



Adventus Holdings Limited

**(Company Registration No.: 200301072R)
(Incorporated in the Republic of Singapore)**

Condensed Interim Financial Statements for the six months ended 30 June 2023

This announcement had been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

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ADVENTUS HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended		% Change
		(Unaudited) 30 June 2023 S\$	(Unaudited) 30 June 2022 S\$	
Revenue	4	377,589	-	
Cost of sales		<u>(500,518)</u>	<u>-</u>	
Gross loss		(122,929)	-	
Other income				
- Interest		7,051	111,089	(94)
- Others		1,768	35,779	(95)
Other gains - net		331,355	179,686	84
Expenses				
- Administrative		(2,298,584)	(638,695)	213
- Finance		<u>(895,698)</u>	<u>(45,065)</u>	444
Loss before income tax	6	(2,977,037)	(357,206)	
Income tax expense	7	-	(2,249)	N/M
Net loss for the financial period		<u>(2,977,037)</u>	<u>(359,455)</u>	463
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – gain		25,347	35,435	(28)
Items that will not be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – gain		51,974	100,219	(48)
Total comprehensive loss		<u>(2,899,716)</u>	<u>(223,801)</u>	
Net (loss)/profit attribute to:				
Equity holders of the Company		(1,781,182)	54,211	
Non-controlling interests		<u>(1,195,855)</u>	<u>(413,666)</u>	
		<u>(2,977,037)</u>	<u>(359,455)</u>	
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(1,755,835)	89,646	
Non-controlling interests		<u>(1,143,881)</u>	<u>(313,447)</u>	
		<u>(2,899,716)</u>	<u>(223,801)</u>	
(Loss)/earnings per share attributable to equity holders of the Company (cents per share)				
- Basic and diluted (cents)		<u>(0.07)</u>	<u>0.00</u>	

N/M = not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		Unaudited 30 June 2023 S\$	Audited 31 December 2022 S\$	Unaudited 30 June 2023 S\$	Audited 31 December 2022 S\$
ASSETS					
Current assets					
Cash and cash equivalents		4,111,398	6,118,256	499,788	2,626,512
Inventories		81,822	-	-	-
Trade and other receivables		2,947,082	2,145,230	32,164,991	22,760,825
Total current assets		7,140,302	8,263,486	32,664,779	25,387,337
Non-current assets					
Investment in subsidiary corporations		-	-	701	701
Property, plant and equipment	9	77,569,124	72,271,546	408	1,633
Right-of-use assets		1,535,273	1,561,651	31,204	42,910
Deferred tax assets		1,352,883	1,352,883	-	-
Total non-current assets		80,457,280	75,186,080	32,313	45,244
Total assets		87,597,582	83,449,566	32,697,092	25,432,581
LIABILITIES					
Current Liabilities					
Other payables	11	3,475,998	9,738,229	3,493,901	8,033,972
Lease liabilities		23,603	19,077	7,731	19,077
Bank borrowings	10	6,544,490	5,800,116	-	-
Total current liabilities		10,044,091	15,557,422	3,501,632	8,053,049
Non-current liabilities					
Other payables	11	14,993,538	93,562	12,313,861	-
Lease liabilities		8,147	24,019	24,019	24,019
Bank borrowings	10	41,654,028	43,977,069	-	-
Total non-current liabilities		56,655,713	44,094,650	12,337,880	24,019
Total liabilities		66,699,804	59,652,072	15,839,512	8,077,068
Net assets		20,897,778	23,797,494	16,857,580	17,355,513
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	55,499,473	55,499,473	55,499,473	55,499,473
Translation reserve		(619,437)	(644,784)	-	-
Accumulated losses		(38,195,057)	(37,809,165)	(38,641,893)	(38,143,960)
		16,684,979	17,045,524	16,857,580	17,355,513
Non-controlling interest		4,212,799	6,751,970	-	-
Total equity		20,897,778	23,797,494	16,857,580	17,355,513

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C. Condensed interim statements of changes in equity

The Group	Share capital S\$	Translation reserve S\$	Accumulated losses S\$	Total equity attributable to owners of the Company S\$	Other reserves S\$	Non-controlling interest S\$	Total equity S\$
2023 (Unaudited)							
Balance at 1 January 2023	55,499,473	(644,784)	(37,809,165)	17,045,524	-	6,751,970	23,797,494
Net loss for the year	-	-	(1,781,182)	(1,295,677)	-	(1,195,855)	(2,977,037)
Other comprehensive income for the period	-	25,347	-	25,347	-	51,974	77,321
Acquisition of non-controlling interest that do not result in change of control	-	-	1,395,290	1,395,290	-	(1,395,290)	-
Balance at 30 June 2023	55,499,473	(619,437)	(38,195,057)	16,684,979	-	4,212,799	20,897,778
2022 (Unaudited)							
Balance at 1 January 2022	52,411,370	(465,499)	(35,180,504)	16,765,367	(3,376,847)	13,375,832	26,764,352
Net loss for the year	-	-	54,211	54,211	-	(413,666)	(359,455)
Other comprehensive income for the period	-	35,435	-	35,435	-	100,219	135,654
Issue of shares	3,156,300	-	-	3,156,300	-	-	3,156,300
Share issue expenses	(68,197)	-	-	(68,197)	-	-	(68,197)
Obligation to acquire equity interests in subsidiary	-	-	-	-	(898,111)	-	(898,111)
Acquisition of non-controlling interest that do not result in change of control	-	-	159,635	159,635	4,274,958	(4,434,593)	-
Balance at 30 June 2022	55,499,473	(430,064)	(34,966,658)	20,102,751	-	8,627,792	28,730,543
The Company							
	Share capital S\$	Accumulated losses S\$	Total equity S\$				
2023 (Unaudited)							
Balance at 1 January 2023	55,499,473	(38,143,960)	17,355,513				
Loss for the period, representing total comprehensive loss for the period	-	(497,933)	(497,933)				
Balance at 30 June 2023	55,499,473	(38,641,893)	16,857,580				
2022 (Unaudited)							
Balance at 1 January 2022	52,411,370	(38,915,305)	13,496,065				
Net profit for the period, representing total comprehensive income for the period	-	1,676,973	1,676,973				
Issue of shares	3,156,300	-	3,156,300				
Share issue expenses	(68,197)	-	(68,197)				
Balance at 30 June 2022	55,499,473	(37,238,332)	18,261,141				

C. Condensed interim consolidated statement of cash flow

	Group	
	12 months ended	
	Unaudited 30 June 2023 S\$	Unaudited 30 June 2022 S\$
Cash flows from operating activities		
Loss before income tax	(2,977,037)	(357,206)
<i>Adjustment for:</i>		
- Depreciation of property, plant and equipment	307,435	4,931
- Amortisation of right-of-use assets	37,808	39,085
- Interest expense	895,698	45,065
- Interest income	(7,051)	(111,089)
- Shareholder loan waived-off	-	(35,135)
- Foreign exchange gain, net	(535,758)	(342,891)
	(2,278,905)	(757,240)
Changes in working capital		
- Inventories	(80,938)	-
- Trade and other receivables	(556,866)	2,095
- Trade and other payables	(576,966)	(33,142)
Cash used in operations	(3,493,675)	(788,287)
Income tax paid	-	(2,249)
Net cash used in operating activities	(3,493,675)	(790,536)
Cash flows from investing activities		
Additions to property, plant and equipment	(1,961,744)	(1,348,897)
Prepayment for property, plant and equipment	(1,545,741)	(1,808,646)
Interest paid	(1,656,718)	(1,380,764)
Interest received	7,051	622
Net cash used in investing activities	(5,157,152)	(4,537,685)
Cash flows from financing activities		
Loan from non-controlling interest shareholder	1,232,222	-
Loan from related party	7,763,132	-
Interest paid	(685,671)	(44,722)
Proceeds from bank borrowings	1,275,156	3,045,821
Repayment of bank borrowings	(2,955,083)	(72,487)
Repayment of lease liabilities	(12,300)	(12,300)
Proceeds from issuance of new shares, net of issuance expenses	-	3,088,103
Net cash generated from financing activities	6,617,456	6,004,415
Net (decrease)/increase in cash and cash equivalents	(2,033,371)	676,194
Cash and cash equivalents at beginning of the year	4,585,412	3,231,790
Net effect of exchange rate changes on cash and cash equivalents	13,859	(26,890)
Cash and cash equivalents at end of the year	2,565,900	3,881,094

Note: For the purpose of presentation of consolidated statement of cash flow, the cash and cash equivalents comprise of the following:

Cash and cash equivalents per consolidated statement of cash flow	2,565,900	3,881,094
Pledged deposit	1,545,498	1,586,652
Cash and bank balances	4,111,398	5,467,746

D. Condensed interim consolidated statement of cash flows (Continued)

Reconciliation of liabilities arising from financing activities

	1 January 2023 S\$	Proceeds from borrowings S\$	Principal and interest payment S\$	Non-cash changes			30 June 2023 S\$
				Interest expense S\$	Waiver S\$	Foreign exchange movement S\$	
Bank borrowings	49,777,185	1,275,156	(5,297,472)	2,342,389	-	101,260	48,198,518
Lease liabilities	43,096	-	(12,300)	954	-	-	31,750
Loan from a shareholder	146,450	-	-	-	-	-	146,450
Loan from related party	4,341,458	7,763,132	-	209,073	-	198	12,313,861
Loan from non-controlling shareholder	1,357,495	1,232,222	-	-	-	(4,324)	2,585,393

	1 January 2022 S\$	Proceeds from borrowings S\$	Principal and interest payment S\$	Non-cash changes			30 June 2022 S\$
				Interest expense S\$	Waiver S\$	Foreign exchange movement S\$	
Bank borrowings	45,262,656	3,045,821	(1,497,973)	1,425,486	-	186,491	48,422,481
Lease liabilities	20,104	-	(12,300)	343	-	-	8,147
Loan from a shareholder	181,584	-	-	-	(35,134)	-	146,450

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Adventus Holdings Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 52 Telok Blangah Road, #03-06 Telok Blangah House, Singapore 098829.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is an investment holding. The principal activities of its subsidiary corporations are as follows:

- (1) Property ownership, development, management and investment, and hospitality services.
- (2) Investment holding activities.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

Going concern

The Group incurred a net loss of S\$2,977,037 and net cash used in operating activities of S\$3,493,675 for the financial period ended 30 June 2023. As at 30 June 2023, the Group’s current liabilities exceeded its current assets by S\$2,903,789.

Management is of the view that the Group and the Company will continue to operate on a going concern and there is no material uncertainty related to these events or conditions that may cast significant doubt on the Group and the Company’s ability to continue as a going concern, having assessed the following sources of funding available to the Group for the next 12 months from the end of this financial period:

- The written consent from shareholder to defer the payment for outstanding balance of S\$146,450 which is due in 2023 for another 12 months.
- The unutilized committed borrowings from a related party amounting to approximately S\$1,476,357;
- The Company’s controlling shareholder has given an undertaking to provide financial support to the Group and the Company for the next 12 months from the end of this financial period to operate without any curtailment of operations; and
- The proportionate contribution from non-controlling shareholder for both projects in Vietnam.

Based on the sources of funding indicated above, management is confident that the strategies in place will improve the financial position of the Group and the Company so as to continue in operational existence for at least 12 months from the end of this financial period.

2.1 New and Amended Standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

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2.2 Uses of judgement and estimates

In preparing the interim financial statements, the management of the Group (the “Management”) has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by the Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2022.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- (a) *Impairment of property, plant and equipment (“PPE”) and right-of-use (“ROU”) assets*
- (b) *Expected credit losses (“ECL”) on other receivables*

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the financial year ended 31 December 2022.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has three reportable segments as follows:

- (a) Property and Hospitality : Property ownership, development, management and investment; and hospitality services
- (b) Corporate : Investment holding activities
- (c) Others : Dormant entities

For management purposes, the Group’s activities comprise the following reportable segment:

- (a) Property and Hospitality segment
 - Adventus Investments (Vietnam) Pte. Ltd.
 - ADV S1 Pte. Ltd.
 - ADV S2 Pte. Ltd.
 - ADV Management Services Company Limited
 - ADV V1 Holding Company Limited
 - Thai Vy Company Limited
 - AP Land Company Limited
 - Regis Bay Vietnam Investment Joint Stock Company
 - Hoi An Pearl Joint Stock Company
 - Bay Hospitality Pte. Ltd.
 - Crimson (Malaysia) Sdn. Bhd.
- (b) Corporate segment
 - Adventus Holdings Limited
- (c) Other segment
 - Northern Cardinal Commodities Pte Ltd

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4.1 Reportable segments

	Six months ended 30 June							
	Property and hospitality		Corporate		Others		Consolidated	
	Unaudited 2023 S\$	Unaudited 2022 S\$	Unaudited 2023 S\$	Unaudited 2022 S\$	Unaudited 2023 S\$	Unaudited 2022 S\$	Unaudited 2023 S\$	Unaudited 2022 S\$
<i>(a) Segment revenues and result</i>								
Total revenue	377,589	-	-	-	-	-	377,589	-
Segment result	(1,919,999)	(287,621)	(164,089)	(166,494)	(6,070)	(4,894)	(2,090,158)	(459,009)
Other income							1,768	35,779
Interest income							7,051	111,089
Finance expense							(895,698)	(45,065)
Loss before income tax							(2,977,037)	(357,206)
Income tax expense							-	(2,249)
Net loss for the financial period							(2,977,037)	(359,455)
<i>(b) Segment assets and liabilities</i>								
Segment assets	87,027,669	76,890,294	545,524	3,578,149	24,389	24,852	87,597,582	80,493,295
Segment liabilities	48,128,361	50,536,035	18,166,892	1,139,116	404,551	87,601	66,699,804	51,762,752
Capital expenditure	4,943,752	4,327,326	-	-	-	-	4,943,752	4,327,326
Depreciation of property, plant and equipment	306,210	-	1,225	4,931	-	-	307,435	4,931
Amortisation of right-of-use assets	26,102	27,379	11,706	11,706	-	-	37,808	39,085

The directors of the Company monitor the operating results of its operating segments for the purpose of allocating resources and performance assessment. Performance across each segment is measured based on segment profit before income tax, as included in the internal management reports review by the Board of Directors.

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4.2 Disaggregation of revenue

	Property and hospitality		Six months ended 30 June				Consolidated	
	Unaudited	Unaudited	Corporate		Others		Unaudited	Unaudited
	2023	2022	Unaudited	Unaudited	Unaudited	Unaudited	2023	2022
	S\$	S\$	2023	2022	2023	2022	S\$	S\$
Types of goods or service								
Hotel revenue	377,589	-	-	-	-	-	377,589	-
Timing of revenue recognition								
At point of time	377,589	-	-	-	-	-	377,589	-
Geographical information								
Vietnam	377,589	-	-	-	-	-	377,589	-

Hotel room revenue is recognised at a point in time based on room occupancy while other hotel revenue is recognised at a point in time when the goods are delivered or the services are rendered to the customers.

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5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	S\$	S\$	S\$	S\$
Financial Assets				
Cash and bank balances and other receivables (Amortised cost)	4,413,846	6,248,248	32,657,555	25,369,862
Financial Liabilities				
Other payables and borrowings (Amortised cost)	66,699,804	59,652,072	15,839,512	8,077,068

6. Loss before income tax

6.1 Significant items

	Group	
	6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
	S\$	S\$
Income		
Government grants received	-	644
Shareholder loan waived off	-	35,135
Interest income	7,051	111,089
Foreign exchange gain	331,355	179,686
Expenses		
Employee compensation	896,888	311,270
Sales and marketing expenses	162,230	-
Depreciation of property, plant and equipment	307,435	4,931
Amortisation of right-of-use assets	37,808	39,085
Interest on bank borrowings	685,671	44,722
Interest on loan from a related party	209,073	-

6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Key management personnel compensation

The remuneration of directors and other members of key management during the financial period were as follows:

	Group	
	6 months ended 30 Jun 2023	6 months ended 30 Jun 2022
	S\$	S\$
Wages and salaries	213,300	162,000
Employer's contribution to defined contribution plans, including Central Provident Fund	18,360	12,240
	231,660	174,240

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7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 Jun 2023 S\$	6 months ended 30 Jun 2022 S\$
Current income tax expense		
- under provision prior financial years	-	2,249

8. Net asset value

	Group		Company	
	30 Jun 2023 S\$	31 Dec 2022 S\$	30 Jun 2023 S\$	31 Dec 2022 S\$
Net asset value per ordinary share (in cents)	0.68	0.70	0.69	0.71

9. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$4,943,752 (30 June 2022: S\$4,327,326).

Borrowing costs included in the cost of qualifying assets as followings:

	Group	
	30 Jun 2023 S\$	30 Jun 2022 S\$
Beginning of financial period	7,570,928	4,422,353
Additions	1,656,718	1,380,764
Currency translation differences	76,515	37,309
End of financial period	9,304,161	5,840,425

10. Bank borrowings

	Group	
	30 Jun 2023 S\$	31 Dec 2022 S\$
<u>Amount repayable within one year</u>		
Secured	6,544,490	5,800,116
<u>Amount repayable after one year</u>		
Secured	41,654,028	43,977,069

As of 30 June 2023, the Group's ongoing joint venture development projects in Vietnam, Regis Bay Vietnam Investment Joint Stock Company ("RBV") and Hoi An Pearl Joint Stock Company ("HAP"), each has one (1) loan for its development located in Da Nang and Hoi An, from financial institution in Singapore and Vietnam respectively.

The financing for RBV is secured by its lands as collateral and a corporate guarantee from the Group and Vietnam partners, whereas the financing for HAP is secured by its land and a corporate guarantee solely by the Vietnam partners.

Besides, the Group had also obtained a 5-year bridging loan of S\$3,000,000 for working capital purpose, which is repayable over 60 instalments after 12 months from the first drawdown date, 26 April 2021, bearing interest at 3% per annum. This loan is personally guaranteed by the controlling shareholder of the Company.

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11. Trade and other payables

	Group	
	30 Jun 2023	31 Dec 2022
	S\$	S\$
Current		
Trade payables	114,026	-
Other payables		
- non-related parties	1,962,429	2,830,414
Loan from a shareholder ⁽ⁱ⁾	146,450	146,450
Loan from related party ⁽ⁱⁱ⁾	-	4,341,458
Loan from non-controlling interest shareholder ⁽ⁱⁱⁱ⁾	-	1,357,495
Accruals	1,253,094	1,062,412
	3,475,998	9,738,229
Non-Current		
Other payables		
- non-related parties	3,599	3,571
Loan from related party ⁽ⁱⁱ⁾	12,313,861	-
Loan from non-controlling interest shareholder ⁽ⁱⁱⁱ⁾	2,585,393	-
Loan from non-controlling interest shareholder ^(iv)	90,685	89,991
	14,993,538	93,562
Total other payables	18,469,536	9,831,791

- (i) Loan from a shareholder who is also a director of the Company is interest free and unsecured. Repayment is due in April 2024.
- (ii) Loan from related party bears interest at rate of 5% per annum, is unsecured and has maturity period of 12 months from the date of disbursement of the loan. Repayment which is due in June 2024 has been extended to June 2025.
- (iii) Loan from non-controlling interest shareholder bears interest at rate of 11% per annum, is unsecured and has maturity period of 12 months from the date of disbursement of the loan. Repayment which is due in June 2024 has been extended to June 2025 subsequent to the financial period.
- (iv) Loan from non-controlling interest shareholder bears interest at rate of 15% per annum, is unsecured and has maturity period of 36 months from the date of disbursement of the loan. The initial repayment term was due in September 2020. During the financial year 2021, the repayment term has been extended to March 2026 and the interest on loan from non-controlling interest shareholder has been waived off.

12. Share capital

	Group and Company			
	30 June 2023		31 December 2022	
	No. of shares	Amount S\$	No. of shares	Amount S\$
As at 1 January 2023 / 1 January 2022	2,451,619,331	55,499,473	1,950,619,331	52,411,370
Issuance of ordinary shares ⁽ⁱ⁾	-	-	501,000,000	3,156,300
Share issuance expenses	-	-	-	(68,197)
As at 30 June 2023 / 30 June 2022	2,451,619,331	55,499,473	2,451,619,331	55,499,473

- (i) On 1 April 2022, the Company issued 501,000,000 ordinary shares for a total consideration of \$3,156,300 for cash to provide funds for the Group's working capital. The newly issued shares rank pari passu in all aspects with the previously issued shares.

The Company did not hold any treasury shares nor have outstanding options, convertibles or subsidiary holdings as at 30 June 2023 and 31 December 2022.

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information Required by Appendix 7C of the Listing Rule

1. Review

The condensed consolidated statements of financial position of Adventus Holdings Limited (“Company”, together with its subsidiaries, the “Group”) as at 30 June 2023 and the related condensed consolidated statement of profit or loss, and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes (the “Condensed Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern

Not Applicable

2. Review of performance of the Group

Review of Statement of Comprehensive Income in relation to the period 30 June 2023 (“1H2023”) compared to 30 June 2022 (“1H2022”)

a. Revenue and Cost of Sales

The hotel under Hoi An Pearl Joint Stock Company (“HAP”) which is operating under the brand name Bay Resorts Hoi An and managed internally by Bay Hospitality Pte. Ltd. has commenced operation on 27 March 2023. The Group’s revenue of S\$0.38 million and cost of sales of \$0.50 million 1H2023 was mainly derived from hotel operation. For 1H2022, as the hotel developments have yet to be completed, the Group has no recurring revenue and no cost of sales incurred.

b. Other income – Interest

The significant decrease of interest income in 1H2023 was due to interest income derived in 1H2022, derived from loan facility provided to non-controlling shareholder, Panthera Company Limited (“Panthera”), for the Group’s development in HAP, until the completion of 51% share transfer of HAP to ADV S2 Private Limited, a wholly-owned subsidiary of the Company on 25 March 2022.

c. Other income – Others

The significant decrease of other income in 1H2023 was due to an one-off waiver of amount owing to previous substantial shareholder, Higashi & Sons Pte Ltd in 1H2022.

d. Other gains – net

The unrealised foreign exchange gain increased in 1H2023 mainly due to the strengthening of Vietnamese Dong against Singapore Dollar.

e. Administrative expenses

Administrative expenses generally are incurred for the Group’s general administrative and overheads expenses for the reporting period. The significant increase from S\$0.64 million in 1H2022 to S\$2.30 million in 1H2023 was mainly attributable to additional resources deployed to support the pre-opening and commencement of hotel operation, as well as additional depreciation arising from property, plant and equipment of Bay Resorts Hoi An (in 1H2022, no depreciation is recorded due to construction is still in progress).

f. Finance cost

The increase in finance cost was due to (i) additional interest of S\$0.21 million accrued for the loan facility obtained and drawdown from related party in 1H2023, and (ii) additional interest of S\$0.65 million arising from bank borrowings relating to being expensed to profit and loss upon commencement of operation of Bay Resorts Hoi An (in 1H2022, borrowing costs are capitalised as part of development cost).

Review of Statement of Financial Position in relation to 30 June 2023 (“1H2023”) compared to 31 December 2022 (“FY2022”)

g. Total Assets

The overall increase in Total Assets of the Group from an aggregate amount of approximately S\$83.45 million in FY2022 to S\$87.60 million in 1H2023 is largely attributable to the following:

i. Increase in Property, Plant and Equipment

Property, plant and equipment increased to an aggregate amount of approximately S\$77.57 million (FY2022: S\$72.27 million) due to its developments in Vietnam. As of 30 June 2023, the Group has two (2) development

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projects, located in Da Nang and in Hoi An.

ii. Increase in Trade and other receivables and prepayments

The increase in other receivable and prepayments was mainly due to pre-opening as well as commencement of hotel operation in Vietnam.

h. Total Liabilities

The overall increase in Total Liabilities of the Group from an aggregate amount of approximately S\$59.65 million in FY2022 to S\$66.70 million in 1H2023 were a net effect attributable to the followings:

i. Decrease in bank borrowings

There was decrease in bank borrowings as all the bank loan facilities had been fully drawn during 1H2023 and the Group has started principal repayment.

ii. Increase in Other payables

The increase in other payables was mainly due to:

- additional loan drawdown from related party of S\$7.76 million (FY2022: S\$4.32 million)
- interest accrued on the loan from related party of S\$0.21 million (FY2022: S\$0.02 million)
- additional loan drawdown from non-controlling interest shareholder of S\$1.23 million (FY2022: S\$1.36 million) to support the hotel operation as well as fulfilling bank obligation.

Review of Statement of Cash Flows in relation to 30 June 2023 (“1H2023”) compared to 30 June 2022 (“1H2022”)

For 1H2023, the overall cash and cash equivalents amounted to approximately S\$2.57 million, the decrease from S\$3.88 million in 1H2022 were as follows:

- The net cash used in operating activities was approximately S\$3.49 million (1H2022: S\$0.79 million). The decrease was mainly attributable to additional resources used for pre-opening and commencement of hotel operations.
- The net cash used in investing activities was approximately S\$5.16 million (1H2022: S\$4.54 million). The increase was mainly attributable to the increase in cash flow used for purchase of property, plant and equipment (“PPE”) of \$1.96 million (1H2022: S\$1.34 million) and interest paid on bank borrowings amounting to S\$1.66 million (1H2022: S\$1.38 million).
- The net cash generated from financing activities approximately amounted to S\$6.62 million (1H2022: S\$6.00 million) were mainly attributable to (i) loan proceed from related party of S\$7.76 million, (ii) loan proceed from non-controlling interest shareholder of S\$1.23 million, partially offset by (iii) repayment of bank borrowings of S\$2.96 million.

The overall cash and cash equivalents position at 1H2023 is adequate for the Group’s overall operation.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company has not previously disclosed to shareholders any forecast or prospect statements.

4. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings)

	Group and Company	
	30 Jun 2023	30 Jun 2022
(Loss)/earnings per share (“LPS” or “EPS”) (S\$ cents)		
On weighted average number of ordinary shares	(0.07)	0.00
On fully diluted basis	(0.07)	0.00
Net (loss)/ profit attributable to equity holders of the Company (S\$)		
Basic LPS/EPS	(1,781,182)	54,211
Diluted LPS/EPS	(1,781,182)	54,211
Weighted average number of ordinary shares in issue		
Basic LPS/EPS	2,451,619,331 ⁽¹⁾	2,169,287,839 ⁽¹⁾
Diluted LPS/EPS	2,451,619,331 ⁽¹⁾	2,169,287,839 ⁽¹⁾

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- (1) The calculation for the basic and diluted EPS/LPS is based on the weighted average number of ordinary shares in issue during the respective financial periods.

The basic and diluted EPS and LPS for 1H2022 and 1H2023 respectively were the same as there were no potentially dilutive securities in issue as at 30 June 2022 and 30 June 2023.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Hotel development (the "Hotel") under Regis Bay Joint Stock Company will commence operations by the third week of August 2023. The Hotel will be operating under the brand name Bay Capital Da Nang and managed internally by Bay Hospitality Pte. Ltd. The Hotel is expected to contribute to the Group's revenue for the financial year ending 31 December 2023.

The Group expects to see further and faster recovery of tourism in Vietnam in view of increasing flight connectivity and capacity. Looking ahead, the Group recognizes that the travel and tourism industry may be subject to challenges such as persistent inflation, rising interest rate, elevated commodity prices and manpower issues.

Despite these potential headwinds, the Group will commit to remaining agile and adaptable to evolving market conditions, while prioritizing on the growth of its hotel operation for Bay Capital Da Nang and Bay Resorts Hoi An.

6. Dividend Information

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The Company did not recommend any dividend for the financial period ended 30 June 2023.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

The Company did not recommend or declare any dividend for the financial period ended 31 December 2022.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(f) If no dividend has been declared/recommended, a statement to that effect

Based on the Group and Company's financial performance for the 6 months period ended 30 June 2023, no dividend has been declared or recommended for the reporting period.

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7. Interested person transactions

Apart from the existing interest-free shareholder loan of S\$0.15 million, the Company entered into a separate interest-bearing loan facility of US\$10 million with a related party, Fiesta Development Pte. Ltd. Please refer to the announcement “Entry into loan agreement with an interested person” as previously announced on 20 September 2022.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Fiesta Development Pte Ltd	Mr Chin Bay Ching is the beneficiary owner	S\$0.21 million (Accrued interest on interest-bearing loan from related party)	Not applicable

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company hereby confirms that it has procured signed undertakings from all its directors and relevant executive officers in the format as set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.

9. Negative Assurance Confirmation by Directors Pursuant to SGX Listing Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

10. Disclosures required pursuant to Rule 706A of the Catalist Rules

As disclosed in the Company’s Announcement dated 11 April 2023, the Company has acquired an indirect 51% equity interest in Regis Bay Vietnam Investment Joint Stock Company through a newly incorporated investment holding corporation in Vietnam, Thai Vy Company Limited (“Thai Vy”), which was a dormant company as at the acquisition date. The Group acquired 100% of the charter capital of Thai Vy from a non-related party for an aggregate consideration of VND200,000,000 (equivalent to approximately \$11,408) and, following the completion of such acquisition, the Group’s interests in Regis Bay will be held through Thai Vy.

11. Utilisation of Proceeds

The Company had raised a net proceed of S\$3,088,103 through a share placement in March 2022 (refer to announcement dated 31 March 2022) and the exercise was completed in April 2022 (refer to announcement dated 12 April 2022).

	S\$
Share placement of 501,000,000 at S\$0.0063 per share	3,156,300
Commission for Placement Agent, Professional fees, and other related expenses	(68,197)
Net Proceed from Share placement	<u>3,088,103</u>

As at 30 June 2023, the Company had balance proceeds of S\$0.91 million, approx. S\$1.11 million was used for working capital purposes, as set out below:

	S\$
Balance as at 31 December 2022	2,020,218
Working capital for both developments in Vietnam ⁽¹⁾	(209,449)
Working capital for the Group in Singapore ⁽¹⁾	(899,338)
Interest earned from fixed deposit	3,613
Balance as at 30 June 2023	<u>915,044</u>

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Note:

(1) *General working capital consisted of staff salaries and related expenses as well as trade and non-trade payments.*

Throughout the financial period, the placement proceeds were prudently utilized on a need-and-use basis, with no significant disbursements occurring at any point.

There were no material deviations from the stated use of proceeds.

On behalf of the Board,

Chin Bay Ching
Executive Chairman

14 August 2023