the soft opt-in exception. However, the draft ePR imports a higher standard for obtaining consent, in line with the GDPR; in particular, consent must be freely given, specific, informed and unambiguous and must involve

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## APPENDIX D SUMMARY OF RELEVANT LAWS AND REGULATIONS IN ENGLAND AND WALES

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clear, affirmative action. Silence, pre-ticked boxes or inactivity will therefore be unlikely to constitute consent. The draft ePR provides that use of cookies and other tracking tools is only permitted if either (i) such use is necessary to provide the service requested by the user, or (ii) if the user has consented. Under the current draft, it appears that the onus will be placed on browser providers as 'gatekeepers' to give users options for cookie controls.

Our clients are able to use credit cards as a payment alternative to fund their account and therefore, we are subject to the Payment Card Industry Data Security Standards (the "**PCI DSS**") administered by the PCI Security Standards Council. The PCI DSS are security standards for organisations that collect, process or transfer data from branded payment cards and are designed to help companies secure and protect their customer payment data. As PCI DSS are not direct regulatory obligations but private arrangements between the merchants and the PCI Security Standards Council, the level of sanction for non-compliance may vary but breach can lead to fines, increased card handling fees or withdrawal of payment processing services by the merchant acquirer.

The DPA requires every organisation that processes personal data in the UK to register with the Information Commissioner's Office ("**ICO**") unless they are exempt. Failure to do so, where an exemption does not apply, is a criminal offence. ayondo UK (ICO reference Z1457804) is registered with the ICO in accordance with the DPA. This general registration requirement will be discontinued under the GDPR, however the ICO will continue to charge organisations a data protection fee under a revised fee regime.

The ICO is responsible for enforcing compliance with the DPA and the PECR in the UK (amongst other things). Presently, the ICO has the power to impose fines of up to £500,000 for breaches of the DPA or the PECR. Under the GDPR, the ICO will have the power to impose a maximum fine of €20 million or 4% of total annual global turnover (whichever is higher).



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## APPENDIX E

### SUMMARY OF RELEVANT GERMAN LAWS AND REGULATIONS

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#### SUMMARY OF RELEVANT GERMAN LAWS AND REGULATIONS

##### Regulated Businesses

A party intending to provide financial services requires a written license granted by BaFin (sec. 32 para. 1 of the German Banking Act). This also applies in relation to: (i) investment brokerage in the meaning of sec. 1 para. 1a sentence 2 no. 1 of the German Banking Act; (ii) contract brokerage in the meaning of sec. 1 para. 1a sentence 2 no. 2 of the German Banking Act; and (iii) finance portfolio management in the meaning of sec. 1 para. 1a sentence 2 no. 3 of the German Banking Act.

##### Tied Agent

According to the legal concept of a so-called “tied agent” (sec. 2 para. 10 of the German Banking Act), a company which does not conduct any banking business within the meaning of sec. 1 para. 1 sentence 2 of the German Banking Act and which provides financial services that comprise only investment brokerage, placement business or investment advice solely for the account and under the liability of a CRR credit institution (as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012) or a securities trading firm domiciled in Germany or operating in Germany in accordance with sec. 53b para. 1 sentence 1 or subsection 7 of the German Banking Act is not deemed a financial services institution. Accordingly, no written license granted by BaFin is needed as long as the tied agent acts under the liability umbrella of the relevant cooperating CRR credit institution or securities trading firm.

##### Unauthorised Activities

In case financial services (e.g. investment brokerage, contract brokerage and/or finance portfolio management) are executed without a required license, there is a particular sanctions regime:

###### (a) Administrative Risk

BaFin can order the company and the members of its governing body to cease business activities immediately and to settle its business without delay, if financial services are provided without a required license (sec. 37 para. 1 of the German Banking Act).

###### (b) Liability for Criminal Offences

Further, the execution of business activities regulated by the German Banking Act without a required license may be prosecuted as a criminal offence. In case of intent, sec. 54 para. 1 of the German Banking Act provides for a punishment by a term of imprisonment of up to five years or by a fine. In case of negligence, the punishment shall be imprisonment of up to three years or a fine (sec. 54 para. 2 of the German Banking Act).

A proven path to significantly minimize the risk of criminal liability in relation to business activities regulated by the German Banking Act is to seek reliable and competent legal advice as regards the relevant business activities in question. As one may generally rely on such legal advice, in case of prosecution measures one may invoke a so-called unavoidable mistake in law if acting in accordance with the legal advice received (sec. 17 sentence 1 German Criminal Code). Thereby, a requirement for the right to invoke such unavoidable mistake in law is that the legal advice was, *inter alia*, profound.

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## **APPENDIX E**

### **SUMMARY OF RELEVANT GERMAN LAWS AND REGULATIONS**

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#### **(c) Civil Liability**

The validity of contracts concluded in the course of regulated business activities will generally not be affected (except for rare and narrow exceptions), if the entity providing financial services does not hold a required license under the German Banking Act. However, it has to be noted that clients of such entity may, under certain conditions, request the rescission of contracts concluded without a required license under the German Banking Act. Also in regard to such rescission risk, the use of reliable and competent legal advice is a proven path to significantly minimize a residual civil law risk.

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## APPENDIX F

### SUMMARY OF RELEVANT LAWS AND REGULATIONS IN OTHER COUNTRIES

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#### OTHER EEA COUNTRIES

There is a European regime established by the Markets in Financial Instruments Directive (“**MiFID**”), which regulates the provision of “investment services and activities” in relation to MiFID financial instruments throughout the EEA. MiFID requires all “investment firms” which are persons whose regular occupation or business is the provision of one or more investment services or activities to be authorised in their state of incorporation (“**home member state**”). ayondo UK is MiFID investment firm, and as set out above, is duly authorised and regulated by the FCA.

MiFID gives investment firms the right to be able to provide investment services and activities on a cross-border basis to clients located in other member states of the EEA (“**host member states**”) without the need for separate authorisation by the competent authorities in those host member states. MiFID also grants MiFID investment firms a right to establish a branch in those host member states without the need for any separate authorisation. These rights to provide cross-border services and activities and to establish branches are commonly referred to as the MiFID passport.

We currently operate branches in Spain, Netherlands and Germany, which carry on our business in reliance on the MiFID passport. Investment firms conducting investment services through branches are generally subject to host member state conduct of business rules in respect of the activities carried on through each branch. We have also made the required notifications to allow our Group to provide investment services on a cross-border basis into all other member states of the EEA. Under MiFID, investment firms conducting investment services into EEA countries through a cross-border services passport are generally subject to home member state conduct of business rules. It is possible, however, for some host member states to apply some additional consumer protection measures.

MiFID is in the process of being replaced by a revised directive, MiFID II and a new Markets in Financial Instruments Regulations (“**MiFIR**”). MiFID II and MiFIR entered into force on 2 July 2014, and the deadline for EEA member states to finalise the laws and regulations implementing MiFID II is 3 January 2018. The focus on the changes have been around market infrastructure, particularly requirements for non-discriminatory access to trading venues and central counterparties, extension of pre and post-trade transparency to non-equities markets and transaction reporting, but it is anticipated that investor protection will be increased, with domestic regulators having stronger product intervention powers, prohibitions on inducements between advisors and product providers, enhanced information requirements for clients and tighter client categorisation rules.

#### OTHER COUNTRIES

In addition to having clients in the countries referred to above, we also have clients in jurisdictions in other countries outside EEA in which we do not have an office. In non-EEA countries where we do not have an office, subject to the local law of that country, we may conduct investment business with residents in that country without being deemed to conduct that business within that country such that we are not required to be locally regulated. We require clients resident in these countries to comply with local law requirements, for example, laws governing foreign exchange control, the remittance of funds overseas, the take-on of clients, of the country in which our relevant business is located and with which the client chooses to do business. Despite the fact that we may have no office or physical presence in other countries and we require our customers resident in those countries to comply with local law, it is possible that we may nonetheless not be in full compliance

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**APPENDIX F**  
**SUMMARY OF RELEVANT LAWS AND REGULATIONS IN OTHER COUNTRIES**

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with, and may be in breach of, the laws and regulatory requirements of some of those countries from which our relevant product or services are accessed but in which we are not, or may not have been, regulated. It is also possible that the governments of certain of those countries may attempt to regulate our products or services or take enforcement action, such as bringing prosecutions against our Group, for violations of the relevant local laws and regulation and that any agreements entered into with clients in those countries may be unenforceable.

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## APPENDIX G DESCRIPTION OF OUR SHARES

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The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore, the Catalist Rules and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in entirety by reference to our Constitution, a copy of which is available for inspection at our registered office during normal business hours for a period of six months from the date of this Offer Document.

### *Ordinary Shares*

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### *New Shares*

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed the limit as may be prescribed by the SGX-ST), of which the aggregate number of Shares to be issued other than on a pro rata basis to our Shareholders may not exceed the limit as may be prescribed by the SGX-ST). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all New Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

### *Shareholders*

Only persons who are registered in our Register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Shareholders for any time or times if we provide the SGX-ST at least 10 clear Market Days' notice. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

### *Transfer of Shares*

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board of Directors may require.

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## APPENDIX G DESCRIPTION OF OUR SHARES

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### *General Meetings of Shareholders*

We are required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

### *Voting Rights*

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one vote and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than five per cent of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote.

### *Dividends*

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits and we may satisfy dividends by the issue of Shares to our Shareholders. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

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## APPENDIX G DESCRIPTION OF OUR SHARES

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### *Bonus and Rights Issue*

Our Board of Directors may, with approval of our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

### *Takeovers*

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code"), issued by the Authority pursuant to section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv); and
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

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## APPENDIX G DESCRIPTION OF OUR SHARES

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- (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i); and
  - (v) companies controlled by any of (i), (ii), (iii) or (iv).

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six months.

### *Liquidation or Other Return of Capital*

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### *Indemnity*

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

### *Limitations on Rights to Hold or Vote Shares*

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of our Shares.



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## APPENDIX G DESCRIPTION OF OUR SHARES

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### *Minority Rights*

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name of, or on behalf of, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or
- (e) provide that we be wound up.

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## APPENDIX H TAXATION

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*The following is a summary of certain income tax, stamp duty and goods and services tax consequences of purchasing, holding or disposal of our Shares. This summary is based on current tax laws regulations and decisions now in effect in Singapore, Switzerland, the UK, Germany, Spain and Hong Kong, all of which are subject to change (possibly with retroactive effect). This summary is not intended to be or to be regarded as advice on the tax position of any investor or of any person purchasing, holding or otherwise dealing with our Shares. The statements made herein do not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors. The laws, regulations and interpretations, may change at any time, and any changes could be made on a retrospective. These laws and regulations are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the relevant courts will agree with the explanations or conclusions set out below or that changes in such law and regulations will not occur.*

*Prospective investors should consult their own professional tax advisors and/or legal advisers regarding the Singapore and foreign income tax, stamp duty, estate duty and other tax consequences of purchasing, holding or disposing of our Shares. It is emphasised that neither we, our Directors, nor any other persons involved in this Invitation accept responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of our Shares.*

### **SINGAPORE TAX**

#### ***Corporate Income Tax***

A corporate taxpayer is generally subject to Singapore income tax on the following:

- (a) income accruing in or derived from Singapore; and
- (b) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. Generally, the control and management of a company is vested in the board of directors and is regarded as exercised at the place where the board of directors meets to hold their board meetings where strategic policies are discussed and formulated.

The prevailing corporate income tax rate is 17% with the first S\$300,000 of normal chargeable income of a company being generally exempt from tax as follows:

- (a) 75% of up to the first S\$10,000 of normal chargeable income; and
- (b) 50% of up to the next S\$290,000 of normal chargeable income.

It has been proposed in the Singapore Budget 2018 that the above partial tax exemption scheme will be adjusted to the following with effect on or after year of assessment (“YA”) 2020:

- (a) 75% exemption on the first S\$10,000 of normal chargeable income; and
- (b) 50% exemption on the next S\$190,000 of normal chargeable income.

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## APPENDIX H TAXATION

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A 50% corporate income tax rebate capped at S\$20,000 and S\$25,000 is available for YA 2016 and YA 2017 respectively. It has been proposed in the Singapore Budget 2018 that the corporate income tax rebate be enhanced to 40% of tax payable, capped at S\$15,000 for YA 2018 and 20% of tax payable, capped at S\$10,000 for YA 2019 respectively.

Tax exemption is granted to a Singapore-resident company on its foreign-sourced dividend, foreign branch profits or foreign-sourced service income received in Singapore on or after 1 June 2003 if certain prescribed conditions are met.

In respect of foreign-sourced income received in Singapore and on which foreign tax has been paid or deducted at source, the Singapore-resident company is entitled to claim a foreign tax credit for the foreign tax paid subject to meeting certain conditions. The amount of foreign tax credit to be granted is based on the lower of the Singapore income tax payable on the foreign-sourced income and the actual foreign taxes paid on that income.

Under the foreign tax credit pooling system ("**FTC pooling system**"), a resident taxpayer may elect to pool the foreign taxes paid (including any underlying tax, where applicable) on any items of its foreign-sourced income, provided that all of the following conditions are met:

- (a) income tax must have been paid on the income in the foreign territory from which the income is derived;
- (b) at the time the foreign-sourced income is received in Singapore, the highest corporate tax rate (headline tax rate) of the foreign territory from which the income is derived is at least 15%;
- (c) there must be Singapore income tax payable on the foreign-sourced income; and
- (d) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Singapore Income Tax Act on its foreign-sourced income.

The amount of foreign tax credit to be granted under the FTC pooling system is based on the lower of the total Singapore tax payable on the pooled foreign-sourced income and the pooled foreign taxes paid on that income.

### ***Individual Income Tax***

Individuals, whether Singapore residents or not, generally are liable to Singapore income tax on income accruing in or derived from Singapore. They are generally exempt from Singapore income tax on income derived from outside Singapore.

An individual is regarded as tax resident in Singapore for any YA if, during the year preceding the YA, the individual is physically present in Singapore for 183 days or more or resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such individual to be resident in Singapore, or exercises an employment (other than a director of a company) in Singapore for 183 days or more.

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## APPENDIX H TAXATION

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Singapore resident individuals are taxed (on income subject to Singapore income tax) at progressive rates, currently ranging from 0% to 20% up to YA 2016. With effect from YA 2017, the highest individual income tax rate would be 22%. Non-Singapore resident individuals are generally taxed (on income subject to Singapore income tax) at the rate of 20%. This would be increased to 22% with effect from YA 2017.

### ***Dividend Distributions***

Singapore currently adopts the one-tier corporate tax system (“**one-tier system**”). Under the one-tier system, dividends paid by a company resident in Singapore are exempt from Singapore income tax in the hands of its shareholders, regardless of whether the shareholders are corporates or individuals or whether the shareholders are tax resident in Singapore. These dividends are also not subject to Singapore withholding tax.

### ***Capital Gains Tax***

Singapore currently does not impose tax on capital gains. Any gains considered to be capital in nature made from the sale of our Shares will not be taxable in Singapore. However, any gains derived from the sale of our Shares may be considered to be income in nature and taxable if the gains arose from activities which the Comptroller regards as the carrying on of a trade or business in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity if the intention of the investor was not to hold our Shares as long-term investments.

There are currently no specific laws or regulations that address the characterisation of gains. The characterisation of gains arising from the sale of our Shares will depend on the facts and circumstances of each Shareholder.

Gains derived by a divesting company from the disposal of ordinary shares in an investee company are exempt from tax if immediately prior to the date of share disposal, the divesting company had legally and beneficially owned at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. This tax exemption is applicable to disposals made during the period 1 June 2012 to 31 May 2022 (both dates inclusive).

The above tax exemption does not apply in certain circumstances, for example disposal of shares in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than property development).

Shareholders who have adopted or are required to adopt Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) for financial reporting purposes may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on our Shares, irrespective of disposal. If so, the gains or losses recognised may be taxed or allowed as a deduction even though they are unrealised.

Companies are required to adopt FRS 109 (which replaces FRS 39) for financial reporting purposes for annual periods beginning on or after 1 January 2018. The tax treatment of gains or losses in respect of financial instruments recognised under FRS 109 is generally aligned with the accounting treatment unless exceptions apply.

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## **APPENDIX H TAXATION**

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Shareholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their ownership and disposal of our Shares arising from the adoption of FRS 39 or FRS 109.

### **Stamp Duty**

There is no stamp duty payable on the subscription of our Shares.

Where an instrument of transfer is executed in respect of our Shares, stamp duty is payable on such instrument of transfer at the rate of 0.2% of the purchase consideration or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the CDP system.

### **Goods & Services Tax (“GST”)**

The sale of our Shares by a GST-registered Shareholder belonging in Singapore for GST purposes through a SGX-ST member or to another person belonging in Singapore for GST purposes is an exempt supply not subject to GST.

Any input GST (for example, GST on brokerage) incurred by the GST-registered Shareholder in making such an exempt supply is generally not recoverable will become an additional cost to the Shareholder unless the Shareholder satisfies certain conditions prescribed under the GST legislation or under certain GST concessions.

Where our Shares are sold by a GST-registered Shareholder contractually to and for the direct benefit of a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale is a taxable supply subject to GST at the zero-rate (i.e. 0%). Any input GST (for example, GST on brokerage) incurred by him in the making of this zero-rated supply for the purpose of his business will, subject to the provisions under the GST legislation, be recoverable as an input tax credit in his GST returns.

Investors and/or Shareholders should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

Services such as brokerage and handling services rendered by a GST-registered person to an investor/Shareholder belonging in Singapore for GST purposes in connection with the investor's/Shareholder's purchase, ownership or sale of our Shares will be subject to GST at the standard rate (i.e. currently 7%). Similar services rendered contractually to and for the direct benefit of an investor/Shareholder belonging outside Singapore for GST purposes (and who is outside Singapore at the time of supply) will be subject to GST at 0%.

### **Estate Duty**

Singapore estate duty has been abolished with effect from 15 February 2008.

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## APPENDIX H TAXATION

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### SWITZERLAND TAX

#### General Remarks

In Switzerland, taxes are levied at federal, cantonal and communal levels. At cantonal and communal level, the rates vary from canton to canton and from community to community.

#### Taxation of Holding Companies

At the federal level, a holding company is subject to income taxes at the (normal) rate of 7.83%. Dividend income from a participation will be virtually exempt from income tax if the holding company holds at least 10% of the capital of such participation or if the value of such participation is at least equal to CHF1,000,000 (so-called “participation exemption”). Capital gains realized on the sale of participations of at least 10% also qualify for this exemption and will therefore not be taxable, provided that such participation has been held for at least twelve months before the sales transaction. In addition, losses derived from the sale of participations are tax deductible.

Pure holding companies benefit from a special tax regime in all cantons. To qualify as a “pure holding company”, at least two-thirds (2/3) of the assets of the holding company must consist of participations or at least two-thirds (2/3) of its income must derive from participations. Pure holding companies are exempt from income tax on cantonal level, including capital gains tax. This also means that no interest, royalty income, or management fees will be taxed. Such income is therefore taxed at the effective (federal) tax rate of 7.83%. However, income derived from real estate in Switzerland is subject to full income tax. It is anticipated that the holding taxation will be abolished with effect from 1 January 2019.

The cantons levy a cantonal net worth tax on the equity (share capital and open reserves), including deemed equity as per thin capitalisation rules.

#### Taxation of Profits

Public limited companies incorporated in Switzerland (“AG”) are subject to federal, cantonal and communal income tax on their worldwide income, with the exception of income from a business, permanent establishment or immovable property located abroad. The effective income tax rates vary between approximately 11.5% and 25.0%, depending on the canton and municipality of residency.

At the cantonal and communal levels, AGs are also subject to net worth tax. The net worth tax is levied on the AG’s share capital, retained earnings and open reserves at the end of the tax year, including deemed equity as per thin capitalisation rules. The net worth tax rate ranges between approx. 0.09% and 0.6% (ordinary status, i.e. no holding/mixed/auxiliary status). Many cantons credit net worth tax to income tax, with the effect that net worth tax effectively results in a minimum tax payable.

Net operating losses can be carried forward for a period of seven years.

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## **APPENDIX H TAXATION**

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### **Taxation of Shareholders**

A federal withholding tax is levied on dividends and other (hidden) profit distributions paid out by the AG to its shareholders. The respective current rate of the withholding tax is 35%. Swiss resident recipients of dividends can obtain a credit or refund of this tax upon declaration of the dividends in their tax returns. Foreign residents can obtain a partial or full refund and/or credit pursuant to the terms of the applicable double taxation treaty between Switzerland and their country of residence.

Swiss resident shareholders are subject to personal income tax on dividends received.

In principle, there is no Swiss withholding tax levied on royalties and interest payments made by a Swiss company to resident or non-resident lenders.

### **UNITED KINGDOM TAX**

#### **Corporation Tax**

ayondo's UK-incorporated subsidiaries (being ayondo UK and Sycap UK) (together, the "**UK Companies**") and each a "**UK Company**") are subject to corporation tax in the UK. From 1 April 2017, corporation tax is charged on all profits derived from both income and capital at a rate of 19.0%. The rate is set to decrease to 17.0% from 1 April 2020.

#### **Dividend distributions**

Dividends paid by the UK Companies to ayondo AG should not be subject to UK withholding tax.

#### **Interest payments**

Withholding tax on interest paid by UK Companies to ayondo AG should be reduced to 0% under the Switzerland/UK Double Taxation Agreement provided that the relevant conditions are available and subject to the completion of the necessary procedural formalities.

#### **Capital gains tax**

No UK capital gains tax should be payable by ayondo AG on a disposal of shares in the UK Companies, unless ayondo AG carries on a trade in the UK through a permanent establishment and the shares have been used, held or acquired for the purposes of such UK permanent establishment.

Any gain made by the UK Companies on a share sale or other disposal should be subject to corporation tax unless either the sale is to the other UK Company, in which case no chargeable gain or allowable loss should arise, or (in the case of a share sale) the UK substantial shareholding exemption applies.



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## **APPENDIX H TAXATION**

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### **Stamp duty and stamp duty reserve tax (“SDRT”)**

The transfer on sale of shares in any of the UK Companies, as they are held in certificated form, will generally be subject to stamp duty. Stamp duty is levied on a transfer for which the aggregate amount or value of the consideration exceeds £1,000 at a rate of 0.5%, rounded up to the nearest £5. Stamp duty is normally paid by the purchaser of the shares.

An unconditional agreement to transfer shares in any of the UK Companies will normally give rise to a charge to SDRT at a rate of 0.5% of the amount or value of the consideration payable. However, where within six years of the date of unconditional agreement an instrument of transfer is executed and duly stamped or is not chargeable to stamp duty, the SDRT liability will automatically be cancelled and any SDRT which has been paid may be reclaimed. SDRT is normally the liability of the purchaser.

### **Betting Duty Tax**

Sections 125 to 142, 163 to 198 and Schedules 27, 28 and 29 of the Finance Act 2014 prescribe that general betting duty is payable by a ‘bookmaker’ (as defined in Section 189 of the Finance Act 2014).

General betting duty is chargeable on profits derived by a bookmaker from:

- (a) general bets, or pool bets on horse racing or dog racing, made with a bookmaker by a customer who’s present in a betting shop regardless of where the customer usually lives;
- (b) general bets, or pool bets on horse racing or dog racing, made with a bookmaker, not in a UK betting shop, by a UK person regardless of where in the world the bookmaker is located;
- (c) non-financial spread bets, such as sports spread bets, made with a bookmaker who is in the UK;
- (d) financial spread bets made with a bookmaker who is in the UK; and
- (e) commission charged by a betting exchange to any party to the bet who is a UK person regardless of where the betting exchange is located.

The rate of general betting duty is dependent on the activity.

### **IRISH BETTING DUTY TAX**

Persons carrying on a bookmaking business in Ireland, which includes the carrying on of a bookmaking business in Ireland over the internet are required to obtain a bookmakers licence or a remote bookmakers licence in Ireland and to pay Irish betting duty in respect of bets accepted from customers in Ireland. The relevant legislation in this area is the Betting Acts 1931-2015 and successive Finance Acts, principally the Finance Act 2002.

Under the Betting (Amendment) Act 2015 a bookmaker is a person who in the course of business takes, bets, sets odds and undertakes to pay out on winning bets. It is understood that both the Irish Department of Justice and Equality which has the responsibility for issuing certificates of fitness to persons seeking to obtain a bookmakers licence, and the Irish Revenue who issue such

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## APPENDIX H TAXATION

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licences and administer the betting levy, take the position that persons who are solely involved in financial spread betting and the issuing of contracts for differences do not come within the definition of bookmaker for these purposes. Instead such activity is financial in nature and subject to financial regulation and authorisation either by the Central Bank of Ireland or the home state regulator of the entity concerned.

Accordingly, as ayondo UK only offers financial spread betting and contracts for differences to customers in Ireland, and is authorised by the FCA in the UK under MiFiD and passported into Ireland, it is not required to obtain an Irish remote bookmakers licence and is not subject to Irish betting duty.

### GERMANY TAX

#### Corporation Tax

A limited company (like a GmbH) with a German place of company management or German corporate seat is, as a legal person, taxable in its own right and independently of its shareholders. Its profits are charged to corporation tax. Companies are subject to taxation with their worldwide income.

The corporation tax rate is 15.825% and includes a solidarity surcharge at a rate of 0.825% (5.5% of the corporate income tax rate of 15%).

In addition, GmbHs are subject to trade tax. Trade tax is collected by the local authorities. Each local authority has the right to set its own local tax rate. The trade tax is calculated in two steps. The first is to multiply the taxable income by a country-wide uniform factor of 3.5% to give the “tax measure”. The “tax measure” is then multiplied by the local tax rate. E.g. the trade tax rate in Frankfurt am Main is 16.1% (local tax rate of 460% multiplied by factor of 3.5%). Therefore, the overall tax rate of a GmbH located in Frankfurt am Main is 31.93%.

Especially for trade tax purposes, there are a number of adjustments, add backs to and further deductions in place. The generally most significant of the add-backs is that one-quarter of the interest cost in excess of €100,000 is not tax deductible.

If a loss ensues this can only be offset against profits achieved by the company in the previous or in future years. There is a “minimum taxation” in place, which means that income cannot be offset against losses without limitation. Income can only be offset against losses carried forward without limitation to an amount of €1,000,000.

The profits of a company are not attributed to its shareholders. These are, however, taxed when they received a dividend (see Dividend distributions).

#### Dividend distributions

Dividends received by natural persons as shareholder are at the 25% flat rate tax for investment income (plus solidarity surcharge and if applicable church tax), unless the shares are held as a business asset of the owner. In this latter case, 60% of the income is taxed with the personnel tax rate of the shareholder (“Teileinkünfteverfahren”). If a natural person held at least 25% of the company shares or held at least 1% and also works for the company the person can apply for the “Teileinkünfteverfahren”.

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## **APPENDIX H TAXATION**

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Dividends received by a company as a shareholder, the dividend will be 95% tax-free for corporate tax purposes in case the company is invested with at least 10% of the share capital of the distributing company. For trade tax purposes, the income will only be 95% tax-free in case the company is invested with at least 15% of the share capital of the distributing company.

### **Interest payments**

Interests on loans paid by the company are business expenses for the company and in general tax deductible (regarding limitations for trade tax purposes, see above). However, there is an interest limitation for preventing the shift of untaxed profits away from Germany. The interest limitation applies for companies that are part of a group. There is a privilege for small businesses in place. In case the net interest expense is less than €3,000,000, the limitation is not applicable.

Interests on loans received by the company are investment income and are subject to the overall tax rate as described above.

### **Capital gains tax**

Capital gains of the company in connection with a disposal of shares in a limited liability company will be 95% tax-free regardless of the level of participation in the sold company.

### **Stamp duty**

Not applicable in Germany.

## **SPANISH TAX**

### **Corporation Tax**

Our branch in Spain is subject to Spanish corporation tax in Spain at a rate of 25.0%.

### **Dividend distributions**

There is a withholding tax on dividends distributed by a local company to a foreign shareholder at a rate of 19%, subject to any applicable treaty provisions.

No withholding tax is applicable in the case of distribution to an EU parent company (or a company resident in the European Economic Area (EEA), subject to additional conditions) to the extent that the following requirements are met:

- (i) significant stake of at least 5% (or an acquisition cost higher than €20 million) of the Spanish distributing entity maintained for one year (a commitment to keep the shares for at least one year is possible), the one-year holding period can be computed taking into account the period in which the holding was owned by other entities that meet the requirement under Article 42 of the Commercial Code for entities to form part of the same group of companies;
- (ii) the form of the parent company must be listed in the appendix of the EU Directive; and
- (iii) the parent company must be subject to corporation tax in its state of residence.

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## **APPENDIX H TAXATION**

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This exemption is not applicable if the majority of the voting rights of the EU/EEA parent company are held (directly or indirectly) by non-EU/EEA residents, unless the formation and operations of the parent company are driven by valid economic and substantial business reasons.

### **Interest payments**

A withholding tax may be levied on interest paid to a foreign lender. There is no withholding tax on interest paid to an entity or an individual resident of an EU Member State, provided that such state does not qualify as a tax haven.

Non-EU residents (entities or individuals) are subject to a 19% withholding tax. This rate may be lowered under tax treaty provisions.

Furthermore, the Spanish Non-Resident Income Tax Act also sets forth the following exemptions for interest obtained by a non-resident other than through a permanent establishment (PE):

- (a) Spanish public debt;
- (b) Interests of non-resident accounts;
- (c) Interests derived from bonds issued by Spanish securitization funds; and
- (d) Preferred shares, to the extent that certain requirements are met.

### **HONG KONG TAX**

#### **Profits Tax**

Hong Kong profits tax is chargeable on every person, including corporations, carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets). Whether an activity amounted to trade, profession or business and/or whether profits are arising in or derived from Hong Kong is a question fact.

The prevailing Hong Kong profits tax for a body corporation is 16.5%.

#### **Dividend distributions**

Dividends from a corporation, which is subject to Hong Kong profits tax, shall not be included in the profits in respect of which any other person is chargeable to Hong Kong profits tax.

#### **Interest income**

Subject to certain exemptions, interest income arising in or derived from Hong Kong by person, including corporations, carrying on a trade, profession or business in Hong Kong is subject to Hong Kong profits tax.

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## APPENDIX H TAXATION

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### Capital gains tax

Profits arising from the sale of capital assets are not subject to Hong Kong profit tax. Whether an asset is capital in nature or revenue in nature, thus liable to Hong Kong profits tax, is a question of fact.

### Stamp duty

If the transfer of a share is required to be registered in Hong Kong (“**Hong Kong Share**”), stamp duty will be payable by the person(s) who effects any sale or purchase of such Hong Kong Share. The stamp duty in relation to transfer of Hong Kong Share is currently charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the shares transferred on each of the seller and purchaser. In other words, a total of 0.2% of the consideration for, or (if greater) the value of, the shares transferred is currently payable on a typical sale and purchase transaction of Hong Kong Share. In addition, the instrument of transfer (if required) will be subject to a flat rate of stamp duty of \$5.00.

Where a sale or purchase of Hong Kong Share is effected by a person who is not a resident in Hong Kong and the stamp duty payable on the contract note is not paid, there shall be charged on the instrument of transfer, in addition to the stamp duty otherwise chargeable thereon, stamp duty equal to the amount of the stamp duty so payable in respect of such sale or purchase and the transferee shall be the person liable for stamping such instrument.

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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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### 1. Definitions

1.1 In these terms and conditions of the Pre-IPO Options (“**Conditions**”), except where the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Aggregate Subscription Cost”	:	The total amount payable for the Shares to be subscribed for on the exercise of Pre-IPO Option
“Auditors”	:	The auditors for the time being of the Company
“Board”	:	The board of directors for the time being of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	A committee comprising directors of the Company, duly authorised and appointed by the Board to administer the Pre-IPO Options
“Company”	:	ayondo Ltd.
“Constitution”	:	The constitution of the Company, as amended or modified from time to time
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Employee”	:	A full-time employee of a Group Company
“Group”	:	The Company and its subsidiaries, and “Group Company” shall mean any one of such companies
“Letter of Offer”	:	A letter addressed to the Option Holder setting out the terms and conditions applying to the Pre-IPO Option
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Non-Executive Director”	:	A director (other than an executive director) from time to time of the Company
“Option Period”	:	The period for the exercise of Pre-IPO Option as set out in Condition 2.1

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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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|----------------------|---|--|
| “Option Holder”      | : | Holder of Pre-IPO Option   |
| “Pre-IPO Option”     | : | The right to subscribe for new Shares in accordance with these Conditions                                  |
| “SGX-ST”             | : | Singapore Exchange Securities Trading Limited  |
| “Shareholders”       | : | The registered holders for the time being of the Shares  |
| “Shares”             | : | Fully-paid ordinary shares each in the capital of the Company  |
| “Subscription Price” | : | The price at which an Option Holder shall subscribe for each Share upon the exercise of Pre-IPO Option     |
| “S\$”                | : | Singapore dollars  |
| “take-over”          | : | A proposal made by one company to purchase shares of another company, in order to acquire Control thereof. |
| “%”                  | : | Per centum   |
- 1.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.
- 1.3 Any reference in these Conditions to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in these Conditions shall have the meaning assigned to it under the Act.
- 1.4 Words importing the singular number shall include the plural number where the context so admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context so admits.
- 1.5 Any reference to a time of day shall be a reference to Singapore time.
- 1.6 The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.
- 2. Exercise of Pre-IPO Options**
- 2.1 Subject as provided in this Condition 2 and Condition 5 and any other conditions as may be introduced by the Committee from time to time, each Pre-IPO Option shall be exercisable, in whole or in part, as set out in the Letter of Offer of each Pre-IPO Option.



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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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- 2.2 In the event of Pre-IPO Option being exercised in part only, the balance of the Pre-IPO Option not thereby exercised shall continue to be exercisable in accordance with these Conditions and the relevant Letter of Offer.
- 2.3 Unless otherwise decided by the Committee at its absolute discretion, a Pre-IPO Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:–
- 2.3.1 subject to Conditions 2.4 and 2.5, upon the Option Holder ceasing to be in the employment of the Group due to any reason whatsoever other than the reasons covered in Condition 2.4, or in the case of an Option Holder who is a Non-Executive Director of the Company, ceasing to be a director of the Company, for any reason whatsoever other than due to the reasons covered in Condition 2.4;
- 2.3.2 upon the bankruptcy of the Option Holder or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Pre-IPO Option;
- 2.3.3 in the event of any misconduct on the part of the Option Holder as determined by the Committee in its sole and absolute discretion or any breach of any regulation of the Group, such breach being regarded as serious by the Committee in its absolute discretion; or
- 2.3.4 on the last day of the exercise period applying to the Pre-IPO Option according to the relevant Letter of Offer.

For the purpose of Condition 2.3.1, the Option Holder shall be deemed to have ceased to be so employed as of the date of the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date.

- 2.4 If an Option Holder ceases to be employed by the Group by reason of his:–
- 2.4.1 ill health, injury, death or disability (in each case, evidenced to the satisfaction of the Committee);
- 2.4.2 redundancy;
- 2.4.3 retirement at or after the legal retirement age;
- 2.4.4 retirement before the legal retirement age with the consent of the Committee; or
- 2.4.5 completion of the term of his service contract,

or any other reason approved in writing by the Committee, he may exercise any unexercised Pre-IPO Option within the relevant Option Period and such unexercised Pre-IPO Option shall continue to be exercisable by the Option Holder in the manner provided in these Conditions (unless otherwise decided by the Committee at its absolute discretion), and upon the expiry of such period, the Pre-IPO Option shall immediately lapse and become null and void.

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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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2.5 If an Option Holder dies and at the date of his death holds any unexercised Pre-IPO Option, such Pre-IPO Option may be exercised by the Option Holder's estate or inheritors within the relevant Option Period and such unexercised Pre-IPO Option shall continue to be exercisable by the Option Holder's estate or inheritors in the manner provided in these Conditions and the Letter of Offer, and upon the expiry of such period, the Pre-IPO Option shall immediately lapse and become null and void. The power of representation and legitimation of the estate or the inheritor, respectively, shall be evidenced to the Committee in satisfactory form and substance.

### 3. Manner of Exercise

3.1 Subject to Condition 2.1 and the Letter of Offer, a Pre-IPO Option may be exercised, in whole or in part, by an Option Holder giving notice in writing to the Company in, or substantially in, the form set out in Schedule A, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Pre-IPO Option is exercised and any other documentation the Committee may require. A Pre-IPO Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, the relevant documentation required by the Committee and the Aggregate Subscription Cost. Any notice made before the start or after the lapse of the exercise period set forth in the Letter of Offer shall be null and void.

3.2 All payments shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Committee.

3.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of these Conditions and the Constitution of the Company, the Company shall, within ten (10) Market Days after the exercise of Pre-IPO Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

3.4 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares, if necessary.

3.5 Shares which are allotted on the exercise of a Pre-IPO Option by an Option Holder shall be issued in the name of CDP to the credit of the securities account of that Option Holder maintained with CDP or the securities sub-account of that Option Holder maintained with a Depository Agent.

3.6 Shares allotted and issued on the exercise of a Pre-IPO Option shall be subject to all the provisions of the Act and the Constitution of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or after the relevant exercise date of the Pre-IPO Option, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

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**APPENDIX I**  
**TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS**

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**4. Variation of Capital**

- 4.1 If a variation in the issued ordinary share capital of the Company (whether by way of rights issue, capitalisation of profits or reserves, reduction of capital, subdivision, consolidation or distribution of Shares or otherwise) shall take place:
- 4.1.1 the Subscription Price for the Shares, the class and/or number of Shares comprised in a Pre-IPO Option to the extent unexercised; and/or
- 4.1.2 the class and/or number of Shares over which additional Pre-IPO Options may be granted, shall be adjusted in such manner as the Committee may deem to be appropriate.
- 4.2 Unless the Committee considers an adjustment to be appropriate:
- 4.2.1 the issue of securities as consideration for an acquisition or a private placement of securities; or
- 4.2.2 the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 4.3 Notwithstanding the provisions of Condition 4.1:
- 4.3.1 any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- 4.3.2 no adjustment shall be made in such a way that any Option Holder receives a benefit that a Shareholder does not receive.
- 4.4 Upon any adjustment required to be made pursuant to this Condition 4, the Company shall notify the Option Holders (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Pre-IPO Option. Any adjustment shall take effect upon such written notification being given.

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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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### 5. Take-over and winding up

5.1 Notwithstanding Condition 2 but subject to Condition 5.5, in the event of a take-over being made for the Shares, an Option Holder shall be entitled to exercise any Pre-IPO Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Pre-IPO Option, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:–

5.1.1 the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Option Period relating thereto); or

5.1.2 the date of expiry of the Option Period relating thereto,

whereupon any Pre-IPO Option then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Option Holders that it intends to exercise such rights on a specified date, the Pre-IPO Option shall remain exercisable by the Option Holders until the expiry of such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Pre-IPO Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Pre-IPO Option shall, notwithstanding Condition 2, remain exercisable until the expiry of the Option Period relating thereto.

5.2 If: (a) under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, or an order being made or a resolution being passed for the winding-up of the Company on the basis or by reason of its insolvency), or (b) there is a change of Control of the Company, each Option Holder shall be entitled, notwithstanding Condition 2 but subject to Condition 5.5, to exercise any Pre-IPO Option then held by him, in respect of such number of Shares comprised in that Pre-IPO Option, during the period: (i) in the case of scenario (a) above, commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later, or (ii) in the case of scenario (b) above, commencing on the date upon which the change of Control becomes effective and ending on the expiry of sixty (60) days thereafter (but in either case, not after the expiry of the Option Period relating thereto), whereupon the Pre-IPO Option shall lapse and become null and void.

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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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- 5.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Pre-IPO Options, to the extent unexercised, shall lapse and become null and void.
- 5.4 In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date soon after it dispatches such notice to each member of the Company give notice thereof to all Option Holders (together with a notice of the existence of the provision of this Condition 5.4) and thereupon, each Option Holder (or his legal personal representative) shall be entitled to exercise all or any of his Pre-IPO Options at any time not later than two (2) Market Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Option Holder credited as fully paid.
- 5.5 If in connection with the making of a general offer referred to in Condition 5.1 or an event referred to in Condition 5.2 or a winding-up referred to in Condition 5.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Option Holders, whether by the continuation of their Pre-IPO Options or the payment of cash or the grant of other options or otherwise, an Option Holder holding a Pre-IPO Option, as yet not exercised, may not, be permitted to exercise that Option as provided for in this Condition 5.
- 5.6 To the extent that a Pre-IPO Option is not exercised within the periods referred to in this Condition 5, it shall lapse and become null and void.
- 6. Notices**
- 6.1 Any notice required to be given by an Option Holder to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 6.2 Any notices or documents required to be given to an Option Holder or any correspondence to be made between the Company and the Option Holder shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Option Holder.
- 6.3 Any notice or other communication from an Option Holder to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to an Option Holder shall be deemed to be received by that Option Holder, when left at the address specified in Condition 6.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

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## APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS

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### **7. Modifications to the Conditions**

- 7.1 Any or all the provisions of these Conditions may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- 7.1.1 no modification or alteration shall alter adversely the rights attaching to any Pre-IPO Option granted prior to such modification or alteration except with the consent in writing of such number of Option Holders who, if they exercised their Pre-IPO Options in full, would thereby become entitled to not less than three-quarters in the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Pre-IPO Options;
  - 7.1.2 any modification or alteration which would be to the advantage of Option Holders under these Conditions shall be subject to the prior approval of the Shareholders in general meeting; and
  - 7.1.3 no modification or alteration shall be made without the prior approval of such regulatory authorities as may be necessary, and any modification or alteration shall comply with the listing rules of SGX-ST.
- 7.2 Notwithstanding anything to the contrary contained in Condition 7.1, the Committee may at any time by resolution (and without other formality) amend or alter these Conditions in any way to the extent necessary to cause these Conditions to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 7.3 Written notice of any modification or alteration made in accordance with this Condition 7 shall be given to all Option Holders.

### **8. Taxes**

All taxes (including income tax) arising from the exercise of any Pre-IPO Option granted to any Pre-IPO Option Holders shall be borne by that Option Holders.

### **9. Costs and expenses**

- 9.1 Each Option Holder shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Pre-IPO Option in CDP's name, the deposit of share certificate(s) with CDP, the Option Holder's securities account with CDP, or the Option Holder's securities sub-account with a Depository Agent.
- 9.2 Save for the taxes referred to in Condition 8 and such other costs and expenses expressly provided in these Conditions to be payable by the Option Holders, all fees, costs and expenses incurred by the Company in relation to these Conditions including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Pre-IPO Option shall be borne by the Company.

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## **APPENDIX I TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS**

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### **10. Disclaimer of liability**

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Condition 3.4 (and any other stock exchange on which the Shares are quoted or listed).

### **11. Disputes**

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

### **12. Condition of Pre-IPO Option**

Every Pre-IPO Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of a Pre-IPO Option if such issue would be contrary to any law or enactment, or any Conditions or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction.

### **13. Governing law**

These Conditions shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Option Holders, by accepting Pre-IPO Options in accordance with these Conditions, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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**APPENDIX I**  
**TERMS AND CONDITIONS OF THE PRE-IPO OPTIONS**

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**Schedule A**  
**PRE-IPO OPTIONS**  
**FORM OF EXERCISE OF OPTION**

Date :

To : The Committee

Total number of ordinary shares (the  
“**Shares**”) offered at S\$\_\_\_\_\_ for each Share pursuant to the Pre-IPO  
Option :

Number of Shares previously allotted  
thereunder :

Outstanding balance of Shares to be  
allotted thereunder :

Number of Shares now to be  
subscribed :

1. I hereby exercise the Pre-IPO Option to subscribe for \_\_\_\_\_ Shares in the Company at the discounted exercise price of S\$\_\_\_\_\_ for each Share.
2. I hereby request the Company to allot and issue the said Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) to the credit of my \*Securities Account with CDP/Sub-Account with the Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof:  
  
\*(i) Direct Securities Account No. :  
  
\*(ii) Securities Sub-Account No. :  
  
Name of Depository Agent :
3. I enclose a \*cheque/cashier’s order/banker’s draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ in payment for the subscription for the total number of the said Shares.
4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Conditions (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

**PLEASE PRINT IN BLOCK LETTERS**

Name in full :  
Designation :  
Address :  
Nationality :  
\*NRIC/Passport No. :  
Signature :  
Date :

*\* Delete accordingly*



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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**1. Name Of The Employee Share Option Scheme**

This Employee Share Option Scheme shall be called the 2018 ayondo ESOS (“**2018 ayondo ESOS**”).

**2. Definitions**

2.1 In this Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

- “Acceptance Period” : The period within which an Option may be accepted, as described in Rule 7.1
- “Act” : The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
- “Adoption Date” : The date on which the Scheme is adopted by the Shareholders at a general meeting
- “Aggregate Subscription Cost” : The total amount payable for the Shares to be subscribed for on the exercise of an Option
- “Associate” : (a) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:–
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% of more
- “Auditors” : The auditors for the time being of the Company
- “Board” : The board of directors for the time being of the Company

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	A committee comprising directors of the Company, duly authorised and appointed by the Board to administer the Scheme from time to time
“Company”	:	ayondo Ltd.
“Constitution”	:	The constitution of the Company, as amended or modified from time to time
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company being controlled
“Controlling Shareholder”	:	A person who (a) has an interest in the voting shares of the Company of an aggregate of not less than 15% of the total votes attached to all voting shares in the Company; or (b) in fact exercises Control over the Company
“Date of Grant”	:	In relation to an Option, the date on which an Option is granted
“Director”	:	A person holding office as a director for the time being of a Group Company
“Employee”	:	A full-time employee of a Group Company
“Executive Director”	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function
“Exercise Period”	:	The period during which an Option is exercisable, being:  (a) in the case of a Market Price Option which is granted to an Executive Director or an Employee, a period commencing after the first anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant (or such other shorter period if so determined by the Committee), or such other period which may from time to time be prescribed under any relevant law, regulation or rule of the SGX-ST, subject as provided in Rules 9 and 10 of the Scheme and any other conditions as may be introduced by the Committee from time to time; and

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**APPENDIX J**  
**RULES OF THE 2018 AYONDO ESOS**

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- (b) in the case of an Incentive Option which is granted to an Executive Director or an Employee, a period commencing after the second anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant (or such other shorter period if so determined by the Committee), or such other period which may from time to time be prescribed under the relevant law, regulation or rule of the SGX-ST subject as provided in Rules 9 and 10 of the Scheme and any other conditions as may be introduced by the Committee from time to time;
- (c) in the case of Non-Executive Directors, the exercise period of the Options granted to Non-Executive Directors (including Independent Directors) shall not exceed five years from the date of grant of the respective Options

“entity”	:	Includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust
“Group”	:	The Company and its subsidiaries, and “Group Company” shall mean any one of such companies
“Group Employee”	:	Any Director of the Company or Employee of the Group who is of the age of 18 years and above
“Incentive Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1.2 of the Scheme
“Letter of Offer”	:	The forms found in Schedules A-1 and A-2 of the Scheme
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Price”	:	The average of the last dealt prices for a Share, as determined by reference to the daily official list published by the SGX-ST for a period of three consecutive Market Days immediately prior to the relevant Date of Grant of the Option, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for a Share on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices

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**APPENDIX J**  
**RULES OF THE 2018 AYONDO ESOS**

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“Market Price Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 8.1.1 of the Scheme
“Non-Executive Director”	:	A director (other than an executive director) from time to time of the Company
“Offer Date”	:	The date on which an Option is granted pursuant to Rule 6.1
“Option”	:	The right to subscribe for new Shares granted or to be granted pursuant to the Scheme, which may be a Market Price Option and/or an Incentive Option, as the case may be
“Option Period”	:	The period for the exercise of an Option as set out in Rule 9.1
“Participant”	:	Any eligible person who is selected by the Committee to participate in the Scheme in accordance with the Rules
“Rules”	:	The rules of the Scheme, as the same may be amended from time to time
“Scheme”	:	The 2018 ayondo ESOS, as modified or altered from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders for the time being of the Shares
“Shares”	:	Fully-paid ordinary shares each in the capital of the Company
“Subscription Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 8.1.1 of the Scheme in relation to a Market Price Option or Rule 8.1.2 of the Scheme in relation to an Incentive Option, as adjusted in accordance with Rule 12 of the Scheme
“Substantial Shareholder”	:	Shall bear the meaning set out in Section 81 of the Act

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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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- “Vesting Schedule” : In relation to an Option, a schedule for the vesting and the exercise of the Shares comprised in the Option during the Exercise Period in relation to that Option as determined by the Committee on the Date of Grant of that Option
- “S\$” : Singapore dollars
- “%” : Per centum
- 2.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.
- 2.3 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.
- 2.4 Words importing the singular number shall include the plural number where the context so admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context so admits.
- 2.5 Any reference to a time of day shall be a reference to Singapore time.
- 2.6 Any reference to the Rules is a reference to the rules of the Scheme.
- 2.7 The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

### 3. Objectives

The Scheme is a share incentive scheme. The purpose of the Scheme is to provide an opportunity for Directors and Employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed to the success of the Company and the Group. The Scheme is proposed on the basis that it is important to acknowledge the contribution made by these directors and employees. The Company, by adopting the Scheme, will give Participants a stake in the Company with a view to achieving the following objectives:–

- (i) to align the interests of the Participants with those of the Shareholders so as to motivate them to contribute towards future growth and profitability of the Group, and hence the maximisation of Shareholders value in the longer term;
- (ii) to provide additional means for the Group to attract, retain and motivate talented individuals and key employees whose contributions are essential to the long-term growth and profitability of the Group;
- (iii) to promote greater dedication, long-term commitment, loyalty and a sense of identification with the Group;

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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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- (iv) to motivate and incentivise Participants to achieve performance targets;
- (v) to encourage Participants to aspire towards higher standards of performance and efficiency; and
- (vi) to promote cohesiveness and team spirit through common ownership of equity in the Company.

### **4. Participants**

4.1 The following persons are eligible to participate in the Scheme at the absolute discretion of the Committee:–

- (i) Employees of the Group who are of the age of 18 years and above; and
- (ii) Directors of the Group;

who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Persons who are Controlling Shareholders and their Associates shall not participate in the Scheme unless:–

- (a) written justification has been provided to Shareholders for their participation at the introduction of the Scheme or prior to the first Grant of Options to them;
- (b) the actual number and terms of any Options to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder; and
- (c) all conditions for their participation in the Scheme as may be required by the regulation of the SGX-ST from time to time are satisfied.

4.2 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any of the other companies within the Group.

4.3 Subject to any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted and the Rules of the Scheme, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

### **5. Limitations on the Size of the Scheme**

5.1 The aggregate number of Shares over which Options may be granted, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme or other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the issued share capital of the Company on the date preceding the Offer Date of an Option.

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## **APPENDIX J RULES OF THE 2018 AYONDO ESOS**

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- 5.2 With regard to Associates of Controlling Shareholders, the aggregate number of Shares which may be granted to all Associate(s) of Controlling Shareholders will not exceed twenty five per cent. (25%) of all the Shares available under the Scheme and such other share based incentive schemes of the Company, and that the number of Shares issued and issuable to each of the Controlling Shareholders or their Associates shall not exceed ten per cent. (10%) of all the Shares available under the Scheme and such other share based incentive schemes of the Company.
- 5.3 The number of Shares in respect of which Options may be offered to any employee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Committee which shall take into account (where applicable) criteria such as rank, responsibilities, past performance, years of service, contributions to the Group and potential for future development of that employee.
- 6. Offer Date**
- 6.1 The Committee may, subject to Rule 4, Rule 5 and Rule 12, grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which such announcement is released.
- 6.2 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule A-1, subject to such modifications as the Committee may from time to time determine.
- 7. Acceptance of Options**
- 7.1 The grant of an Option under this Rule 7 shall be accepted within thirty (30) days from the Offer Date of that Option, and in any event, not later than 5.00 pm on the 30<sup>th</sup> day from such Offer Date (the "Acceptance Period") by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule B-1, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration. The Option is deemed not accepted until actual receipt by the Company of the Acceptance Form.
- 7.2 The Company shall be entitled at its absolute discretion to reject any purported acceptance of the grant of an Option made pursuant to this Rule 7 which does not strictly comply with the terms and conditions of the Scheme.
- 7.3 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior written approval of the Committee.
- 7.4 In the event that the grant of an Option results in a contravention of any applicable law, subsidiary legislation or other regulation, such grant shall be null, void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.

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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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- 7.5 Unless the Committee determines otherwise, the grant of an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:–
- 7.5.1 it is not accepted in the manner as provided in Rule 7.1 within the Acceptance Period; or
  - 7.5.2 the Participant dies prior to his acceptance of the Option; or
  - 7.5.3 the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
  - 7.5.4 the Participant ceases to be in the employment of the Group or ceases to be a Director of the Group, in each case, for any reason whatsoever, prior to his acceptance of the Option; or
  - 7.5.5 the Company is liquidated or wound up prior to the Participant's acceptance of the Option.

### **8. Subscription Price**

- 8.1 Subject to any adjustment pursuant to Rule 12, the Subscription Price for each Share in respect of which an Option is exercisable shall be fixed by the Committee at:–
- 8.1.1 the Market Price; or
  - 8.1.2 a price which is set at a discount to the Market Price, provided that:–
    - 8.1.2.1 the maximum discount shall not exceed twenty per cent. (20%) of the Market Price; and
    - 8.1.2.2 the prior approval of the Shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid in a separate resolution.

### **9. Exercise of Options**

- 9.1 Subject as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, as follows:–
- 9.1.1 in the case of a Market Price Option, during the period commencing after the first anniversary of the Offer Date and expiring on the tenth anniversary of such Date of Grant (or such other shorter period if so determined by the Committee); and
  - 9.1.2 in the case of an Incentive Option, during the period commencing after the second anniversary of the Offer Date and expiring on the tenth anniversary of such Date of Grant (or such other shorter period if so determined by the Committee).



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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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Provided that the exercise period of the Options granted to Non-Executive Directors (including Independent Directors) shall not exceed five years from the date of grant of the respective Options.

- 9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the Scheme.
- 9.3 Unless otherwise decided by the Committee at its absolute discretion, an Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:–
- 9.3.1 subject to Rules 9.4 and 9.5, upon the Participant ceasing to be in the full-time employment of the Group due to any reason whatsoever other than the reasons covered in Rule 9.4, or in the case of a Participant who is a Non-Executive Director of the Company, ceasing to be a Director of the Company, for any reason whatsoever other than due to the reasons covered in Rule 9.4;
  - 9.3.2 upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
  - 9.3.3 in the event of any misconduct on the part of the Participant as determined by the Committee in its sole and absolute discretion or any breach of any regulation of the Group, such breach being regarded as serious by the Committee in its absolute discretion.

For the purpose of Rule 9.3.1, the Participant shall be deemed to have ceased to be so employed as of the date of the notice of termination or resignation, as the case may be, unless such notice shall be withdrawn prior to its effective date.

- 9.4 If a Participant ceases to be employed by the Group by reason of his:–
- 9.4.1 ill health, injury, death or disability (in each case, evidenced to the satisfaction of the Committee);
  - 9.4.2 redundancy;
  - 9.4.3 retirement at or after the legal retirement age;
  - 9.4.4 retirement before the legal retirement age with the consent of the Committee; or
  - 9.4.5 completion of the term of his service contract,

or any other reason approved in writing by the Committee, he may exercise any unexercised Option within the relevant Option Period and such unexercised Option shall continue to be exercisable by the Participant in the manner provided in the Scheme (unless otherwise decided by the Committee at its absolute discretion), and upon the expiry of such period, the Option shall immediately lapse and become null and void.

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**APPENDIX J**  
**RULES OF THE 2018 AYONDO ESOS**

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9.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and such unexercised Option shall continue to be exercisable by the Participant in the manner provided in the Scheme (unless otherwise decided by the Committee at its absolute discretion), and upon the expiry of such period, the Option shall immediately lapse and become null and void.

**10. Take-over and winding up**

10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:—

10.1.1 the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Option Period relating thereto); or

10.1.2 the date of expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 9, remain exercisable until the expiry of the Option Period relating thereto.

10.2 If: (a) under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, or an order being made or a resolution being passed for the winding-up of the Company on the basis or by reason of its insolvency), or (b) there is a change of Control of the Company, each Participant shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option, during the period: (i) in the case of scenario (a) above, commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later, or (ii) in the case of scenario (b) above, commencing on the date upon which the change of Control becomes effective and ending on the expiry of sixty (60) days thereafter (but in either case, not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.

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**APPENDIX J**  
**RULES OF THE 2018 AYONDO ESOS**

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- 10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 10.4 In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 10.4) and thereupon, each Participant (or his legal personal representative) shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 10.5 If in connection with the making of a general offer referred to in Rule 10.1 or an event referred to in Rule 10.2 or a winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, be permitted to exercise that Option as provided for in this Rule 10.
- 10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

**11. Manner of Exercise**

- 11.1 Subject to Rule 9.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in, or substantially in, the form set out in Schedule C-1 and Schedule C-2, subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, the relevant documentation required by the Committee and the Aggregate Subscription Cost.
- 11.2 All payments shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Committee.
- 11.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of the Scheme and the Constitution of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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- 11.4 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares, if necessary.
- 11.5 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent.
- 11.6 Shares allotted and issued on the exercise of an Option shall be subject to all the provisions of the Act and the Constitution of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or after the relevant exercise date of the Option, and shall in all other respects rank *pari passu* with other existing Shares then in issue. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

### 12. Variation of Capital

- 12.1 If a variation in the issued ordinary share capital of the Company (whether by way of rights issue, capitalisation of profits or reserves, reduction of capital, subdivision, consolidation or distribution of Shares or otherwise) shall take place:
- 12.1.1 the Subscription Price for the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- 12.1.2 the class and/or number of Shares over which additional Options may be granted under the Scheme, shall be adjusted in such manner as the Committee may deem to be appropriate.
- 12.2 Unless the Committee considers an adjustment to be appropriate:
- 12.2.1 the issue of securities as consideration for an acquisition or a private placement of securities; or
- 12.2.2 the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 12.3 Notwithstanding the provisions of Rule 12.1:
- 12.3.1 any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- 12.3.2 no adjustment shall be made in such a way that any Participant receives a benefit that a Shareholder does not receive.

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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and the class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

### **13. Administration**

13.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

13.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit. Any matter pertaining to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Committee.

13.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Committee any liability whatsoever in connection with:–

13.3.1 the lapsing or early expiry of any Options pursuant to any provision of the Scheme;

13.3.2 the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Scheme; and/or

13.3.3 any decision or determination of the Committee made pursuant to any provision of the Scheme.

13.4 Any decision or determination of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

### **14. Notices and Annual Report**

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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14.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

14.4 The Company shall disclose the following (as applicable) in its annual report for so long as the Scheme continues in operation:

14.4.1 the names of the members of the Committee administering the Scheme; and

14.4.2 the information required in the table below for the following Participants:

14.4.2.1 Directors of the Company;

14.4.2.2 Participant who is an Associate of Controlling Shareholders; and

14.4.2.3 Participants, other than those in Rule 14.4.2.1 and 14.4.2.2 above, who receive 5% or more of the total number of Shares available under the Scheme.

Name of Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options outstanding as at end of financial year under review

14.4.3 In respect of Incentive Options, the following disclosure shall be made:–

14.4.3.1 the number of Incentive Options granted at a discount of 10% or less and proportion to Market Price Options during the financial year under review; and

14.4.3.2 the number of Incentive Options granted at a discount of more than 10% and proportion to Market Price Options during the financial year under review.

If any of the above requirements is not applicable, an appropriate negative statement shall be included therein.

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**APPENDIX J**  
**RULES OF THE 2018 AYONDO ESOS**

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**15. Modifications to the Scheme**

- 15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- 15.1.1 no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
  - 15.1.2 any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
  - 15.1.3 no modification or alteration shall be made without the prior approval of such regulatory authorities as may be necessary, and any modification or alteration shall comply with the listing rules of SGX-ST.
- 15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without other formality) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

**16. Terms of employment unaffected**

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

**17. Duration of the Scheme**

- 17.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Shareholders by way of an ordinary resolution passed at a general meeting and of any relevant authorities which may then be required.
- 17.2 The Scheme may be terminated at any time by the Committee or, at the discretion of the Committee, by an ordinary resolution passed by the Shareholders at a general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 17.3 The termination, discontinuance or expiry of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 7.1, whether such Options have been exercised (whether fully or partially) or not.

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## APPENDIX J RULES OF THE 2018 AYONDO ESOS

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### 18. Taxes

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

### 19. Costs and expenses

- 19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.
- 19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

### 20. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 11.4 (and any other stock exchange on which the Shares are quoted or listed).

### 21. Abstention from voting

Shareholders who are eligible to participate in the Scheme shall abstain from voting on any resolution relating to the Scheme.

### 22. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

### 23. Condition of Option

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction.

### 24. Governing law

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.



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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**Schedule A-1**

**2018 AYONDO ESOS  
LETTER OF OFFER (MARKET PRICE OPTION)**

Serial No:

Date :

To : [Name]  
[Designation]  
[Address]

**Private and Confidential**

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated to participate in the 2018 ayondo ESOS (the “**Scheme**”) by the Committee appointed by the Board of Directors of ayondo Ltd. (the “**Company**”) to administer the Scheme. The offer contained herein shall be subject to the terms and conditions of the Scheme. Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you a Market Price Option (the “**Option**”) to subscribe for and be allotted \_\_\_\_\_ Shares at the price of S\$\_\_\_\_\_ for each Share.

The Option shall be exercisable after \_\_\_\_\_. The right of exercise will terminate on \_\_\_\_\_.

The Option is personal to you and shall not be sold, mortgaged, transferred, charged, pledged, assigned or otherwise disposed of or encumbered by you, in whole or in part, except with the prior approval of the Committee duly authorised and appointed to administer the Scheme.

The Option shall be subject to the terms and conditions of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will forthwith lapse.

Yours faithfully  
For and on behalf of  
**ayondo Ltd.**

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Name:  
Designation:

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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Schedule A-2

**2018 AYONDO ESOS  
LETTER OF OFFER (INCENTIVE OPTION)**

Serial No:

Date :

To : [Name]  
[Designation]  
[Address]

**Private and Confidential**

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated to participate in the 2018 ayondo ESOS (the “**Scheme**”) by the Committee appointed by the Board of Directors of ayondo Ltd. (the “**Company**”) to administer the Scheme. The offer contained herein shall be subject to the terms and conditions of the Scheme. Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an Incentive Option (the “**Option**”) to subscribe for and be allotted \_\_\_\_\_ Shares at the discounted price of S\$\_\_\_\_\_ for each Share (being the subscription price of \$\_\_\_\_\_ less a discount of \_\_\_\_\_%).

The Option shall be exercisable after \_\_\_\_\_. The right of exercise will terminate on \_\_\_\_\_.

The Option is personal to you and shall not be sold, mortgaged, transferred, charged, pledged, assigned or otherwise disposed of or encumbered by you, in whole or in part, except with the prior approval of the Committee duly authorised and appointed to administer the Scheme.

The Option shall be subject to the terms and conditions of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will forthwith lapse.

Yours faithfully  
For and on behalf of  
**ayondo Ltd.**

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Name:  
Designation:

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

---

**Schedule B-1**

**2018 AYONDO ESOS  
ACCEPTANCE FORM (MARKET PRICE OPTION)**

Serial No:

Date :

To : The Committee  
2018 ayondo ESOS

Closing Date for Acceptance of Offer :  
Number of Shares Offered :  
Subscription Price for each Share : S\$  
Total Amount Payable : S\$  
(exclusive of the relevant CDP charges)

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and the Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Market Price Option to subscribe for \_\_\_\_\_ Shares at S\$\_\_\_\_\_ for each Share and enclose cash for S\$1.00 in payment for the purchase of the Option. I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP (if applicable) relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP, or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "**CDP charges**").

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of the Shares or options to subscribe for such Shares.

I agree to keep all information pertaining to the grant of the Option to me strictly confidential. I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full :

Designation :

Address :

Nationality :

\*NRIC/Passport No. :

Signature :

Date :

*\* Delete accordingly*

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**Schedule B-2**

**2018 AYONDO ESOS  
ACCEPTANCE FORM (INCENTIVE OPTION)**

Serial No:

Date :

To : The Committee  
2018 ayondo ESOS

Closing Date for Acceptance of Offer :  
Number of Shares Offered :  
Subscription Price for each Share : S\$  
Total Amount Payable : S\$  
(exclusive of the relevant CDP charges)

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and the Scheme referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Incentive Option to subscribe for \_\_\_\_\_ Shares at a discounted price of S\$\_\_\_\_\_ for each Share and enclose cash for S\$1.00 in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option. I also understand that I shall be responsible for all the fees of CDP (if applicable) relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP, or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "**CDP charges**").

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of the Shares or options to subscribe for such Shares.

I agree to keep all information pertaining to the grant of the Option to me strictly confidential. I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

---

**PLEASE PRINT IN BLOCK LETTERS**

Name in full :

Designation :

Address :

Nationality :

\*NRIC/Passport No. :

Signature :

Date :

*\* Delete accordingly*

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**Schedule C-1**

**2018 AYONDO ESOS  
FORM OF EXERCISE OF OPTION (MARKET PRICE OPTION)**

Date :

To : The Committee  
2018 ayondo ESOS

Total number of ordinary shares (the  
“**Shares**”) offered at S\$\_\_\_\_\_ for each Share under the Scheme on \_\_\_\_\_ (Offer Date) :

Number of Shares previously allotted thereunder :

Outstanding balance of Shares to be allotted thereunder :

Number of Shares now to be subscribed :

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ and my acceptance thereof, I hereby exercise the Market Price Option to subscribe for \_\_\_\_\_ Shares in ayondo Ltd. (the “**Company**”) at S\$\_\_\_\_\_ for each Share.

2. I hereby request the Company to allot and issue the said Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) to the credit of my \*Securities Account with CDP/Sub-Account with the Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof:

\* (i) Direct Securities Account No. :

\* (ii) Securities Sub-Account No. :

Name of Depository Agent :

3. I enclose a \*cheque/cashier’s order/banker’s draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ in payment for the subscription for the total number of the said Shares.

4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the 2018 ayondo ESOS (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.

5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full :

Designation :

Address :

Nationality :

\*NRIC/Passport No. :

Signature :

Date :

*\* Delete accordingly*



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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**Schedule C-2**

**2018 AYONDO ESOS  
FORM OF EXERCISE OF OPTION (INCENTIVE OPTION)**

Date :

To : The Committee  
2018 ayondo ESOS

Total number of ordinary shares (the  
"Shares") offered at S\$ \_\_\_\_\_  
for each Share under the Scheme  
on \_\_\_\_\_ (Offer Date) : \_\_\_\_\_

Number of Shares previously allotted  
thereunder : \_\_\_\_\_

Outstanding balance of Shares to be  
allotted thereunder : \_\_\_\_\_

Number of Shares now to be  
subscribed : \_\_\_\_\_

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ and my acceptance thereof,  
I hereby exercise the Incentive Option to subscribe for \_\_\_\_\_ Shares in  
ayondo Ltd. (the "**Company**") at the discounted price of S\$ \_\_\_\_\_ for each  
Share.

2. I hereby request the Company to allot and issue the said Shares in the name of The Central  
Depository (Pte) Limited ("**CDP**") to the credit of my \*Securities Account with CDP/Sub-  
Account with the Depository Agent specified below and to deliver the share certificate(s)  
relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as  
may be imposed by CDP and any stamp duty payable in respect thereof:

\* (i) Direct Securities Account No. :

\* (ii) Securities Sub-Account No. :

Name of Depository Agent :

3. I enclose a \*cheque/cashier's order/banker's draft/postal order no. \_\_\_\_\_ for  
S\$ \_\_\_\_\_ in payment for the subscription for the total number of the said  
Shares.

4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the 2018  
ayondo ESOS (as the same may be amended pursuant to the terms thereof from time to  
time) and the Constitution of the Company.

5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any  
other person.

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**APPENDIX J  
RULES OF THE 2018 AYONDO ESOS**

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**PLEASE PRINT IN BLOCK LETTERS**

Name in full :

Designation :

Address :

Nationality :

\*NRIC/Passport No. :

Signature :

Date :

*\* Delete accordingly*

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**APPENDIX K  
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND  
ACCEPTANCES**

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You are invited to apply and subscribe for the Invitation Shares at the Invitation Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES AND INTEGRAL MULTIPLES OF 100. APPLICATIONS FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through the ATMs of the Participating Banks ("**ATM Electronic Applications**") or through Internet Banking ("**IB**") websites of the relevant Participating Banks ("**Internet Electronic Applications**", which together with ATM Electronic Applications, shall be referred to as "**Electronic Applications**"). The Participating Banks are United Overseas Bank Limited ("**UOB**"), DBS Bank Ltd. (including POSB) ("**DBS Bank**") and Oversea-Chinese Banking Corporation Limited ("**OCBC**").

Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms or such offer forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate.

**YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.**

3. **You are allowed to submit only one (1) application in your own name for the Offer Shares. If you submit an application for Offer Shares by way of an Offer Shares Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion and the Sponsor, Issue Manager, Underwriter and Placement Agent.**

**Only one application may be made for the benefit of one person for the Offer Shares in his own name. Multiple applications for the Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

**If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.**

**If you have made an application for Placement Shares and you have also made a separate application for Offer Shares either by way of an Offer Shares Application Form or through an Electronic Application, our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent shall have the discretion to either (i) reject both such separate applications or (ii) accept any one (but not the other) out of such separate applications.**

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**APPENDIX K  
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND  
ACCEPTANCES**

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Conversely, if you have made an application for Offer Shares either by way of an Offer Shares Application Form or through an Electronic Application and you have also made a separate application for Placement Shares, our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent shall have the discretion to either (i) reject both of such separate applications or (ii) accept any one (but not the other) out of such separate applications.

Joint applications shall be rejected. Multiple applications for Invitation Shares will be liable to be rejected at our discretion. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares) you may be deemed to have committed an offence under the Penal Code, (Chapter 224) of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

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**APPENDIX K  
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND  
ACCEPTANCES**

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8. **If your address as stated in the Application Form or, in the case of an Electronic Application, in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences from CDP will be sent to your address last registered with CDP.**
9. **Our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or remittances which are not honored upon the first presentation.**
10. **Our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Application or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. Our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent reserve the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision of our Company will be entertained. In deciding the basis of allotment which shall be at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, due consideration will be given to the desirability of allotting Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounce, any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Application.
13. In the event that we lodge a supplementary or replacement Offer Document ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued, we will (as required by law and subject to the SFA), at our sole and absolute discretion either:

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- (i) within seven days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
- (ii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 13(i) above to withdraw your application, we shall pay to you all monies paid by you on account of your application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven days from the receipt of such notification.

In the event that at any time at the time of the lodgement of the Relevant Document, the Invitation Shares have already been issued but trading has not commenced, we will (as required by law and subject to the SFA), either:

- (iii) within seven days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Invitation Shares; or
- (iv) deem the issue as void and refund your payment for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 13(iii) above to return the Invitation Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify our Company of this and return all documents, if any, purporting to be evidence of title of those Invitation Shares, whereupon we shall, subject to the SFA, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Invitation Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw your application or return the Invitation Shares allotted to you, may be found in such Relevant Document.

14. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

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In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent and/or approved by the SGX-ST (if required).

In all the above instances, the basis of allotment of the Invitation Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable through an announcement on the SGX-ST's website at <http://www.sgx.com> and through an advertisement in a local English newspaper.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number and shares application amount from your account with the relevant Participating Bank to the Share Registrar and Share Transfer Agent, SCCS, SGX-ST, CDP, our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted to you pursuant to your application, to us, and the Sponsor, Issue Manager, Underwriter and Placement Agent, and any other parties so authorised by the foregoing persons. None of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, the Participating Banks or CDP shall be liable for any delays, failures, or inaccuracies in the recording, storage, transmission or delivery of data relating to your Electronic Applications.
16. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application, and a person applying for the Placement Shares through the Underwriter and Placement Agent by way of a **BLUE** Placement Shares Application Form or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate.
17. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Offer Document, you:
  - (i) Irrevocably offer, agree and undertake to subscribe for the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price for each Invitation Share and agree that you will accept such Invitation Shares as may be allotted to you, in each case, subject to the conditions set out in this Offer Document and the Constitution of our Company;
  - (ii) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;

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- (iii) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to our Company upon application;
  - (iv) consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, share application amount, share application details and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing and Computer Services (Pte.) Ltd (“**SCCS**”), SGX-ST, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating your application for the Invitation Shares;
  - (v) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, such disclosure is in compliance with the applicable laws (collectively, the “**Personal Data Privacy Terms**”);
  - (vi) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and Sponsor, Issue Manager, Underwriter and Placement Agent in determining whether to accept your application and/or whether to allot any Invitation Shares to you; and
  - (vii) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company and Sponsor, Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.
18. Our acceptance of applications will be conditional upon, inter alia, our Company and Sponsor, Issue Manager, Underwriter and Placement Agent being satisfied that:
- (i) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares, the Invitation Shares and the Option Shares on Catalyst;
  - (ii) the Sponsorship and Management Agreement and the Underwriting and Placement Agreement referred to “Sponsorship, Management, Underwriting and Placement Arrangements” section of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
  - (iii) the Authority has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted.
19. In the event that a Stop Order in respect of the Invitation Shares is served by the Authority or other competent authority, and
- (i) the Invitation Shares have not been issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and we shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or



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- (ii) if the Invitation Shares have already been issued but trading has not commenced, the issue of the Invitation Shares will (as required by law) be deemed void and:
  - (a) if documents purporting to evidence title had been issued to you, our Company shall inform you to return such documents to us within 14 days from that date; and
  - (b) our Company will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the date of receipt of those documents (if applicable) or the date of the Stop Order, whichever is later.

This shall not apply where only an interim stop order has been served.

- 20. In the event that an interim stop order in respect of the Invitation Shares is served by the Authority or other competent authority, no Invitation Shares shall be issued to you when the interim Stop Order is in force.
- 21. The Authority or other competent authority is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued and listed on a securities exchange and trading in the Invitation Shares has commenced.
- 22. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local English newspaper.
- 23. We will not hold any application in reserve.
- 24. We will not allot shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as an agent on behalf of the Authority.
- 25. Additional terms and conditions for applications by way of an Application Form are set out in "Additional Terms and Conditions for Applications using Application Forms" below.
- 26. Additional terms and conditions for applications by way of Electronic Applications are set out in "Additional Terms and Conditions for Electronic Applications" below.

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**ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS**

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document, including but not limited to the terms and conditions appearing below as well as those set out in Appendix K entitled “Terms, Conditions And Procedures For Applications and Acceptances” section of this Offer Document as well as the Constitution of our Company.

1. Your application for the Invitation Shares must be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B” for Offer Shares, and the Placement Shares must be made using the **BLUE** Application Form for Placement Shares (or in such manner as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate), accompanying and forming part of this Offer Document. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as they appear in your identity cards (if you have such identification document) or in your passports and, in the case of corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, reserve the right to require you to produce documentary proof of identification for verification purposes.

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5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**AYONDO SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by **ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED**. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by us or the Sponsor, Issue Manager, Underwriter and Placement Agent for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation is cancelled by us following the termination of the Sponsorship and Management Agreement and the Underwriting and Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by

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the SGX-ST, acting as an agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fire, acts of God and other events beyond the control of the Participating Banks, our Company, our Directors and the Sponsor, Issue Manager, Underwriter and Placement Agent and/or any other party involved in the Invitation and if, in any such event, our Company and/or the Sponsor, Issue Manager, Underwriter and Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company and/or the Sponsor, Issue Manager, Underwriter and Placement Agent, any other party involved in the Invitation for the Invitation Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
  - (i) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 22 March 2018 or such other time or date as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, decide and by completing and delivering the Application Form, you agree that:
    - (a) your application is irrevocable; and
    - (b) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
  - (ii) neither our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent, nor any party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the rewarding, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
  - (iii) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (iv) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
  - (v) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

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- (vi) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent, or any other person involved in the Invitation shall have any liability for any information not so contained;
- (vii) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- (viii) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot any smaller number of Invitation Shares or not to allot any Invitation Shares to you, you agree to accept such decision as final.

**Applications for Offer Shares**

- (a) Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Form and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- (b) You must:
  - (i) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** envelope “A” provided;
  - (ii) in the appropriate spaces on **WHITE** envelope “A”:
    - (aa) write your name and address;
    - (bb) state the number of Offer Shares applied for;
    - (cc) tick the relevant box to indicate the form of payment; and
    - (dd) affix adequate Singapore postage;
  - (iii) SEAL **WHITE** envelope “A”;
  - (iv) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **AYONDO LTD. C/O TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD, #02-00, SINGAPORE 068898**, the number of Offer Shares for which the application is made; and
  - (v) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on **WHITE** envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to AYONDO LTD. C/O TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD, #02-00, SINGAPORE 068898, so as to arrive by 12.00 noon on 22 March 2018 or such other date and time as our Company may,**

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**in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

- (c) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

### Applications for Placement Shares

- (a) Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Form or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- (b) The completed **BLUE** Placement Shares Application Form and your remittance (in accordance with the terms and conditions of this Offer Document) for the full amount payable in respect of the number of Placement Shares you have applied for, with your name, address and CDP Securities Account number written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **AYONDO LTD., c/o TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD, #02-00, SINGAPORE 068898, to arrive by 12.00 noon on 22 March 2018 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
- (c) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

### ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. For illustration purposes, the procedures for Electronic Applications through the ATMs and the IB website of the UOB are set out respectively in the “Steps for ATM Electronic Application for the Offer Shares through ATMs of the UOB” and “Steps for Internet Electronic Applications through the Internet Banking website of the UOB” (collectively, the “**Steps**”) sections appearing below.

The Steps set out the actions that you must take at an ATM or IB website of the UOB to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section “Additional terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

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You may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time for the application of the Offer Shares.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs of the relevant Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (“User ID”) and a Personal Identification Number/Password given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“Transaction Record”), confirming the details of your Electronic Application. The Transaction Record or your printed record of the Confirmation Screen is for retention by you and should not be submitted with any Application Form.

**You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.**

You must ensure, when making an Internet Electronic Application, that your mailing address is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.

You shall make an Electronic Application on the terms, and subject to the conditions, of this Offer Document including but not limited to the terms and conditions appearing below and those set out under this Appendix K as well as the Constitution of our Company.

- (a) In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating the ATM or the IB website for your Electronic Application:
- (i) that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;
  - (ii) that you consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residence status, share application amount, CDP Securities Account number, application details and other Personal Data (the “**Relevant Particulars**”) with the relevant Participating Bank to the Relevant Parties; and
  - (iii) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

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Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement (a)(ii) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- (b) **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

**YOU SHALL MAKE ONLY ONE ELECTRONIC APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES, WHETHER AT AN ATM OR THE IB WEBSITE (IF ANY) OF ANY PARTICIPATING BANK OR ON AN APPLICATION FORM. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION AND VICE VERSA.**

- (c) You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at an ATM of any Participating Bank or an Internet Electronic Application at the IB website of a relevant Participating Bank for Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

- (d) You irrevocably agree and undertake to subscribe for and/or accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application.

In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or any other relevant key on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or documents required for the issue and/or transfer of the Offer Shares that may be allotted to you.



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- (e) **Our Company will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) in Singapore dollars to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

If the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue arising therefrom and at your own risk) to you within five Market Days of the termination of the Invitation.

Responsibility for timely refund of application monies arising from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on the Catalist. None of the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

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- (f) **If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.**

If you make an Electronic Application through an ATM or the IB website of one of the following Participating Banks, you may check the provisional results of your Electronic Application as follows:

<b>Bank</b>	<b>Telephone</b>	<b>Available at</b>	<b>Operating Hours</b>	<b>Service expected from</b>
DBS	1800 339 6666 (for POSB account holders)  1800 111 1111 (for DBS account holders)	Internet Banking <a href="http://www.dbs.com">http://www.dbs.com</a>	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM/Phone Banking/Internet Banking <a href="http://www.ocbc.com">http://www.ocbc.com</a>	24 hours a day	Evening of the balloting day
UOB	1 800 222 2121	ATM (Other Transactions – “IPO Enquiry”)/ Phone Banking/ Internet Banking <a href="http://www.uobgroup.com">http://www.uobgroup.com</a>	24 hours a day	Evening of the balloting day

**Notes:**

- (1) If you have made your Electronic Application through the ATMs or IB website of UOB, you may check the results of your application through UOB Personal Internet Banking, UOB Group’s ATMs or UOB Phone Banking Services.
  - (2) If you have made your Electronic Application through the ATMs or IB website of DBS Bank, you may check the results of your application through the channel listed above in relation to ATM Electronic Applications made at the ATM of DBS Bank.
  - (3) If you have made your Electronic Application through the ATMs or IB website of OCBC, you may check the results of your application through OCBC Personal Internet Banking, OCBC’s ATMs or OCBC Phone Banking Service.
- (g) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent and if, in any such event, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.

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- (h) Electronic Applications shall close at 12.00 noon on 22 March 2018 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide. Subject to paragraph above, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank, that is, when there is an onscreen confirmation of the application.
- (i) You are deemed to have requested and authorised our Company to:
- (i) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
  - (ii) send the relevant Share certificate(s) by ordinary post, at your own risk, to CDP;
  - (iii) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore dollars, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications or within five Market Days of the termination of the Invitation if the Invitation does not proceed for any reason (as the case may be); and
  - (iv) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
- (j) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Issue Manager and if, in any such event, we, the Issue Manager and/or the relevant Participating Bank do not record or receive your Electronic Application, or data relating to your Electronic Application or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against us, the Issue Manager and/or the relevant Participating Bank for the Offer Shares applied for or for any compensation, loss or damage.
- (k) Our Company does not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
- (l) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.

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- (m) **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical; otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.
- (n) By making and completing an Electronic Application, you are deemed to have agreed that:
- (i) In consideration of our Company making available the Electronic Application facility through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any) of the relevant Participating Banks:
    - (aa) your Electronic Application is irrevocable; and
    - (bb) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (ii) none of our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph (g) above or to any cause beyond our respective controls;
  - (iii) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on our behalf and not otherwise, notwithstanding any payment received by or on our behalf;
  - (iv) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and
  - (v) in making your application, reliance is placed solely on information contained in this Offer Document and that none of the Company, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.
  - (vi) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
  - (vii) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in your Electronic Application or any smaller number of such Invitation Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of Invitation Shares or not to allot any Invitation Shares to you, you agree to accept such decision as final.

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### Steps for Electronic Applications through ATMs and the IB website of UOB

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through the ATMs or IB website of the UOB are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than the UOB) may differ from that represented below.

Owing to space constraints on the UOB's ATM screens, the following terms will appear in abbreviated form:

"&"	:	And
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND BOARD
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PIN"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"UOB/ICB CPFIS"	:	UOB OR ICB CPF INVESTMENT SCHEME
"YR"	:	YOUR

### Steps for ATM Electronic Application for the Offer Shares through ATMs of the UOB

1. Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

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2. Select "CASHCARD/OTHER TRANSACTIONS".
3. Select "SECURITIES APPLICATION".
4. Select "ESA-Fixed".
5. Select the share counter which you wish to apply for.
6. Read and understand the following statements which will appear on the screen:
  - THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT
  - YOU AGREE THAT THIS TRANSACTION IS ENTERED INTO TOTALLY ON YOUR OWN ACCORD AND THE AVAILABILITY OF THIS APPLICATION SERVICE SHALL NOT BE CONSTRUED AS A RECOMMENDATION OR ADVICE FROM UOB TO ENTER INTO THIS TRANSACTION. YOU MAY WISH TO SEEK PRIOR ADVICE FROM A QUALIFIED ADVISER AS TO THE TRANSACTION SUITABILITY  
  
(Customer to press "ENTER" to continue)
  - PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT
  - WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT  
  
(Customer to press "ENTER" to continue)
7. Read and understand the following terms which will appear on the screen:
  - YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT & THIS ELECTRONIC APPLICATION  
  
(Customer to press "ENTER" to continue)

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– YOU CONSENT TO DISCLOSE YOUR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YOUR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST & ISSUER/VENDOR(S)

– THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME AND AT YR RISK

(Customer to press “ENTER” to continue)

8. Screen will display:

**NRIC/Passport No. XXXXXXXXXXXX**

**IF YOUR NRIC NO/PASSPORT NO IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.**

(Customer to press “CANCEL” or “CONFIRM”)

9. Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash Account type to debit (i.e., “CURRENT ACCOUNT/I-ACCOUNT”, “CAMPUS ACCOUNT” OR “SAVINGS ACCOUNT/TX ACCOUNT”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

10. After you have selected the account, your CDP Securities Account Number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB’s ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number.

11. Read and understand the following terms which will appear on the screen:

**1. PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**

**2. PLEASE USE YOUR OWN ATM CARD**

**3. DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**

**4. KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**

**5. PRESS ENTER KEY.**

12. Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.

13. Select your nationality status.

14. Key in the number of Shares you wish to apply for and press the “ENTER” key.

15. Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.

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16. Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

### **Steps for Internet Electronic Applications through the IB website of the UOB**

Owing to space constraints on UOB’s IB website screens, the following terms will appear in abbreviated form:

“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund Board
“NRIC” or “I/C”	:	National Registration Identity Card
“PR”	:	Permanent Resident
“SGD” or “\$”	:	Singapore Dollars
“SCCS”	:	Securities Clearing & Computer Services (Pte) Ltd
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

1. Connect to UOB’s website at <http://www.uobgroup.com>
2. Locate the UOB Online Services Login icon on the top right hand side next to “Internet Banking”
3. Click on UOB Online Services Login and at drop list select “UOB Personal Internet Banking”
4. Enter your Username and Password and click “Submit”
5. Click on “Proceed” under the Full Access Mode
6. Click on “Investment”, followed by “Securities”, then “Add”
7. Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions
8. Click “Proceed”
9. Select your country of residence (you must be residing in Singapore to apply) and click “Continue”
10. Select the “Securities Counter” from the drop list (if there are concurrent IPOs) and click “Submit”
11. Check the “Securities Counter”, select the mode of payment and account number to debit and click on “Submit”
12. Read the important instructions and click on “Continue” to confirm that:



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1. You have read, understood and agreed to all terms and conditions of this application and the Prospectus/Offer Document or Supplementary Document.
  2. For the purposes of facilitating your application, you consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), application details and other personal data to the share registrars, SGX-ST, SCCS, CDP, CPF and issuer/vendor(s), the Sponsor, Issue Manager, Underwriter and Placement Agent.
  3. This application is made in your own name, for your own account and at your own risk.
  4. For FIXED/MAX price shares application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.
  5. For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank's prevailing exchange rate at the time of application. The different prevailing board rates at the time of application and at the time of refund of application monies may result in either a foreign exchange profit or loss, or application monies may be debited and refunds credited in S\$ at the same exchange rate.
  6. For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.
13. Check your personal details, details of the share counter you wish to apply for and account to debit
- Select (a) Nationality;
- Enter (b) your CDP securities account number; and
- (c) the number of shares applied for
14. Check the details of your application, your NRIC/Passport number, CDP securities account number and the number of shares applied for, share counter, payment mode and account to debit
15. Click "Submit", "Clear" or "Home" as applicable
16. Print the Confirmation Screen (optional) for your own reference and retention.

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AYONDO LTD.

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