Adventus

Adventus Holdings Limited

Annual Report 2019

Adventus

CORPORATE INFORMATION

Registered Office
52 Telok Blangah Road
#03-06 Telok Blangah House
Singapore 098829
Tel: (65) 6382 2110
Fax: (65) 6382 2420

Board of Directors
Mr Loh Eu Tse Derek (Acting Chairman)
Mr Chin Rui Xiang
Mr Gersom G Vetuz
Mr Wong Loke Tan

Audit Committee
Mr Gersom G Vetuz (Chairman)
Mr Loh Eu Tse Derek
Mr Wong Loke Tan

Nominating Committee
Mr Loh Eu Tse Derek (Chairman)
Mr Gersom G Vetuz
Mr Wong Loke Tan

Remuneration Committee
Mr Wong Loke Tan (Chairman)
Mr Gersom G Vetuz
Mr Loh Eu Tse Derek

Secretary
Ms Lee Bee Fong

Share Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 4399
Email: info@sg.tricorglobal.com

Bankers
DBS Bank Ltd
United Overseas Bank Limited

Independent Auditors
Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way
OUE Downtown 2
#33-00
Partner-in-charge: Ms Lim Bee Hui
(Date of appointment: Financial year ended 31 December 2015)

Continuing Sponsor
RHT Capital Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619
Tel: +65 6381 6757
Registered Professional: Mr Khong Choun Mun

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd., Tel: 6381 6966.

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CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

As all of you are aware, these are most challenging times for everyone around the World. The current events that we see unfolding are unlike any that many of us have witnessed before.

Like every company involved in the hospitality business, Adventus is and will be affected by events occurring globally.

Since 2017, the Group has focused on Property Development and Investment business. Construction works for its two hospitality developments, namely the Da Nang 5–Star Hotel Development and Hoi An 5–Star Resort project in Vietnam, both of which commenced in 2018. As at the end of 2019, both developments had made good progress. However, due to the present global COVID–19 (Coronavirus Disease 2019) pandemic and its consequences, the Group's management expects that the completion of both developments, originally scheduled in the third and fourth quarter of 2020 respectively, to be delayed to some degree. The delay to completion may nevertheless not be a significant problem given the travel restrictions that have been imposed by many countries and its impact on tourism.

On a slightly separate note, the Group's investment in a joint venture to develop a residential apartment in Da Nang in 2018 has been brought to an end as the progress of this project was stilted due to multiple delays beyond reasonable controls. Following the end of the joint venture development, and in accordance with the agreement of the parties, the Group expects to recover its investment in or about April 2020.

As the Group's various hospitality projects have not been completed, the Group recorded no revenue from its hospitality projects, the Group recorded a loss of S$0.8 million in the financial year ended 31 December 2019 ("FY2019"), compared to FY2018 where the Group recorded a loss of S$1.7 million, largely due to reduced administrative and other cost.

CHAIRMAN'S MESSAGE

As I had mentioned earlier, the economic situation remains somewhat difficult. That said, the Group believes that the business environment will change for the better ultimately. Consequently, it is important that the Group continue to keep a business–friendly, cautiously optimistic outlook and be vigilant so that it will be able to pursue any opportunities that arise both here in Singapore and Vietnam. A difficult business environment does not always translate into an absolute devoid of opportunities.

The priority of the Group is to proceed with its current projects so as to seek returns on the Group's investment. At the same time the Group must conduct its business with all required and due prudence and keep an eye open for potential prospects so as to ensure that the interests of the Group are always maintained.

No company can exist, let alone thrive, in isolation. I must therefore express my deepest gratitude to all our partners, shareholders, customers, vendors, advisers, employees, management, and fellow members of the Board for the support, concord, patience and understanding.

Loh Eu Tse, Derek
Acting Chairman and Non–Executive Independent Director

BOARD OF DIRECTORS

Mr Chin Rui Xiang
Executive Director

Mr Chin was appointed as Executive Director of the Company on 14 March 2018. He has previously worked in a variety of management roles in listed construction companies and hotel management companies whilst being based in Ho Chi Minh City, Vietnam. He has overseen operations of one major project and assisted in securing two other projects in Vietnam. He is well versed in business development as well as deal structuring to safeguard listed companies' interests.

Mr Chin graduated with a Bachelor of Building and Project Management programme (BBPM) which is a partnership program between Singapore University of Social Sciences and BCA Academy.

Mr Gersom G Vetuz
Non–Executive Independent Director

Mr Vetuz was appointed as Non–Executive Independent Director of the Company on 15 September 2008. He is presently the Chairman of the Audit Committee and is a member of the Remuneration and Nomination Committees.

Mr Vetuz has more than 41 years of experience in public accounting firms in Singapore, and extensive experience in financial audits of multinational companies, public listed companies and local companies in various industries. Mr Vetuz was previously an Audit Principal at Deloitte & Touche LLP, Singapore and an Audit Partner at Moore Stephens LLP, Singapore.

Mr Vetuz obtained a Bachelor's degree in Business Administration (Major in Accounting) in 1965 from the University of the East, Manila, Philippines. He qualified as a Certified Public Accountant in the Philippines in 1967. In 1982, he attended the Executive Program in Business Administration at Columbia University, New York, USA.

Mr Derek Loh Eu Tse
Non–Executive Independent Director

Mr Loh was appointed as Non–Executive Independent Director of the Company on 25 July 2014. He chairs the Nominating Committee and is a member of the Audit and Remuneration Committees.

Mr Loh graduated from University of Cambridge with Honours in 1990. He obtained his barrister–at–law in England before proceeding to his call as an advocate and solicitor in Singapore in 1993. Since then he has been in active practice in the area of construction and engineering law. He is presently practicing in TSMP Law Corporation Singapore as an Executive Director. He holds directorships in listed companies in Singapore and abroad including DISA Limited, Federal International (2000) Ltd, K2 F&B Holdings Limited, Vibrant Group Limited and Vietnam Enterprise International Limited.

In March 2019, he was appointed as Non–Executive Independent Director of K2 F&B Holdings Limited, listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr Loh is a member of the Board of Governors of Saint Joseph Institution International and is on the Board of Trustees of Saint Joseph's Institution Foundation (Singapore), a charity organisation.

Mr Wong Loke Tan

Non–Executive Independent Director

Mr Wong was appointed as Non–Executive Independent Director of the Company on 11 May 2017. He chairs the Remuneration Committee and is a member of the Audit and Nominating Committees.

Mr Wong is a senior banker with over 30 years of banking experience in international banks and Singapore's longest established bank, OCBC Bank. His experience and expertise span across syndicated loans, project financing, structured trade financing and mergers and acquisitions. He is particularly well known in the business community for his extensive network and strong rapport with Singapore SMEs. Mr Wong remains active in the SME and Corporate business circle.

Mr Wong left banking in June 2016 as a Senior Vice President with Maybank. Currently, he sits on the Board of listed companies in Singapore and abroad, including Koyo International Limited, Union Steel Holdings Limited, K2 F&B Holdings Limited and International Cement Group Limited.

Mr Wong is dedicated to contributing to civic organizations such as the Saint Gabriel's School Management Committee. In 2018, he was awarded the Silver Medallion Service Award by the Ministry of Education in recognition of his contributions and services.

Mr Wong holds a Master of Business Administration degree from Brunel University, United Kingdom and an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors.

KEY MANAGEMENT

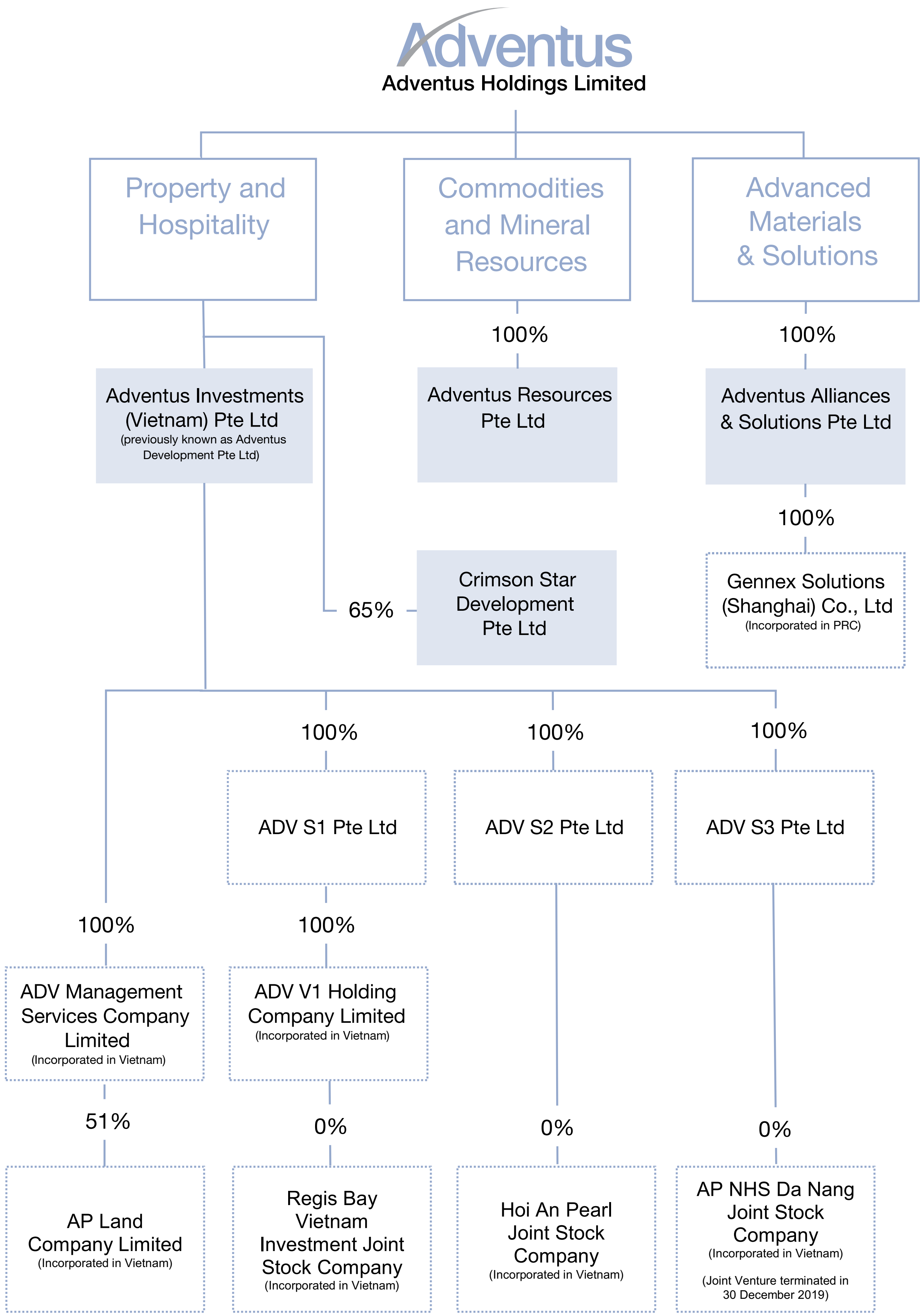
Mr Wong Sonny Wing Doug
Project Director

Mr Wong was appointed as Project Director of the Company on 14 March 2018.

Mr Wong has professional experience in engineering consultancy and real estate development with companies of diverse organisational and operating environments. He was able to build his skillset in project management and corporate governance at his last tenure as Deputy Project Director for M+S Pte Ltd, the Malaysian–Singapore JV company formed to manage the development of two internationally recognised, award–winning, mixed–use developments in Singapore with combined gross development value (GDV) of S$11 billion.

Mr Wong obtained a Bachelor Degree of Applied Science in Geological Engineering from the University of British Columbia, Canada.

CORPORATE STRUCTURE



CORPORATE GOVERNANCE REPORT

The Listing Manual – Section B: Rules of Catalist ("**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX–ST**") require an issuer to describe, in its annual report, its corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance ("**Code**"). An issuer must comply with the principles of the Code. Where an issuer's practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

The board of directors ("**Board**") of Adventus Holdings Limited ("**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance and transparency to protect the interests of shareholders, employees and other stakeholders, and to promote investors' confidence. In line with its commitment, the Company regularly reviews its corporate governance policies and practices to strive to fully comply with the revised Code of Corporate Governance 2018 ("**2018 Code**") and the Catalist Rules.

In accordance with Rule 710 of the Catalist Rules, this report sets out the Company's corporate governance practices with specific reference to the principles and the provisions of the 2018 Code, which was set out in the Catalist Rules in 6 August 2018, following from the publication of the 2018 Code by the Monetary Authority of Singapore. The Company believes that it has largely complied with the spirit and intent of the 2018 Code and in areas where the Company's practices have deviated from the 2018 Code, the rationale for the same is provided herein.

The 2018 Code is divided into four main sections, namely:

A. BOARD MATTERS
B. REMUNERATION MATTERS
C. ACCOUNTABILITY AND AUDIT
D. SHAREHOLDER RIGHTS AND ENGAGEMENT
E. MANAGING STAKEHOLDERS RELATIONSHIPS

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

Provisions 1.1 and 1.2
Board roles and director duties

The Board is responsible for setting the strategic, performance and business directions of the Group and is collectively responsible for its long–term success. Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the directors in the fulfilment of their responsibilities.

During the financial year ended 31 December 2019 ("**FY2019**"), apart from its statutory duties, the Board performed the following:

- reviewing and setting the strategic direction and long–term goals of the Group and ensuring that adequate resources are available to meet these objectives;

- reviewing and approving the Group's annual budgets, major funding proposals, investment and divestment proposals and interested person transactions of a material nature;

- overseeing the business affairs of the Company and monitor the performance of the management;

- establishing and overseeing the processes of evaluating the adequacy of internal controls, risk management and financial reporting and compliance;

- setting the Group's values and standards of conduct and ensuring the obligations to shareholders and other stakeholders are understood and duly met;

- considering sustainability issues such as environmental and social factors, as part of its strategic formulation;

- ensuring the Group's compliance with relevant laws, regulations, policies, directives, guidelines, internal codes of conduct and obligations to shareholders;

- ensuring accurate, adequate and timely reporting to, and communication with shareholders;

- approving all Board appointments or re–appointments and appointments of key management personnel as well as evaluating their performance and reviewing their compensation packages; and

- reviewing and approving the financial results of the Group and the audited financial statements and timely announcements of material transactions.

The Board exercise due diligence and independent judgement in dealing with the business affairs of the Group and is obliged to act in good faith. It works with management, its external auditors and internal auditors to make objective decisions in the interest of the Group. The directors on the Board have the core competencies and diversity of experience to enable them to contribute effectively. The Board is also supported by three Board Committees (as defined below) to facilitate the discharge of its functions to which it was delegated to execute specific areas of the Board responsibilities.

Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as it is practicable after the relevant facts have been come to his knowledge. On an annual basis, each director is also required to submit details of his associates for the purpose of monitoring interested person transactions. Where a director has a conflict or potential conflict of interest in relation to any matter, he should immediately declare his interest when the conflict–related matters is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he is abstain from voting in relation to the conflict–related matters.

A newly appointed director will receive a thorough briefing by existing directors and management of the Company ("**Management**") on the Group's business and governance practices.

The directors are provided with briefings from time to time and are kept updated on relevant laws and regulations, including directors' duties and responsibilities, corporate governance and developing trends, insider trading and financial reporting standards and are encouraged to attend workshops and seminars to enhance their skills and knowledge, so as to enable them to properly discharge their duties as Board or Board committee members. The directors also receive updates on the business of the Group through regular scheduled meetings and *ad–hoc* Board meetings.

The Company will fund directors' participation at industry conferences, seminars or any training programmes in connection with their duties as directors.

As and when there are changes to regulations and or accounting standards, the Company will arrange for the Board to be updated, either by the Company Secretary and/or its other professional consultants depending on the type of changes to the regulatory changes and the implications on the Company and/or the Director's continuing obligations and various requirements expected of a listed company. During the financial year, the external auditors have briefed the Audit Committee members on developments in accounting and governance standards and Audit Committee members have provided such updates to the Board members.

In addition, the Acting Chairman and Executive Director constantly update Board members on business and strategic developments of the Group and overview of the industry trends at regular schedule meetings and ad–hoc Board meetings. Directors can request for further explanations, briefings or information on any aspects the Group's business issues from the Management.

Provision 1.3
Internal guidelines on matters requiring Board's approval

The Board has established guidelines governing matters that require the Board's approval. A delegation of authority matrix provides clear directions to the management on matters requiring the Board's specific approval. The matters require Board's approval include:

i. statutory requirement such as approval of annual report and financial statements;

ii. other requirements such as half year and full year results announcements;

iii. corporate strategic directions, strategies and action plans;

iv. issuance of key policies and key business initiatives;

v. authorization of acquisition / disposal and other material transactions;

vi. declaration of interim dividends and proposal of final dividends;

vii. convening of Shareholders' Meetings;

viii. any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

Board organisation and support

Provision 1.4
Delegation to Board committees

The Board has delegated certain responsibilities to the three committees to assist in the execution of the Board responsibilities. These committees (each, a "**Board Committee**" and collectively, the "**Board Committees**") include : the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**"). Each Board Committee function within clearly defined terms of references and operating procedures, which will be reviewed on a regular basis by the Board. The effectiveness of each committee will also be constantly reviewed by the Board. More information on the Board Committees can be found in the respective sections of the Board Committees in this report. The Board Committees are required to report to the Board.

Details of the directors' qualifications, background and working experiences are set out under the "Board of Directors" section of this annual report.

A summary of the composition of the Board and its Board Committees for FY2019 is set out below:

Name	Status	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Chin Rui Xiang	Executive Director	Member	–	–	–
Mr Gersom G Vetuz(1)	Non–Executive Independent Director	Member	Chairman	Member	Member
Mr Loh Eu Tse Derek(2)	Non–Executive Independent Director	Acting Chairman	Member	Chairman	Member
Mr Wong Loke Tan	Non–Executive Independent Director	Member	Member	Member	Chairman

Notes:

(1) Mr Gersom G Vetuz was appointed as a member of Nominating Committee of the Company on 13 May 2019.

(2) Mr Loh Eu Tse Derek was appointed as Acting Chairman of the Company on 13 May 2019.

Provision 1.5
Board and Board Committees meetings and attendance records

The Board meets on a half yearly basis, and as and when circumstances required. During FY2019, the number of meetings held, and the attendance of each member of the Board and Board committees are as follows:

	Board	AC	NC	RC
Number of meetings held	2	2	1	1
Director	Number of meetings attended			
Mr Chin Rui Xiang	2	2*	1*	1*
Mr Gersom G Vetuz(1)	2	2	1*	1
Mr Loh Eu Tse Derek(2)	2	2	1	1
Mr Wong Loke Tan	2	2	1	1

* *Attendance by invitation of the Committee*

Notes:

(1) Mr Gersom G Vetuz was appointed as a member of Nominating Committee of the Company on 13 May 2019.

(2) Mr Loh Eu Tse Derek was appointed as Acting Chairman of the Company on 13 May 2019.

The Company's Constitution allow for meetings to be held through telephone and/or videoconference.

The Company's Constitution and the Board Committees' Terms of References allow for decision / resolution to be passed by circulating resolutions / resolutions in writing.

The Board members as at the date of this Annual Report are:

Name of Director	Designation	Date appointed
Mr Loh Eu Tse Derek	Acting Chairman and Non–Executive Independent Director	25 July 2014
Mr Chin Rui Xiang	Executive Director	14 March 2018
Mr Gersom G Vetuz	Non–Executive Independent Director	15 September 2008
Mr Wong Loke Tan	Non–Executive Independent Director	11 May 2017

The profiles of our directors can be found on pages 4 to 5 of this Annual Report.

Provision 1.6
Access to Information

Directors are furnished with complete and adequate information related to agenda items in a timely manner for them to make informed decisions and discharge their duties and responsibilities.

The Board receives half yearly management financials statements, periodic cash flow projections, annual budget and explanation on material forecasts variances from Management. This is so to ensure that the Board is able to contribute meaningfully during Board meetings so to enable them to understand the business activities of the Company and oversee the Group's operational and financial performance. The Board is also kept appraised on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

Board papers prepared for each meeting are usually circulated prior to each meeting to allow sufficient time for review by the Directors.

Provision 1.7
Independent professional advice/company secretary

The Directors have separate and independent access to the Management and Company Secretary at all times. The Company Secretary is responsible for facilitating communications within the Board Committees, Board and Management, as well as attending all Board Committees and Board meetings and preparing the relevant minutes of such meetings. Prior to each meeting, the minutes of the previous Board Committees and Board meetings will be circulated in advance to all the respective Board Committee and Board members. The Company Secretary will also provide its advice on governance matters and ensure that the respective meetings are in accordance to the Constitution and applicable rules and regulations (such as the Singapore Companies Act, Cap.50 and the Catalist Rules) are complied with.

Individually or collectively, for matters that affect the Group, Directors can obtain independent professional advice at the Company's expense where required. The appointments of such independent professional advisors are subject to approval of the Board.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2 – The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions 2.1 and 2.2
Board Independence and Composition of independent directors on the Board

At the date of this Annual Report, the Board comprises of one (1) executive director and three (3) non–executive independent directors. The Acting Chairman of the Board is independent and the independent directors make up majority of the Board. The composition of the Board is reviewed on an annual basis by the Nominating Committee ("**NC**") to ensure that the Board collectively possess the necessary expertise for the effective functioning of and has the appropriate diversity mix to ensure that the power and authority of the Board does not vest in only one person.

The Board considers the existence of relationships or circumstances, including those identifies by the 2018 Code and Catalist Rules, that are relevant to determine whether a Director is independent. Pursuant to the Catalist Rule 406(3)(d), a director will not be independent if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years; if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three financial years and whose remuneration is determined by the Remuneration Committee. When read with Practice Guidance 2 of the 2018 Code, which is also adopted by the Board, an independent director is defined as one who is independent in conduct, character and judgement, and who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. In addition, the NC and the Board considers whether:

i. the director (or an immediate family member) provided to or received from the Company and/or its subsidiaries any significant payments or material services, other than compensation for board service, in the current or immediate past financial year;

ii. the director (or an immediate family member of the director) is or was a substantial shareholder or partner (with 5% or more stake) or executive officer or director of a third party providing or receiving significant payments or material services from the Company and/or subsidiaries in the current or immediate past financial year; or

iii. the director (or an immediate family member of the director) is or has been directly associated with a substantial shareholder of the Company in the current or immediate past financial year;

Each non–executive independent director is required to complete an annual declaration respectively to confirm their independence based on the guidelines set out in the 2018 Code.

The non–executive independent directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement and the discharge of their duties.

Each of the non–executive independent directors had recused themselves from the Board's deliberations on their respective independence.

The Board recognizes the independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole.

Mr Gersom G Vetuz ("Mr Gersom"), who is the Non–Executive Independent Director of the Company, has served the Board beyond nine (9) years from the date of his first appointment. The Board (with Mr Gersom abstaining from the review) had a rigorously reviewed and agreed that Mr Gersom had participated, deliberated and always expressed his views independently and objectively. The Board acknowledges that Mr Gersom brings invaluable expertise, experience and knowledge to the Board. Mr Gersom is familiar with the Group's business and will continue to contribute positively to the Group. Despite his length of service, the Board has determined that Mr Gersom remains independent in terms of character and judgement and can continue to be considered independent director. The NC further noted that there were no relationships or circumstances which affected or likely to affect his independence or the discharge of his responsibilities as independent director.

Nonetheless, in view of the amendments to the Catalist Rules, which came into effect from 1 January 2020, directors who have served the Board beyond nine years from their first appointment are seeking re–appointment to be subjected to a two–tier shareholders voting at the 2021 annual general meeting ("AGM").

Provision 2.3
Proportion of non–executive directors

Majority of the Board members are non–executive independent directors. There are no alternate directors appointed to the Board as of the date of this report.

Provision 2.4
Board composition and size

The NC conducts its annual review on the size and composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive.

Considering the current scope and nature of the Group's operations, the NC is satisfied that the Board composition and size is adequate to meet the Company's existing scope of needs and the nature of operations. The Board collectively has the relevant competencies to facilitate effective decision making for the existing needs and demands of the Group's businesses.

Board diversity policy

The Company recognises and embraces the benefits of having diversity amongst its Board members to prevent the Board's decision–making processes from being dominated by any individual or group of individuals. In addition, this is to ensure that the Board has a balance and mix of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's business. The selection of candidates are based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Each Director has been appointed based on his calibre and experience. As the Board of the Company, the directors possess core competencies such as accounting, finance, business, investment, legal and management experience, industry knowledge and strategic planning experience. Collectively, they provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs.

The Board and Management fully appreciate that an effective and robust board whose members engage in open and constructive debates and constantly challenge Management on their assumptions and proposals is fundamental to good corporate governance. The Board also aids in the development of strategic proposals and oversees the effective implementation by Management to achieve the objectives.

Provision 2.5
Regular meeting of non–executive directors

During FY2019, the non–executive independent directors meet periodically without the presence of the Management, the Chairman (and/or Acting Chairman) and Executive Director to discuss and evaluate the performance of Management and thereafter, provide feedback to the Chairman (and/or Acting Chairman) after such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 – There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision–making.

Provisions 3.1, 3.2 and 3.3
Separation of the role of Chairman, Chief Executive Officer and role of Lead Independent Director

The Company is cognisant of the principle that there should be a clear division of responsibility between the Chairman (and/or Acting Chairman) and the Chief Executive Officer ("**CEO**") or the CEO equivalent, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision–making. Currently, the Company does not have a CEO. The Executive Directors are responsible for running the operations of the Company.

The Chairman (and/or Acting Chairman) plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. This includes:

(a) promoting a culture of openness and debate at the Board;

(b) facilitating the effective contribution of all directors; and

(c) promoting high standards of corporate governance.

The Chairman of the Board, AC, RC and NC will normally be present at the general meetings to answer any questions relating to the work of their respective committees. The external auditors are also present to assist the directors in addressing queries from the shareholders on the conduct of audit and the preparation and content of the auditors' report.

Mr Chin Bay Ching ("Mr Chin") discharged his duty as Chairman and Executive Director of the Company objectively with the help of other Board members. He plays a role in mapping out the directions for the Group's growth at a strategic level and from the business development perspective. Mr Chin also exercises control over the quality and timeliness of information flow between Management and the Board. He chairs Board meetings and monitors the translation of the Board's decisions to Management. He ensures effective communication with shareholders at the shareholders' meetings. In addition, he promotes high standards of corporate governance in compliance with the 2018 Code.

Following the cessation of Mr Chin from the Board, the role of Acting Chairman is undertaken by Mr Derek Loh.

Currently, the Company does not have a lead independent director. However, in the event circumstances arise where the Chairman (and/or Acting Chairman) is conflicted or there is any query or request on any matters which requires a lead independent director's attention, the Board will look to appoint a lead independent director to provide oversight and leadership. As of date of this report, there has been no such scenarios where the Chairman (and/or Acting Chairman) is conflicted and no query or request on any matters which requires a lead independent's attention.

BOARD MEMBERSHIP

Principle 4 – The Board has a formal and transparent process for the appointment and re–appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2
NC membership and key terms of reference

The NC currently comprises three (3) non–executive independent directors, all of whom, including the NC Chairman, are independent. The NC members as at the date of this Annual Report are:

Mr Loh Eu Tse Derek (Chairman)	Non–Executive Independent Director
Mr Gersom G Vetuz[1]	Non–Executive Independent Director
Mr Wong Loke Tan	Non–Executive Independent Director

Note:

(1) Mr Gersom G Vetuz was appointed as a member of NC of the Company in place of the resigning NC member, Mr Chin Bay Ching on 13 May 2019.

The key written terms of reference of the NC are as follows:

(a) review and recommend the Board's structure, size and composition;

(b) identify suitable candidates and to review all nominations for appointments and re–election to the Board;

(c) determine the independent status of the directors annually;

(d) determine whether a director is able to and has been adequately carrying out his duties and responsibilities as a director of the Company, including time and effort contributed to the Company, attendance at meetings of the Board and Board Committees, participation and contributions at meetings, and taking into consideration the Director's number of listed company board representations and other principal commitments;

(e) evaluate the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each director;

(f) review of board succession plans for directors, in particular, the Chairman and CEO (if any) and key management personnel and makes recommendations to the Board with regards to any adjustments that are deemed necessary;

(g) review the training and professional development programmes for the Board and key management personnel from time to time; and

(h) review, as appropriate, the independence of any director who has served on the Board beyond nine years from the date of his first appointment.

For the review of succession plan and Board's composition for FY2019, the NC also took into consideration the amendments to the Catalist Rules that will come into effect from 1 January 2022 in relation to the continued appointment of an Independent Director who has served for an aggregate period of more than nine years.

Provision 4.3
Selection, appointment and re–appointment process for directors

In consultation with the Board on the appointment of new directors, taking into account the future needs of the Company, the NC will review the existing Board composition, strength and capabilities of each director towards the Group and the Board. The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors.

The Company has established the following process for the selection and appointment of new directors:

(1) In consultation with the Board, identifies the current needs and inadequacies of the Board requires to complement and strengthen the Board. The NC will determine the competencies required for the new appointment after such consultations.

(2) In its search and selection process for new directors, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates.

(3) The NC appraises the nominees to ensure that the candidates possess relevant background, experience, knowledge in the business, competencies in finance and management skills critical to the Group and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

(4) The NC then meets and interviews the shortlisted candidates to assess their suitability before nominating the most suitable candidate to the Board for approval and appointment as director.

After reviewing and considering the NC's recommendations, the Board would make the decision to appoint the new Director.

There was no new director appointed to the Board in FY2019.

The NC also ensures compliance with the provisions of the Company's Constitution. In accordance with the Company's Constitution (the "**Constitution**"), the new directors who are appointed by the Board are subject to re–election by shareholders at the first opportunity after their appointment. The Constitution also provide that at least one third of the remaining directors be subject to re–election by rotation at each Annual General Meeting ("**AGM**"). This will enable all shareholders to exercise their rights in selecting all Board members.

Apart from the requirements of the Constitution, the NC also reviews the re–election of directors taking into consideration the directors' attendances and participation at the Board meetings, personal attributes and contributions.

The NC had reviewed and recommended, with the concurrence of the Board, for the following directors will be retiring at the upcoming AGM. Each of the directors being eligible for re–election and having consented, have been nominated for re–appointment at the forthcoming AGM. Please refer to the table below for details of the directors to be re–appointed in the forthcoming AGM:

Name of Director	Appointment	Date appointed	Article
Mr Chin Rui Xiang(1)	Executive Director	14 March 2018	Article 95
Mr Wong Loke Tan(2)	Non–Executive Independent Director	11 May 2017	Article 95

(1) Mr Chin Rui Xiang is the son of the controlling shareholder of the Company, Mr Chin Bay Ching. Apart from that, there is no relationship (including immediate family relationships) between Mr Chin Rui Xiang and with the other Directors, the Company or its 10% shareholders.

(2) There is no relationship (including immediate family relationships) between Mr Wong Loke Tan and with the other Directors, the Company or its 10% shareholders.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which they have an interest.

Provision 4.4
Continuous Review of Director's Independence

Each independent director will confirm his independence (or otherwise) based on an annual declaration to confirm his Confirmation of Independence declaration annually as set out under Provision 2.1 above.

The Board, after taking into consideration the views of the NC, is of the view that Mr Gersom G Vetuz, Mr Loh Eu Tse Derek and Mr Wong Loke Tan are independent and that, no individual or small group of individual dominates the Board's decision–making process.

During FY2019, there was no alternate director on the Board.

Provision 4.5
Multiple directorships

All directors are required to declare their board representations as at the date of this Annual Report. The date of initial appointment and last re–election of each Director to the Board together with his directorships in other listed companies, both current and those held over the preceding three (3) years, are set out below:

Name of director	Date of initial appointment	Date re–elected as director	Current directorships in other listed companies	Past directorships in other listed companies (preceding three years)	Details of other principal commitments, if any
Mr Chin Rui Xiang	14 March 2018	27 April 2018	–	–	–
Mr Gersom G Vetuz	15 September 2008	30 April 2019	–	–	–
Mr Loh Eu Tse Derek	25 July 2014	30 April 2019	DISA Limited Federal International (2000) Ltd K2 F&B Holdings Limited Vibrant Group Limited Vietnam Enterprise Investments Limited	Metech International Limited	Executive Director, TSMP Law Corporation Singapore Member of the Board, Governors of Saint Joseph Institution Board of Trustees, Saint Joseph's Institution Foundation (Singapore)
Mr Wong Loke Tan	11 May 2017	27 April 2018	Koyo International Limited Union Steel Holdings Limited K2 F&B Holdings Limited International Cement Group Limited	–	–

The NC is aware that two of its directors do hold multiple directorships as each of them are required to disclose their other directorships to the Board, upon appointment and cessation. The NC has reviewed, taking into account the individual performance assessment and their actual conduct on the Board, and is satisfied that despite the directors with multiple board representations, they have given adequate time and attention to the Company's affairs during the year under review. As time requirements of each director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a director may hold. The NC considers that the representations presently held by its directors do not impede their respective capabilities in carrying out their duties of the Company. However, in the event that the NC is of the view that the Director is not able to and has not been adequately carrying out his duties due to his commitments, the Chairman of the Board will discuss the issue with the Director to ensure that adequate time and attention can be devoted to the affairs of the Company.

The NC is of the view that the contribution and performance assessment of the directors should not be restricted to the number of Board representations, but should also take into account his time commitments to the Board, participation and attendance at meetings. Therefore, the NC will periodically, evaluate their performance to ensure that each director has devoted adequate and sufficient time to carry out his duties and responsibilities effectively, taking into consideration the director's other board representations and/or principal commitments.

BOARD PERFORMANCE

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

Provisions 5.1 and 5.2
Board evaluation process, Board performance criteria and individual director evaluation

As at the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of each director, the Board as a whole and the Board Committees. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out annually.

During the financial year, all directors are requested to complete an individual self–assessment checklist and a Board evaluation questionnaire designed to seek their views on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board and its Board Committee as a whole. The completed checklists and questionnaires were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board's effectiveness. The Board would conversely evaluate the performance of the NC. Following the review, the NC considered the performance and effectiveness of each director, the Board committees and current Board as a whole to be operating effectively.

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, and board performance in relation to discharging its principal functions.

Directors are encouraged to attend relevant training programmes conducted by accounting and other professional bodies and associations. They are continually updated with pertinent developments including changes in laws and regulations, code of corporate governance, financial reporting standards and industry–related matters.

Each member of the NC abstains from voting or reviewing of any matters in respect of matters in which they have an interest (i.e. assessment of their performance or re–appointment as a Director of the Company).

No external facilitator was used in the evaluation process.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6 – The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2
Remuneration Committee composition and terms of reference

The RC currently comprises three (3) non–executive directors, all of whom, including the RC Chairman, are independent. The RC members as at the date of this Annual Report are:

Mr Wong Loke Tan (Chairman)	Non–Executive Independent Director
Mr Gersom G Vetuz	Non–Executive Independent Director
Mr Loh Eu Tse Derek	Non–Executive Independent Director

The RC's key terms of reference are as follows:

(a) the review and recommendation to the Board for approval the policy for determining the remuneration of the key executives of the Group, including that of the Executive Director and key management personnel;

(b) the review the on–going appropriateness and relevance of the executive remuneration policy and other benefit programs including the terms of renewal for those Executive Directors;

(c) the review and recommendation to the Board a general framework of remuneration for the Board and key management personnel;

(d) the review and recommendation of specific remuneration package for each director, key management personnel and any relative of a director and/or substantial shareholder who is employed in a managerial position by the Company;

(e) the review of all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, the options to be issued under the share option scheme, the awards to be granted under the share plan and other benefit–in–kind (where applicable);

(f) the review of remuneration of senior management and would cover all aspects of remuneration including salaries, allowances, bonuses, options and benefit in–kind, where applicable;

(g) the review of termination clauses in the contracts of service for the executive directors and key management personnel (in the case of termination) to ensure termination clauses are fair and reasonable; and

(i) investigate any matter within its terms of reference with expert advice within and/outside the Company, where necessary.

The RC's responsibilities include reviewing and deliberating the compensation packages of Board members as well as key management personnel in the Company and the Group. Each director will abstain from voting on any resolutions in respect of his remuneration or that of employees related to directors and/or substantial shareholders. The RC may obtain expert professional advice on remuneration matters, if required.

No expert advice was sought in FY2019.

Provision 6.3
Developing remuneration framework

All recommendations of the RC will be submitted for endorsement by the entire Board. In determining the remuneration packages of the executive directors and key management personnel, the RC will ensure that the packages are designed to adequately, but not excessively, reward individuals.

The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

Each member of the RC abstains from voting on any resolutions and making any recommendation, deliberation and/or participating in respect of matters in which they have an interest (including any employee related to him).

Provision 6.4
RC's access to advice on remuneration matters

During FY2019, the RC did not require the services of an external remuneration consultant. Nevertheless, the RC has explicit authority to investigate any matter within its terms of reference and to seek external advice should such need arise, at the Company's expense.

LEVEL AND MIX OF REMUNERATION

Principle 7 – The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1, 7.2 and 7.3
Remuneration of directors and key management personnel

The Company adopted the objectives as recommended by the 2018 Code to determine the framework and levels of remuneration for directors and key management personnel so as to ensure that it is competitive and sufficient to attract, retain and motivate directors and senior management of the required experience and expertise to run the Group successfully, without being excessive.

In addition to the above, the Company ensures that a performance–related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Board and Management and in order to promote the long–term success of the Company.

The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

Performance Conditions	Short–term incentive (such as performance bonus)
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Job performance
Quantitative	Profit before tax

The Company had taken appropriate and meaningful measures in assessing the executive directors and key management personnel performance.

The RC has reviewed the executive directors and key management personnel who are eligible for benefits under the long–term incentive scheme. The long–term incentive scheme of the Company is the Adventus Employee Share Option Scheme ("Adventus ESOS"), which was approved and adopted on 30 April 2015.

Mr Chin Rui Xiang, the executive director of the Company, has entered into separate service agreement with the Company which is reviewed annually (unless otherwise terminated by either party giving not less than three (3) months' notice to the other). The service agreement cover the terms of employment and specifically, the salary and bonus.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to all available actions against the executive directors in the event of such breach of fiduciary duties.

The RC has reviewed and is satisfied that the performance conditions were met for FY2019.

Remuneration framework for non–executive directors

The non–executive independent directors do not have any service agreements with the Company. Except for directors' fees, must be approved by shareholders at AGMs, the non–executive independent directors do not receive any other forms of remuneration from the Company.

The fees for the financial year in review are determined in the current financial year, proposed by the Management, submitted to the RC for review and thereafter recommended to the Board for approval.

The RC has reviewed and assessed that the remuneration of the Non–Executive Independent Directors for FY2019 is appropriate, considering the effort, time spent and responsibilities of the said Directors.

DISCLOSURE ON REMUNERATION

Principle 8 – The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1
Remuneration Report

The breakdown of the remuneration paid to the directors for FY2019 is as follows:

Name of director	Salary(1)	Bonus(2)	Directors' fees(3)	Total remuneration (S$'000)
Mr Chin Rui Xiang	100%	–	–	156
Mr Gersom G Vetuz	–	–	100%	41
Mr Loh Eu Tse Derek	–	–	100%	40
Mr Wong Loke Tan	–	–	100%	40

Notes:

(1) Salary is inclusive of allowances, CPF and other emoluments.

(2) Bonus is inclusive of CPF.

(3) Directors' fees payable in cash, in 2020, for being a Director in FY2019. This is subject to shareholders' approval at the AGM of the Company to be held at a date no later than 29 June 2020 which will be announce on SGXNet.

There are currently no termination, retirement, or post–employment benefits that may be granted to the Directors.

The Company has two key management personnel (who are not directors or the CEO) during the year. However, one of the key management personnel, Ms Chin Rui Shan resigned on 14 October 2019. The aggregate remuneration paid to both key management personnel in FY2019 is S$332,662.

The profile of each of the key management personnel is set out on page 6.

The remuneration of each of the key management personnel of the Group (who are not directors nor the CEO) for FY2019 are as follows:

Remuneration band of key management personnel	Salary(1)	Bonus(2)
<u>Between $200,000 and $250,000</u>		
Mr Wong Sonny Wing Doug	93%	7%
<u>Between $100,000 and $150,000</u>		
Ms Chin Rui Shan(3)	100%	–

Notes:

(1) Salary is inclusive of allowances, CPF and other emoluments.

(2) Bonus is inclusive of CPF.

(3) Ms Chin Rui Shan's remuneration had been pro–rated accordingly as she resigned on 14 October 2019.

Provision 8.2
Employee related to substantial shareholder, director or CEO

During the financial year, there were two (2) employees within the Group who are immediate family members of the Executive Director and Controlling Shareholder and whose annual remuneration (as disclosed in the previous page) exceeds $50,000.

1. Ms Chin Rui Shan, whom is daughter to the Controlling Shareholder, Mr Chin Bay Ching and sister to the Executive Director, Mr Chin Rui Xiang; and

2. Mr Wong Sonny Wing Doug, whom is son–in–law to the Controlling Shareholder, Mr Chin Bay Ching and brother–in–law to the Executive Director, Mr Chin Rui Xiang.

Except as disclosed herein, there was no other employee related to substantial shareholders, director or CEO whose salary exceeded S$50,000 in FY2019.

Provision 8.3
Details of all forms of remuneration and other payments and benefits paid to director and key management personnel

The breakdown of remuneration and other payments and benefits paid to the directors and key management personnel are found in the respective tables found in Provision 8.1 Remuneration Report.

Adventus Employee Share Option Scheme

The Adventus ESOS is a share incentive scheme which provides an opportunity for eligible employees and directors of the Company and its subsidiaries, other than employees who are substantial shareholders of the Company, to participate in the equity of the Company and to motivate them to achieve a greater dedication and loyalty to the Company, and higher standards of performance.

The Adventus ESOS was approved and adopted by members of the Company at the Extraordinary General Meeting ("EGM") held on 30 April 2015. The Adventus ESOS shall continue in operation for a maximum period of ten years commencing from 30 April 2015 and may be continued for any further period thereafter with the approval of the members of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required. As at the date of this Annual Report, the Adventus ESOS is administered by the RC, comprising of the following members

Mr Wong Loke Tan (Chairman)	Non–Executive Independent Director
Mr Gersom G Vetuz	Non–Executive Independent Director
Mr Loh Eu Tse Derek	Non–Executive Independent Director

Under the Adventus ESOS, at the discretion of the RC, selected employees and directors of the Group are eligible to participate in the scheme. Controlling shareholders and their associates (as defined in the Catalist Rules) are not eligible participate in the Scheme.

During the year under review, there were no options and outstanding options granted by the Company.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9 – The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1
Significant risks, objectives and value creation

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a Group risk management framework for the identification of key risks within the business, which is aligned with the ISO 31000:2009 Risk Management framework.

The AC has been assigned by the Board to oversee risk governance and the related roles and responsibilities include the following:

(a) proposes the risk governance approach and risk policies for the Group to the Board;

(b) reviews the risk management methodology adopted by the Group;

(c) reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by management; and

(d) reviews management's assessment of risks and management's action plans to mitigate such risks.

Management presented an annual report to the AC and the Board on the Group's risk profile, the status of risk mitigation action plans and the results of various assurance activities carried out on the adequacy of Group's internal controls including financial, operational, compliance and information technology controls. Such assurance activities include controls self–assessment performed by Management, internal, external audits and external certifications conducted by various external professional service firms.

The Group outsources its internal audit function to Yang Lee & Associates ("**IA**"). The IA reports directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that the Management provides the necessary co–operation to enable IA to perform its function.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively.

The IA completed one (1) review during the financial year ended 31 December 2019 in accordance with the internal audit plan approved by the AC.

Provision 9.2
Confirmation of Internal Controls

The Board has obtained written confirmations from the Executive Director and Group Finance Manager:

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

(b) regarding the effectiveness of the Group's risk management systems and internal control systems.

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

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision–making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 10 – The Board has an Audit Committee which discharges its duties objectively.

Principles 10.1 to 10.5
Composition, roles and expertise of the AC, Financial Reporting Matters and Meeting with Auditors without the Management

The AC currently comprises of three (3) non–executive directors, all of whom including the AC Chairman are independent. The AC members as at the date of this Annual Report are:

Mr Gersom G Vetuz (Chairman)	Non–Executive Independent Director
Mr Loh Eu Tse Derek	Non–Executive Independent Director
Mr Wong Loke Tan	Non–Executive Independent Director

The AC's key terms of reference are as follows:

(a) review the external auditor's audit plan, audit report and the external auditor's evaluation of the system of internal accounting controls and assistance from management to the external auditor;

(b) review the financial statements before release to external and relevant parties;

(c) review the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;

(d) review the co–operation given by the Company's officers to the auditors;

(e) review the legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies and programs and reports received from the regulators;

(f) review the cost effectiveness and independence and objectivity of the auditors;

(g) review the nature and extent of non–audit services, if any, provided by the external auditors and seek to balance the maintenance of objectivity and value for money;

(h) nominate the appointment of external auditor; and

(i) review and ratify all interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted at arm's length basis.

The members of the AC (including the AC Chairman) has the relevant and related financial management experience or expertise. The Board considers Mr Gersom G Vetuz, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Wong Loke Tan of the AC has relevant experience in project financing.

Further details on the key information and profile of the respective AC members, including academic and professional qualifications, are set out under the "Board of Directors" section of this annual report.

The members of the AC collectively have strong accounting and related financial management expertise and experiences and are appropriately qualified to discharge their responsibilities. As at the date of this report, save for Mr Gersom G Vetuz, none of the former partners or directors of the Company's external auditor's firm has been appointed as a member of the AC.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

The AC meets at least twice a year and as frequently as is required, including AC meetings held to review the financial statements before announcement. In the year under review, the AC has met to review and approve the audit plan, the half year and full year unaudited results for announcement purposes and interested person transactions.

The AC may meet with the auditors at any time, without the presence of the Management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of a regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility.

During the year under review, the internal and external auditors met separately with the AC without the presence of the Management.

The AC reviews the independence and objectivity of external auditors annually. The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. During the financial year under review, Deloitte & Touche LLP was appointed to audit the accounts of the Company, its subsidiaries and its significant associated companies, if any. The AC has reviewed the independence and objectivity of Deloitte & Touche LLP as required under Section 206(1A) of the Companies Act and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

During the financial year under review, the aggregate amount of fees payable to the external auditors for the audit services amounted to S$198,500. There were no fees paid by the Group or the Company to the external auditors for non–audit services during the financial year under review.

Having been satisfied as to the foregoing and that Rules 712 and 715(1) of the Catalist Rules have been complied with, as well as reviewing the scope and quality of the external auditor's work, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority, the AC has recommended the external auditors to the Board for re–appointment. The AC also took into account the experience and resources of Deloitte & Touche LLP's other audit engagement, the partner that was assigned and the number and experience of the staff assigned in completing the audit. The AC is of the view that Deloitte & Touche LLP is able to meet the its audit obligations, and together with the Board, recommends the re–appointment of Deloitte & Touche LLP in the forthcoming AGM.

The Company has in place a Whistle Blowing Policy to provide a channel for employees of the Group and external parties to report, in good faith and in confidence, their concerns about possible improprieties relating to financial reporting or on other matters. The AC oversees the function in the administration of the Whistle Blowing Policy. The Whistle Blowing Policy provides for procedures to ensure that:

(a) Independent investigations are carried out in an appropriate and timely manner;

(b) Appropriate action is taken to correct the weakness in internal controls and policies that allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(c) Administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

The Whistle Blowing Policy has been circulated to all employees. As at the date of this Annual Report, there were no reports received through the whistle blowing mechanism.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11 – The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholders are entitled to attend the general meetings and are afforded the opportunity to participate effectively in and vote at general meetings. The Company will put all resolutions to vote by poll at the upcoming AGM in compliance with the Catalist Rule 730A(2). An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders. Each resolution will be tabled separately and voted on based on the respective resolution. The voting procedures are clearly explained during the general meetings.

To promote a better understanding of shareholders' views, shareholders are encouraged to attend the general meetings to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and developments of the Group. Shareholders are given opportunities at the general meetings of the Company to voice their views and query the directors and the Management on matters relating to resolutions or matters relating to the Group and its operations.

To facilitate participation by the shareholders, the Constitution of the Company allow the shareholders to attend and vote at general meetings of the Company or to appoint not more than two (2) proxies to attend and vote on their behalf. The legislation has since amended, among other things, to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two–proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Resolutions requiring shareholders' approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together. Reasons, and implication of why resolutions are bundled will be set out in the circulars sent out.

The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings, unless of exigencies. The auditors are is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. All Directors attended the annual general meeting for the Company's financial year ended 31 December 2018 ("FY2018") held on 30 April 2019.

Voting in absentia such as voting via mails, electronic mails or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with responses from the Board and Management are prepared and made available on the Company's corporate website as soon as practicable.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

No dividend has been declared or recommended for FY2019 as the Group is in loss–making position.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12 – The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company

In line with the continuing obligations of the Company pursuant to the Catalist Rules and the Companies Act, Cap 50, all shareholders would be equally informed of all major developments and/or transactions impacting the Group. The Company is committed to disclose as much relevant information as possible, in a timely, fair and transparent manner, to its shareholders.

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Company's new initiatives, material developments and corporate transactions are first disseminated via SGXNET followed by a news release (where applicable). The Group issues announcements and news releases on an immediate basis as part of its continuous obligations pursuant to the Catalist Rules. Prior to the release of the announcements, if applicable and when required, the Company also completes and submits compliance checklists to its Sponsor to ensure that all announcements, circulars or letters to our shareholders comply with the requirements set out in the Catalist Rules.

The Board is mindful of its obligations to provide its shareholders with timely disclosure of material information presented in a fair and objective manner. The Company does not practice selective disclosure. Price sensitive information is promptly released on SGXNet. Financial results and annual reports are announced or issued within the mandatory periods. However, any information that may be regarded as undisclosed material information about the Group will not be provided.

The SGXNet and the Group's corporate website are the key resources of information for the Company's shareholders. Apart from financial results, the Group's corporate website contains other investor related information on the Group, including financial highlights and corporate information.

The Board regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. To promote a better understanding of shareholders' views, shareholders are encouraged to attend the general meetings to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. Shareholders are encouraged to engage on the Board on topics such as interim updates on useful and relevant information (such as a discussion of the significant factors that affected the company's interim performance, relevant market trends including the risks and opportunities that may have a material impact on the company's prospects, etc...) so to better understand the Company's performance in the context of the current business environment. The Board will then be able to assess on whether the interim updates and the appropriate frequency of the updates to be provided to shareholders.

The Company's website has the Investor Relations details and the Company also attends to shareholders' queries made via telephone.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 – The Board adopts an inclusive approach by considering and balancing the needs and interest of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has regularly engaged its stakeholders through various medium and channel to ensure that the business interest is aligned with those of the stakeholders, to understand and address the concerns so as to improve as well as to sustain business operations for long–term growth.

Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by operations of our Group.

Please refer to the Sustainability Report on pages 34 to 42 of this Annual Report for further details.

The Company has a corporate website to communicate and engage with all stakeholders. The Company's corporate website is www.adventusholdings.com.

DEALING IN SECURITIES

In line with Catalist Rule 1204(19), the Company has procedures in place on dealings in securities, whereby there should be no dealings in the Company's shares by its officers on short–term considerations and during the period commencing one (1) month prior to the announcement of the Company's half year and full year results and ending on the date of announcement of the results. The Company will issue directive to all employees, including directors one (1) month before the date of the respective results announcement and ending on the date of the announcement of the results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods and are not to deal in the Company's securities on short–term considerations. The implications of insider trading are clearly set out in the procedures and guidelines.

INTERESTED PERSON TRANSACTIONS

In compliance with Catalist Rule 907, the Company has established internal control policies and procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the AC on a half yearly basis, and that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders, in accordance with the internal controls set up by the Company on interested person transactions.

In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction. The aggregate value of transactions entered into by the Group with interested persons and their associates for FY2019 are as follows:

Name of interested person	Nature of Relationship (new Catalist Rule wef 7 Feb 2020)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
N/A	N/A	N/A	N/A

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Catalist Rule 920.

MATERIAL CONTRACTS

As stipulated in Catalist Rule 1204(8) to disclose the requirements of material contracts, there were no material contracts of the Company or any of its subsidiaries involving the interest of the Chairman or any director or controlling shareholder that were (i) entered into since the end of the previous financial year under review and up to the date of this Annual Report; or (ii) subsisting as at 31 December 2019.

NON–SPONSOR FEES

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that there was no non–sponsorship fee paid to the Sponsors, RHT Capital Pte. Ltd., for the year under review.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chin Rui Xiang, Mr Wong Loke Tan are the Directors seeking re–election at the forthcoming Annual General Meeting (“**AGM**”) of the Company to be convened at a date no later than 29 June 2020 which will be announce on SGX (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of the Catalist Rules of the SGX–ST, the information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules of the SGX–ST is disclosed below:

	Mr Chin Rui Xiang	Mr Wong Loke Tan
Date of Appointment	14 March 2018	11 May 2017
Date of last re–appointment	27 April 2018	27 April 2018
Age	28	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re–election of Mr Chin Rui Xiang as an Executive Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re–election of Mr Wong Loke Tan as the Non–Executive Independent Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr Wong Loke Tan is considered independent for the purpose of Rule 704 (7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive – Responsible for the business, management and operation of the Company and its subsidiaries.	Non–Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Non–Executive Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees.
Professional qualifications	Bachelor of Building and Project Management programme (BBPM) which is a partnership program between Singapore University of Social Sciences and BCA Academy	Master of Business Administration, Brunel University, London

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Chin Rui Xiang	Mr Wong Loke Tan
Working experience and occupation(s) during the past 10 years	April 2012 to May 2015 Bayhotel Singapore Maintenance Manager June 2015 to May 2016 Adventus Holdings Business Development Executive	July 2003 to June 2016 Maybank Singapore Senior Vice President Managing SME portfolio for Maybank Singapore
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Son of Mr Chin Bay Ching (Controlling Shareholder of the Company)	No
Conflict of Interest (including any competing business)	No	No
Other Principal Commitments Including Directorships		
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	1. Glory Travel Pte Ltd 2. River Isles Pte Ltd	Nil
Present	1. Adventus Holdings Limited 2. Adventus Alliances & Solutions Pte. Ltd. 3. Adventus Resources Pte. Ltd. 4. Adventus Investments (Vietnam) Pte Ltd 5. ADV S1 Pte Ltd 6. ADV S2 Pte Ltd 7. ADV S3 Pte Ltd 8. Cathay Overseas International Pte Ltd 9. Crimson Star Development Pte Ltd 10. Keycap Investment Pte Ltd	1. Adventus Holdings Limited 2. Koyo International Limited 3. Union Steel Holdings Limited 4. K2 F&B Holdings Limited 5. International Cement Group Limited

	Mr Chin Rui Xiang	Mr Wong Loke Tan
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Chin Rui Xiang	Mr Wong Loke Tan
Information required pursuant to Catalist Rules 704(6) and/or 704(7) (cont'd)		
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	 No	 No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

	Mr Chin Rui Xiang	Mr Wong Loke Tan
Information required pursuant to Catalist Rules 704(6) and/or 704(7) (cont'd)		
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

SUSTAINABILITY REPORT

1. Board statement

We reaffirm our commitment to sustainability with the publication of our sustainability report ("Report"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") factors and economic performance.

Whilst mindful of our profit–oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well–being of our communities to secure a long–term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, considering the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

A summary of comparison against previously disclosed targets and targets set for FY2020 is as follows:

S/N	Material factor	Target for FY2019	Sustainability performance FY2019	Target for FY2020
Economic				
1	Sustainable business performance	Improve our financial performance	As projects are under development, there is no recurring revenue and cost of sales during the reporting period	Maintain or improve our financial performance subject to market conditions
2	Proactive anti–corruption practices	Maintain zero incident of serious offence	We achieved zero incident of serious offence	Maintain zero incident of serious offence
Social				
3	Equality and diversity in the workplace	Move towards a more balanced gender, age and educational diversity ratio	No material changes in diversity ratios between FY2019 and FY2018	Move towards a more balanced gender, age and educational diversity ratio
Governance				
4	Robust corporate governance framework	Maintain or improve our Singapore Governance and Transparency Index ("SGTI") score	SGTI score assessed by National University of Singapore Business School increased by 19 points to 50 for the year 2019	Maintain or improve our SGTI score

2. Reporting framework

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and the Singapore Exchange Securities Trading Limited ("SGX–ST") listing rules 711A and 711B. We have chosen the GRI framework as it is an internationally recognised reporting framework.

3. Reporting period

This Report is applicable for our Group's financial year ended 31 December 2019 ("FY2019" or "reporting period") and we will continue to publish a report annually in accordance with our SR Policy.

4. Feedback

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: info@adventusholdings.com

5. Stakeholder engagement

Our efforts on sustainability is focused on creating sustainable value for our key stakeholders, which comprise employees, regulators and shareholders. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by operations of our Group.

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel	Frequency of engagement	Key concern raised
1	Employees	Senior management held regular communication sessions with employees for effective flow of information and alignment of business goals across all levels of workforce and regular staff evaluation sessions where employees can pose questions in person.	Ongoing	▪ Equal employment opportunity ▪ Job security ▪ Remuneration
2	Regulators	We participate in consultations and briefing organised by key regulatory bodies such as Singapore Stock Exchange and relevant government agencies/ bodies so as to furnish feedback on proposed regulatory changes that impact the company's business.	Ongoing	▪ Corporate governance
3.	Shareholders	We convey timely, full and credible information to shareholders through announcement on SGXNET, Company's website (http://www.adventusholdings.com), annual general meetings, annual reports, and other channels such as business publications and investors' relation events.	▪ Half–yearly ▪ Annually	▪ Sustainable business performance ▪ Market valuation ▪ Dividend payment ▪ Corporate governance

Through the above channels, we seek to understand the views of our key stakeholders, communicate effectively with them and respond to their concerns.

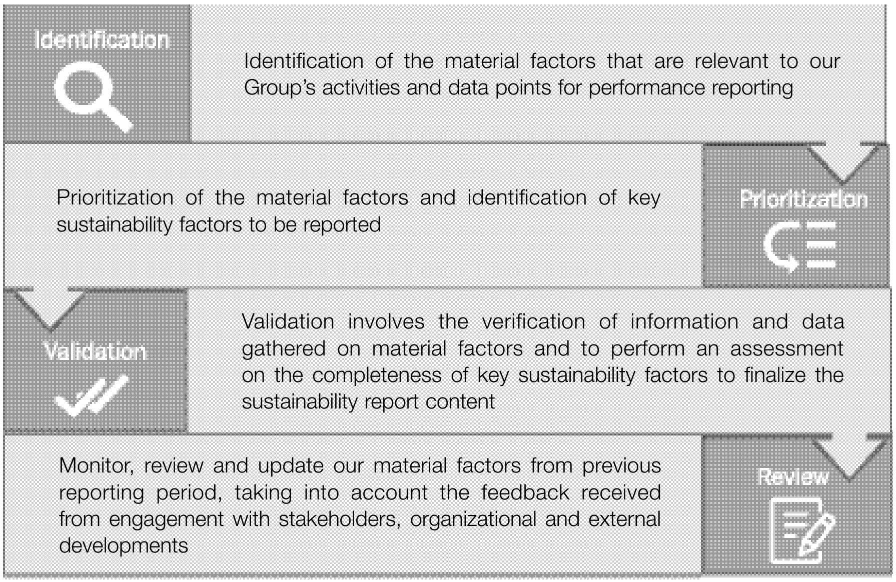
6. Policy, practice and performance reporting

6.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. Our Group's Sustainability Committee, which includes senior management executives, is led by the Chairman, and tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

6.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end results of this process are a list of material factors disclosed in this Report. A brief description of the process is as follows:



6.3 Materiality assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority should be reported on in detail.
II	Medium	Factors with medium reporting priority should be considered for inclusion in the Report. It may be decided to not include them in the Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. It may be decided to not include them in the Report if not material.

The reporting priority is supported by a material factor matrix considers the level of concern to external stakeholders and potential impact on business.

6.4 Performance tracking and reporting

We track the progress of our material factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance–monitoring processes and improve our data capture systems.

7. Material factors

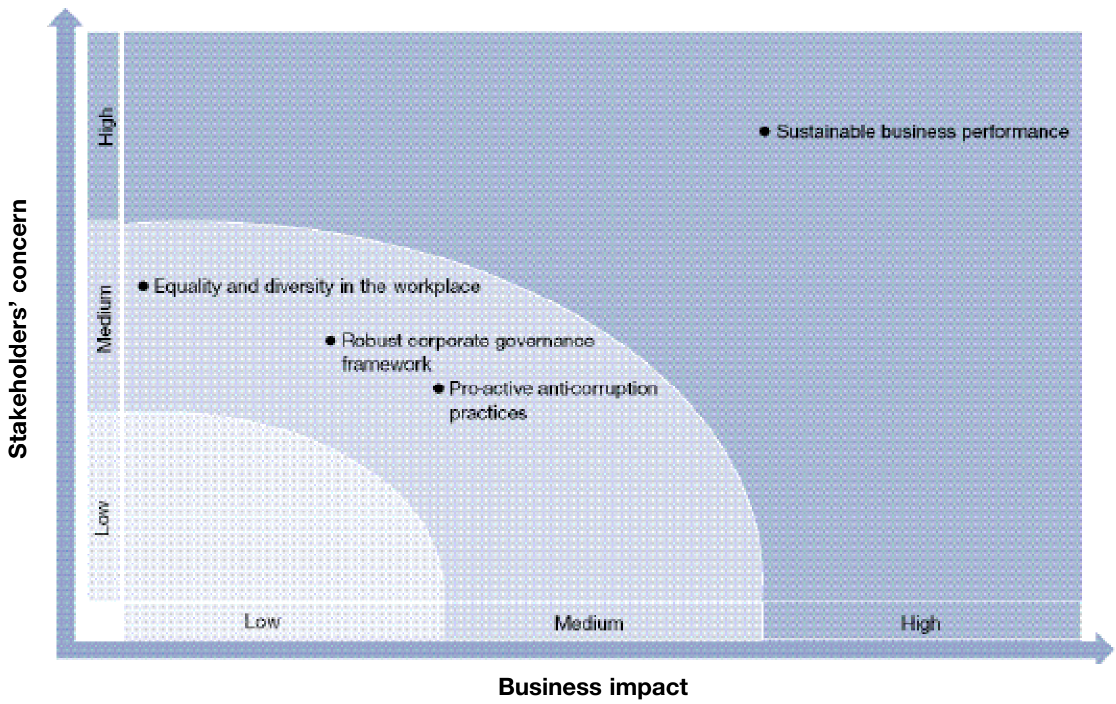
Our materiality assessment performed for FY2019 involved the Senior Management identifying sustainability factors deemed material to our businesses and stakeholders so to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

Presented below are a list of key sustainability factors applicable to our Group:

List of material sustainability factors

S/N	Material factor	Key stakeholder	Reporting priority
Economic			
1	Sustainable business performance	Shareholder	I
2	Proactive anti–corruption practices	▪ Shareholder ▪ regulator	II
Social			
3	Equality and diversity in the workplace	Employee	II
Governance			
4	Robust corporate governance framework	▪ Shareholder ▪ regulator	II

Material factor matrix



We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each key sustainability factor are presented in section 7 of the Sustainability Report.

7.1 Sustainable business performance

We believe that a profitable business that constantly adds shareholder's value and provide stable returns is key to our Group's sustainability over the long term.

Since FY2015, we began to diversify our business into areas such as (i) property development and management ("property business") and (ii) hospitality–related services ("hospitality business"). As at 31 December 2019, we have two projects under development in Da Nang and Hoi An of Vietnam. These projects are estimated to commence operation and generate revenue in Q1 FY2021.

During the transitional period towards building a sustainable business, we adopted the following measures:

- Implement tight controls over cash outflows to conserve working capital;
- Financial reports are reviewed regularly by senior management and the Board of Directors; and
- Management meetings are conducted regularly to allow senior management to review business performance.

Details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

Moving forward, we are committed to developing our property and hospitality businesses and we recognise the need to be proactive in identifying business opportunities when they arise, given that the business environment we operate in is constantly changing.

Target for FY2019	Performance in FY2019	Target for FY2020
Improve our financial performance	As projects are under development, there is no recurring revenue and cost of sales during the reporting period	Maintain or improve our financial performance subject to market conditions

7.2 Proactive anti–corruption practices

We are committed to conducting our business with utmost integrity by preventing corruption of any form, including bribery, and complying with the Prevention of Corruption Act of Singapore. We firmly believe that proactive anti–corruption practices are vital in creating an environment that supports the success of our business and that important values such as responsibility and honesty need to be constantly embedded within our business practices. This in turn helps to support and maintain our business continuity.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. Employee handbook and a code of conduct are in place to provide guidance to reflect the culture of the business.

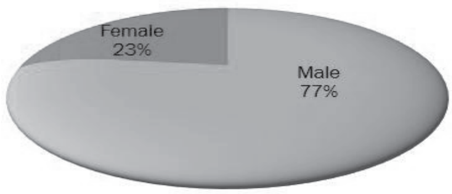
During the reporting period, no serious offence[1] was reported (FY2018: zero).

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain zero incident of serious offence	We achieved zero incident of serious offence	Maintain zero incident of serious offence

1 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD100,000 and punishable by imprisonment for a term not less than 2 years which is being or has been committed against the company by officers or employees of the company.

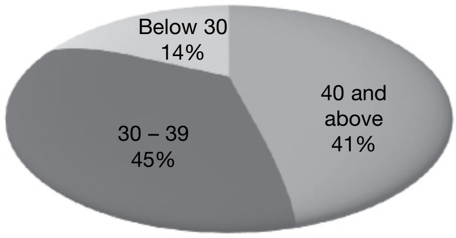
7.3 Equality and diversity in the workplace

We aim to provide a work environment for our employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender, age and educational background. As at 31 December 2019, we have 22 employees (FY2018: 22[2]).



To promote equal opportunity, we have implemented various human resource measures as follows:

- A human resource policy is in place to select employees based on merit and competency;
- For staff recruitment, advertisements do not include age, race, gender nor religion preferences; and
- Employee handbook and a code of conduct are in place to disseminate corporate culture.



On gender diversity, the percentage of female to total full–time employees is 23% (FY2018: 23%[2]) as at 31 December 2019.

On age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 December 2019, 41% (FY2018: 50%[2]) of our workforce is at least 40 years old.

On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. As at 31 December 2019, all employees are tertiary educated (FY2018: 82%). We will continuously work towards improving the educational diversity in the workplace.

Given our lean workforce during the reporting period, a small turnover in staff will have a significant impact on the above data points to measure the performance of the factor. Nonetheless, we will continue to strive towards a diversified workforce that is balanced in terms of gender, age and educational diversity ratio.

Target for FY2019	Performance in FY2019	Target for FY2020
Move towards a more balanced gender, age and educational diversity ratios	No material changes in diversity ratios between FY2019 and FY2018 except for educational diversity in which the percentage of tertiary educated employees increased from 82% to 100%. We will continue to strive towards a diversified workforce that is balanced in terms of gender, age and educational diversity ratio	Move towards a more balanced or maintain existing gender, age and educational diversity ratios

7.4 Robust corporate governance framework

A high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long–term shareholder value.

Our overall SGTI score assessed by National University of Singapore Business School is 50 for the year 2019 (Year 2018: 31). We will continuously work towards improving our corporate governance practices.

2 Figures relating to FY2018 workplace diversity are restated as a correction.

You may refer to Corporate Governance Report as part of this Annual Report for details for our corporate governance practices.

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or improve our SGTI score	SGTI score assessed by National University of Singapore Business School increased by 19 points to 50 for the year 2019	Maintain or improve our SGTI score

7.5 Environment

During this transitional period of our business journey, our impact on the environment is deemed not to be a material factor. However, we are conscious of conserving and protecting the environment that we operate in. Accordingly, for our projects under development, our management and design team work closely with professional service firms and contractors to incorporate and build design features that optimise energy efficiency. For example, we continuously source for viable applications of renewable energy technologies for our projects under development.

8. Supporting the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("SDGs")[3], which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDGs, we have identified a number of SDGs which we can contribute through our business practices, products and services. The SDGs that we focus on and the related sustainability factors are as follows:

SDG		Our effort
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Section 7.1 Sustainable business performance We contribute to economic growth through creating long–term economic value for our shareholders.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 7.3 Equality and diversity in the workplace We provide equal opportunity for all regardless of gender, age, nationality, ethnicity, or educational background.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Section 7.2 Proactive anti–corruption practices We constantly develop and integrate business practices to effectively address the threat of corruption to maintain the transparency and integrity of our business. Section 7.4 Robust corporate governance framework We maintain a high standard of corporate governance framework to safeguard our shareholders' interest and maximise long–term shareholder value.

3 Source: https://unosd.un.org/content/sustainable–development–goals–sdgs

9. GRI content index

GRI standard & disclosure title		Section reference	Page
Organisation profile			
102–1	Name of the organization	Cover page	–
102–2	Activities, brands, products, and services	▪ Chairman's Message ▪ Sustainability Report > Material Factors > Sustainable Business Performance ▪ Notes to Financial Statements > Subsidiaries	2 - 3 38 85 - 88
102–3	Location of headquarters	▪ Corporate Information ▪ Notes to Financial Statements > General	– 57
102–4	Location of operations	Notes to Financial Statements > Subsidiaries	85 - 88
102–5	Ownership and legal form	▪ Corporate Structure ▪ Notes to Financial Statements > General ▪ Notes to Financial Statements > Subsidiaries ▪ Statistics of Shareholding	7 57 85 - 88 104 - 105
102–6	Markets served	▪ Chairman's Message ▪ Sustainability Report > Material Factors > Sustainable Business Performance ▪ Notes to Financial Statements > Subsidiaries ▪ Notes to Financial Statements > Segment information	2 - 3 38 85 - 88 100 - 102
102–7	Scale of the organization	▪ Sustainability Report > Material Factors > Sustainable Business Performance ▪ Sustainability Report > Material Factors > Equality and Diversity in the Workplace ▪ Statements of Financial Position ▪ Consolidated Statement of Profit or Loss and Other Comprehensive Income	38 39 50 51
102–8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	39
102–9	Supply chain	For our projects under development in Da Nang and Hoi An of Vietnam, we work closely with professional service firms and contractors for design and build works.	–
102–10	Significant changes to the organization and its supply chain	Sustainability Report > Material Factors > Sustainable Business Performance	38
102–11	Precautionary Principle or approach	None	–
102–12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	40
102–13	Membership of associations	None	–
Strategy			
102–14	Statement from senior decision–maker	Sustainability Report > Board Statement	34
Ethics and integrity			
102–16	Values, principles, standards, and norms of behaviour	▪ Corporate Governance Report ▪ Sustainability Report > Material Factors > Robust Corporate Governance Framework	8 - 28 39 - 40

SUSTAINABILITY REPORT

GRI standard & disclosure title		Section reference	Page
Governance			
102–18	Governance structure of the organization	Corporate Governance Report	8 - 28
Stakeholder engagement			
102–40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	35
102–41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102–42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	35
102–43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	35
102–44	Key topics and concerns raised	Sustainability Report > Stakeholder Engagement	35
Reporting practice			
102–45	Entities included in the consolidated financial statements	▪ Corporate Structure ▪ Notes to Financial Statements > Subsidiaries	7 85 - 88
102–46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	36
102–47	List of material topics	Sustainability Report > Material Factors	37 - 40
102–48	Restatements of information	Sustainability Report > Material Factors > Equality and Diversity in the workplace	39
102–49	Changes in reporting	None	–
102–50	Reporting period	Sustainability Report > Reporting Period	34
102–51	Date of most recent report	Annual Report 2018 > Sustainability Report	–
102–52	Reporting cycle	Sustainability Report > Reporting Period	34
Reporting practice			
102–53	Contact point for questions regarding the report	Sustainability Report > Feedback	35
102–54	Claims of reporting in accordance with the GRI Standards and GRI content index	▪ Sustainability Report > Reporting Framework ▪ Sustainability Report > GRI Content Index	34 41 - 42
102–55	GRI content index	Sustainability Report > GRI Content Index	41 - 42
102–56	External assurance	We may seek external assurance in the future	–
Management approach			
103–1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	37 - 40
103–2	The management approach and its components	▪ Sustainability Report > Board Statement ▪ Sustainability Report > Policy, Practice and Performance Reporting	34 35 - 36
103–3	Evaluation of management approach	Sustainability Report > Material Factors	37 - 40
Category: Economic			
201–1	Direct economic value generated and distributed	▪ Sustainability Report > Material Factors > Sustainable Business Performance ▪ Statements of Financial Position ▪ Consolidated Statement of Profit or Loss and Other Comprehensive Income	38 50 51
205–3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Proactive Anti–Corruption Practices	38
Category: Social			
405–1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	39

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 103 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Chin Rui Xiang
Gersom G Vetuz
Loh Eu Tse Derek
Wong Loke Tan

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in the name of director	
	At beginning of year	At end of year
The Company		
(Ordinary shares)		
Gersom G Vetuz	2,200,000	2,200,000

The directors' interests in the shares of the Company as at January 21, 2020 were the same as at December 31, 2019.

4 SHARE OPTIONS AND WARRANTS

(a) *Options to take up unissued shares*

The Company held an Extraordinary General Meeting on April 30, 2015 where the shareholders approved new employee share option scheme, name as Adventus Employee Share Option Scheme (the "New Scheme"). All the outstanding options that were previously granted under the SNF 2004 Share Option Scheme have lapsed at the end of December 31, 2017 and there are no options of New Scheme granted as at December 31, 2019.

(b) *Options exercised*

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

(c) *Unissued shares under option*

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

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non–executive independent directors, is chaired by Mr Gersom G Vetuz, and includes Mr Loh Eu Tse Derek and Mr Wong Loke Tan. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

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

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

(c) The audit plans of the external auditors;

(d) The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

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

(f) The co–operation and assistance given by management to the Group's external auditors; and

(g) The re–appointment of the external auditors of the Group.

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....

Chin Rui Xiang

....

Gersom G Vetuz

April 13, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Adventus Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Adventus Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 103.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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.

Key Audit Matters

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

Key audit matters	Our audit performed and responses thereon
Capitalisation of expenses for Vietnam projects On January 9, 2017, the Group signed an agreement with a property development company, a third party, in Vietnam to set up Regis Bay Vietnam Investment Joint–Stock Company ("Regis Bay") to invest in real estate projects in Vietnam. On January 5, 2018, the Group signed an agreement with a property development company, a third party, in Vietnam to operate Hoi An Pearl Joint Stock Company ("HAP") and to develop a resort on a piece of land in Hoi An, Vietnam. As at end of the financial year, the development of the abovementioned projects are underway. Management has capitalised and recognised project expenses incurred in accordance with SFRS(I) 1–16 *Property, Plant and Equipment* for Regis Bay and HAP projects as disclosed in Note 13. This is assessed as a key audit matter as the projects are the significant activities of the Group during the year and represent 58% of the total assets of the Group as at December 31, 2019. In addition, the capitalisation of the project expenses in accordance with SFRS(I) 1-16 Property, Plant and Equipment involves management's judgement as disclosed in Note 3.	We performed the following procedures, amongst others: 1. Obtained an understanding and evaluated the design and implementation of the relevant controls surrounding the accounting treatment of the capitalisation of project expenses; 2. Challenged the reasonableness, the basis and assumptions used in management's assessment on the accounting treatment of the project expenses capitalised during the year; and 3. Performed substantive testing on the project expenses capitalised as property, plant and equipment on sampling basis.
Going concern As disclosed in Note 2 to the financial statements, the Group incurred a net loss of $835,818 and cash outflows from operations of $1,054,492 for the year ended December 31, 2019. The Group is exposed to an increased liquidity risk, in relation to their ability to fulfil commitments to repay their existing indebtedness to suppliers and to complete the projects in Regis Bay and HAP. Notwithstanding the above, management is of the view that the Group will continue to operate on a going concern, having assessed the following sources of funding available to the Group for the next 12 months from the date of this report: • receipt of cash consideration pursuant to the disposal of joint venture amounting to approximately $3,299,000; • unutilised bank borrowing facilities of $32,960,000 as at December 31, 2019 to finance the construction of the projects in Regis Bay and HAP, of which the cash commitment is estimated to be $29,810,000; and • completion of the construction of the above projects by 2020 with the commencement of operations thereafter. In carrying out the going concern assessment, significant judgements are involved in estimating the remaining cash commitment of the projects, as well as the impact of Covid-19 on the commencement of the hotel operations.	Our audit procedures focused on evaluating the judgements used by management in their going concern assessment. These procedures included: 1. Obtained and reviewed the Group's banking facility agreements to check if there are covenants that will restrict the drawdown of the bank facilities; 2. Obtained and reviewed the project progress as well as the estimated cash commitment for the projects; 3. Reviewed the cash flow forecast, performed stress testing of the key assumptions and assessed the cash positions based on sensitivity analysis, and understanding the degree to which assumptions in the cash flow forecast would need to move before going concern assumption becomes inappropriate; and 4. Evaluated management's assessment of the impact of Covid-19 on the commencement of the hotel operations. In addition, we have evaluated the adequacy and appropriateness of the disclosures in the financial statements.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ms Lim Bee Hui.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 13, 2020

STATEMENTS OF FINANCIAL POSITION

December 31, 2019

	Note	Group			Company	
		December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2019
		$	$	$	$	$
			Restated			
ASSETS						
Current assets						
Cash and bank balances	6	2,845,778	999,790	9,938,057	137,484	129,667
Trade receivables	7	–	–	–	–	–
Other receivables and prepayments	8	8,575,451	7,302,723	389,911	19,612,163	20,778,022
Prepaid leases	9	–	54,714	–	–	–
		11,421,229	8,357,227	10,327,968	19,749,647	20,907,689
Asset classified as held for sale	10	3,037,483	–	–	–	–
Total current assets		14,458,712	8,357,227	10,327,968	19,749,647	20,907,689
Non–current assets						
Other receivables and prepayments	8	6,705,193	5,825,373	–	–	–
Prepaid leases	9	–	1,728,043	–	–	–
Subsidiaries	11	–	–	–	752	752
Joint venture	12	–	3,037,483	–	–	–
Property, plant and equipment	13	32,874,288	18,774,899	12,101,097	24,607	39,461
Right–of–use assets	14	1,748,982	–	–	20,939	–
Deferred tax assets	15	467,739	173,621	173,621	–	–
Total non–current assets		41,796,202	29,539,419	12,274,718	46,298	40,213
Total assets		56,254,914	37,896,646	22,602,686	19,795,945	20,947,902
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	16	–	9,482	62,070	–	–
Other payables	17	11,320,920	11,717,804	372,206	3,952,286	3,213,275
Lease liabilities	18	19,477	–	–	19,477	–
Total current liabilities		11,340,397	11,727,286	434,276	3,971,763	3,213,275
Non–current liabilities						
Bank loans	19	18,230,597	–	–	–	–
Other payables	17	15,018	92,831	79,338	–	–
Total non–current liabilities		18,245,615	92,831	79,338	–	–
Capital and reserves						
Share capital	20a	52,411,370	52,411,370	52,411,370	52,411,370	52,411,370
Statutory reserve		119,135	119,135	119,135	–	–
Translation reserve		(655,298)	(603,148)	(543,451)	–	–
Accumulated losses		(33,772,328)	(32,909,299)	(31,389,587)	(36,587,188)	(34,676,743)
Net equity attributable to owners of the Company		18,102,879	19,018,058	20,597,467	15,824,182	17,734,627
Other reserves	20b	(3,376,847)	(3,376,847)	–	–	–
Non–controlling interests		11,942,870	10,435,318	1,491,605	–	–
Total equity		26,668,902	26,076,529	22,089,072	15,824,182	17,734,627
Total liabilities and equity		56,254,914	37,896,646	22,602,686	19,795,945	20,947,902

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2019

	Note	Group 2019 $	Group 2018 $ Restated
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Other income	21	902,353	648,956
Other expense		(346,461)	–
Administrative expenses		(1,676,070)	(2,340,769)
Finance costs	22	(2,199)	(3,495)
Loss before income tax		(1,122,377)	(1,695,308)
Income tax credit (expense)	23	286,559	(2,495)
Loss for the year	24	(835,818)	(1,697,803)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, representing other comprehensive loss, net of tax		(193,915)	(161,330)
Total comprehensive loss for the year		(1,029,733)	(1,859,133)
(Loss) Profit for the year attributable to:			
Owners of Company		(863,029)	(1,519,712)
Non–controlling interests		27,211	(178,091)
		(835,818)	(1,697,803)
Total comprehensive loss attributable to:			
Owners of Company		(915,179)	(1,579,409)
Non–controlling interests		(114,554)	(279,724)
		(1,029,733)	(1,859,133)
Loss per share			
– basic and diluted (cents)	25	(0.04)	(0.08)

See accompanying notes to financial statements

Group	Note	Share capital	Statutory reserve	Translation reserve	Accumulated losses	Net equity attributable to owners of the Company	Other reserves	Non–controlling interests	Total
		$	$	$	$	$	$	$	$
Balance at January 1, 2018		52,411,370	119,135	(543,451)	(31,389,587)	20,597,467	–	1,491,605	22,089,072
Total comprehensive loss for the year:									
Loss for the year (as previously reported)		–	–	–	(607,747)	(607,747)	–	(178,091)	(785,838)
Prior years' adjustment	29	–	–	–	(911,965)	(911,965)	–	–	(911,965)
Loss for the year (as restated)		–	–	–	(1,519,712)	(1,519,712)	–	(178,091)	(1,697,803)
Other comprehensive loss for the year		–	–	(59,697)	–	(59,697)	–	(101,633)	(161,330)
Total (as restated)		–	–	(59,697)	(1,519,712)	(1,579,409)	–	(279,724)	(1,859,133)
Transactions with owners, recognised directly in equity:									
Obligation to acquire equity interests in subsidiary		–	–	–	–	–	(3,376,847)	–	(3,376,847)
Non–controlling interest arising from incorporation/acquisition of subsidiaries		–	–	–	–	–	–	9,223,437	9,223,437
Total		–	–	–	–	–	(3,376,847)	9,223,437	5,846,590
Balance at December 31, 2018 (as restated)		52,411,370	119,135	(603,148)	(32,909,299)	19,018,058	(3,376,847)	10,435,318	26,076,529

	Share capital	Statutory reserve	Translation reserve	Accumulated losses	Equity attributable to owners of the Company	Other reserves	Non–controlling interests	Total
	$	$	$	$	$	$	$	$
Group (cont'd)								
Balance at January 1, 2018 (as restated)	52,411,370	119,135	(603,148)	(32,909,299)	19,018,058	(3,376,847)	10,435,318	26,076,529
Total comprehensive loss for the year:								
Profit for the year	–	–	–	(863,029)	(863,029)	–	27,211	(835,818)
Other comprehensive loss for the year	–	–	(52,150)	–	(52,150)	–	(141,765)	(193,915)
Total	–	–	(52,150)	(863,029)	(915,179)	–	(114,554)	(1,029,733)
Transactions with owners, recogniseddirectly in equity:								
Increase in share capital of subsidiariesby non–controlling shareholders	–	–	–	–	–	–	1,622,106	1,622,106
Total	–	–	–	–	–	–	1,622,106	1,622,106
Balance at December 31, 2019	52,411,370	119,135	(655,298)	(33,772,328)	18,102,879	(3,376,847)	11,942,870	26,668,902

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2019

	Share capital	Accumulated losses	Total
	$	$	$
Company			
Balance at January 1, 2018	52,411,370	(33,234,040)	19,177,330
Loss for the year, representing total comprehensive loss for the year	–	(1,442,703)	(1,442,703)
Balance at December 31, 2018	52,411,370	(34,676,743)	17,734,627
Loss for the year, representing total comprehensive loss for the year	–	(1,910,445)	(1,910,445)
Balance at December 31, 2019	52,411,370	(36,587,188)	15,824,182

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2019

	Group	
	2019	2018
	$	$
		Restated
Operating activities		
Loss before income tax	(1,122,377)	(1,695,308)
Adjustments for:		
Foreign exchange gain, net	32,058	(118,989)
Impairment loss on other receivables	116,686	–
Depreciation of property, plant and equipment	29,023	5,486
Amortisation of right-of-use assets	75,654	–
Property, plant and equipment written off	7,813	–
Interest expense	2,199	3,495
Interest income	(783,282)	(429,717)
Operating cash flows before movements in working capital	(1,642,226)	(2,235,033)
Other receivables	(606,132)	(69,156)
Trade payables	(9,482)	(52,588)
Other payables	1,203,348	2,307,582
Cash used in operations	(1,054,492)	(49,195)
Interest paid	(433,837)	–
Income tax paid	(7,559)	(2,495)
Net cash used in operating activities	(1,495,888)	(51,690)
Investing activities		
Acquisition of property, plant and equipment	(8,242,658)	(5,798,694)
Prepaid leases	–	(1,782,757)
Prepayment for property, plant and equipment	(6,705,193)	(5,825,373)
Interest received	–	429,717
Loan receivables from non–controlling interests	–	(3,037,483)
Net cash used in investing activities	(14,947,851)	(16,014,590)

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2019

	Group	
	2019	2018
	$	$
		Restated
Financing activities		
Loan from non–controlling shareholders	–	13,493
(Repayment of) Loan from a director	(500,000)	500,000
Loan from a shareholder	500,000	–
(Repayment of) Proceeds from loan from related party	(1,676,940)	1,676,940
Proceeds from bank loans	18,230,597	–
Repayment of lease liabilities	(24,601)	–
Contributions from non-controlling shareholders for increase in share capital of subsidiaries	1,622,106	–
Pledged deposit with financial institution	(1,535,808)	–
Contributions from non–controlling interests for acquisition of assets (Note A)	–	5,846,590
Net cash from financing activities	16,615,354	8,037,023
Net increase (decrease) in cash and cash equivalents	171,615	(8,029,257)
Cash and cash equivalents at beginning of year	999,790	9,938,057
Net effect of exchange rate changes on cash and cash equivalents	138,565	(909,010)
Cash and cash equivalents at end of year (Note 6)	1,309,970	999,790

Note A:

In 2018, the loans to non-controlling interest shareholder of $3,376,847 had been offset against the contributions from non–controlling interests for acquisition of assets as the loans were used to fund the non–controlling interests to acquire shares in the subsidiary or to purchase land use right for the Vietnam projects.

See accompanying notes to financial statements

1 GENERAL

The Company (Registration No. 200301072R) is incorporated in Singapore with its principal place of business and registered office at 52 Telok Blangah Road, #03–06 Telok Blangah House, Singapore 098829. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries and joint venture are disclosed in Notes 11 and 12 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2019 were authorised for issue by the Board of Directors on April 13, 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group incurred a loss of $835,818 and cash outflows from operations of $1,054,492 for the year ended December 31, 2019. The Group is exposed to an increased liquidity risk, in relation to their ability to fulfil commitments to repay their existing indebtedness to suppliers and to complete the projects in Regis Bay Vietnam Investment Joint Stock Company ("Regis Bay") and Hoi An Pearl Joint Stock Company ("HAP").

Management is of the view that the Group 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’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 date of this report:

- receipt of cash consideration pursuant to the disposal of joint venture amounting to approximately $3,299,000;
- unutilised bank borrowing facilities of $32,960,000 as at December 31, 2019 to finance the construction of the projects in Regis Bay and HAP, of which the cash commitment is estimated to be $29,810,000; and
- completion of the construction of the above projects by 2020 with the commencement of operations thereafter.

In carrying out the going concern assessment, significant judgements are involved in estimating the remaining cash commitment of the projects, as well as the impact of Covid-19 on the commencement of the hotel operations. 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 reporting period.

Accordingly, the accompanying financial statements did not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group and the Company were unable to continue as going concerns. Should the going concern assumption be inappropriate, adjustments may have to be made to (i) reflect the situation that assets may need to be realised other than their carrying amounts; (ii) provide for further liabilities that might arise; and (iii) reclassify non-current assets and non-current liabilities as current. No adjustments have been made in the accompanying financial statements in respect of these.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share–based payment transactions that are within the scope of SFRS(I) 2 *Share–based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases* (since January 1, 2019) or SFRS(I) 1–17 (before application of SFRS(I) 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1–2 *Inventories* or value in use in SFRS(I) 1–36 *Impairment of Assets*.

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

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

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

- Level 3 inputs are unobservable inputs for the asset or liability.

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

<u>SFRS(I) 16 *Leases*</u>

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

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

The Group has applied SFRS(I) 16 using the cumulative catch–up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1–17.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Impact of the new definition of a lease

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

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

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

(b) Impact on lessee accounting

Former operating leases

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

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

(i) recognises right–of–use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right–of–use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right–of–use asset for property leases which were measured on a retrospective basis as if the standard had been applied since the commencement date;

(ii) recognises depreciation of right–of–use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income; and

(iii) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

- the Group has elected not to recognise right–of–use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- the Group has excluded initial direct costs from the measurement of the right–of–use asset at the date of initial application; and/or
- the Group has used hindsight when determining the lease term when the contract contain options to extend or terminate the lease.

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

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statements of financial position on January 1, 2019 is 5.25%.

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

	Group 2019	Company 2018
	$	$
Operating lease commitments at December 31, 2018 (Note 28)	45,100	45,100
Less: Effect of discounting the above amount	3,221	3,221
Lease liabilities recognised as at January 1, 2019	41,879	41,879

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

Right–of–use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) ISSUED BUT NOT YET EFFECTIVE – At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective:

• Amendments to SFRS(I) 9, 1–39 and 1–7	*Interest Rate benchmark Reform* [1]
• Amendments to SFRS(I) 3	*Definition of a business*[2]
• Amendments to SFRS(I) 1	*Classification of Liabilities as Current or Non–current* [3]
• Amendments to SFRS(I) 10	*Consolidated Financial Statements* [4]

1 Effective for annual periods beginning on or after January 1, 2020.
2 Effective for business combinations and asset acquisition for which the acquisition date is on or after January 1, 2020.
3 Effective for annual periods beginning on or after January 1, 2022.
4 Deferred indefinitely.

In addition to the above new and amendments to SFRS(I)s, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework is SFRS(I)s*, will be effective for annual periods beginning on or after January 1, 2020.

The management anticipates that the adoption of the above SFRS(I) and Amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non–controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

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

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

<u>Classification of financial assets</u>

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

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

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

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

Amortised cost and effective interest method

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

The effective interest rate is the rate that exactly discount estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount if the debt instrument on initial recognition.

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

<u>Foreign exchange gains and losses</u>

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

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other income” or “other expense” line item; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other income” or “other expense” line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investment in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward–looking information that is available without undue cost or effort. Forward–looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition, unless the Group has reasonable and supportable information that demonstrates otherwise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Definition of default

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

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

Credit–impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(d) the disappearance of an active market for that financial asset because of financial difficulties.

Write off policy

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward–looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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

<u>Equity instruments</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

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

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

Foreign exchange gains and losses

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

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

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

Offsetting arrangement

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

LEASES

The Group as lessee (before January 1, 2019)

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

Rentals payable under operating leases (net of any incentive received from lessor) are charged to profit or loss on a straight–line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight–line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee (from January 1, 2019)

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

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

Lease payments included in the measurement of the lease liability comprise of fixed lease payments (including in–substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statements of financial position.

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

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

The right–of–use assets are presented as a separate line in the statements of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non–lease components, and instead account for any lease and associated non–lease components as a single arrangement. The Group has not used this practical expedient.

NON–CURRENT ASSETS HELD FOR SALE – Non–current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non–current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

PROPERTY, PLANT AND EQUIPMENT – Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets less residual value, other than properties under construction, over their estimated useful lives, using the straight–line method, on the following bases:

Furniture and fittings	–	3 to 10 years
Office equipment	–	3 to 5 years
Renovation	–	3 to 5 years

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

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash–generating units, or otherwise, they are allocated to the smallest group of cash–generating units for which a reasonable and consistent allocation basis can be identified.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

JOINT VENTURE – A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long–term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1–36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1–36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

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

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

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

REVENUE RECOGNITION – Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

From the years ended December 31, 2018 and 2019, no revenue generating activities has commenced and no contracts has been entered into by the Group.

OTHER INCOME – Other income comprise mainly interest income. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

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

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

STATUTORY RESERVE – In accordance with People's Republic of China ("PRC") regulations, the PRC subsidiary within the Group is required to transfer a certain percentage of the profit after tax, if any, to the statutory reserve. However, subject to certain restrictions set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the said subsidiary.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and banks and short-term deposit net of pledged deposits with financial institutions that are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Critical judgements in applying the Group's accounting policies

The following sets out the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

(i) *Control over Regis Bay Vietnam Investment Joint–Stock Company ("Regis Bay") and Hoi An Pearl Joint Stock Company ("HAP")*

Note 11 describes that Regis Bay and HAP are subsidiaries of the Group since 2018 even though the Group has no equity interests in these entities. Management has assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally and has the power to appoint and remove the majority of the board members of these entities. Based on the assessment as set out in Note 11, management is of the view that it has control over these entities. Accordingly, the result of these entities have been consolidated in the Group's financial statements.

(ii) Capitalisation of project costs

Since 2018, there is no revenue generated as construction for the various projects is underway. As described in Note 2, it is the Group's policy to capitalise expenses directly attributable to the construction of the Group's hotel and resort properties in Vietnam. Management has assessed and capitalised the appropriate expenses incurred for the projects (Note 13) in accordance with SFRS(I) 1–16 *Property, plant and equipment*.

(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 disclosed below.

(i) *Calculation of loss allowance*

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

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

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Any changes in the probability in default may result in a change in the loss allowance currently provided for. The carrying amount of the trade and other receivables have been disclosed in Notes 7 and 8 respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(ii) Impairment of property, plant and equipment

The Group and Company assess annually whether property, plant and equipment has any indication of impairment in accordance with its accounting policy. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of the fair value less costs to sell and value–in–use. In assessing value–in–use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Management is of the view that there is no impairment at the end of the reporting period. The carrying amounts of property, plant and equipment of the Group and Company at the end of the reporting period are disclosed in Note 13 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance and to ensure that all externally imposed capital requirements are complied with. Pursuant to the relevant laws and regulations in the PRC applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiary, the subsidiary is required to maintain a statutory surplus reserve fund. Appropriations to these funds are made out of net profit after taxation as reported in the PRC statutory financial statements of the subsidiary.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising paid up capital, accumulated losses and reserves.

Management reviews the capital structure on an on–going basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the board of directors will balance its overall capital structure through the payment of dividends, new share issues and share buy–backs as well as the issuance of new debt.

The Group's overall strategy remains unchanged from prior year.

(b) Categories of financial instruments

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

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
		Restated		
Financial assets				
Financial assets at amortised cost	11,399,413	8,277,257	19,736,065	20,892,607
Financial liabilities				
Liabilities at amortised cost	29,566,535	11,820,117	3,952,286	3,213,275
Lease liability	19,477	–	19,477	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

(d) Financial risk policies and objectives

The board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and foreign exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

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

(i) Foreign exchange risk

The Group transacts businesses significantly in Singapore dollar, United States dollar and Vietnamese Dong. Transactions in other currencies are limited.

The significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Assets		Liabilities	
	2019	2018	2019	2018
	$	$	$	$
		Restated		Restated
Group				
United States dollar	48,848,921	47,272,351	(47,818,895)	(37,122,074)
Singapore dollar	1,848,857	1,848,842	(18,379)	(10,196)
Company				
United States dollar	19,320,813	20,507,345	(175,156)	–

Foreign currency sensitivity for significant foreign currency balances

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the relevant foreign currency strengthens by 10% against the functional currencies of the group entities, the loss before income tax will decrease (increase) by:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
		Restated		
Impact to profit or loss				
United States dollar	103,003	1,015,028	1,914,566	2,050,735
Singapore dollar	(183,048)	(183,865)	–	–

If the relevant foreign currencies weakens by 10% against the functional currencies of the group entities, the impact will be converse of the amount shown above.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

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

(ii) *Interest rate risk*

In respect of interest bearing financial assets and financial liabilities, their effective interest rate is disclosed in Notes 8, 17 and 19 respectively.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing financial instruments at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all variables were held constant, the Group's loss before income tax for the years ended December 31, 2018 and 2019 would not be materially impacted as the interest on borrowings has been capitalised as property, plant and equipment.

(iii) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

In order to minimise the credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit worthiness of customers is reviewed by management regularly. Appropriate credit checks are performed for new customers, as well as for regular customers on a regular basis. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

The Group is exposed to concentration of credit risk as at December 31, 2019 on loan receivables from non-controlling interest shareholder, Panthera Company Limited ("Panthera"), amounting to $7,498,235 (2018 : $6,843,656), which accounted for 65% (2018 : 83%) of the Group's total financial assets.

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

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

(iii) *Credit risk management (cont'd)*

The table below details the credit quality of the Group's trade and other receivables, as well as maximum exposure to credit risk:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				$	$	$
2019						
Trade receivables	7	(i)	Lifetime ECL (Simplified approach)	–	–	–
Other receivables	8	Performing	12m ECL	8,553,635	–	8,553,635
Other receivables	8	In default	Lifetime ECL	116,686	(116,686)	–
					(116,686)	
2018						
Trade receivables	7	(i)	Lifetime ECL (Simplified approach)	–	–	–
Other receivables	8	Performing	12m ECL	7,277,467	–	7,277,467
					–	
Company						
2019						
Trade receivables	7	(i)	Lifetime ECL (Simplified approach)	495,166	(495,166)	–
Other receivables	8	Performing	12m ECL	19,598,581	–	19,598,581
Other receivables	8	In default	Lifetime ECL	468,723	(468,723)	–
					(963,889)	
2018						
Trade receivables	7	(i)	Lifetime ECL (Simplified approach)	495,166	(495,166)	–
Other receivables	8	Performing	12m ECL	20,762,940	–	20,762,940
Other receivables	8	In default	Lifetime ECL	304,180	(304,180)	–
					(799,346)	

(i) For trade receivables, the Group and Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status.

For other receivables, the Group determines the ECL on these items by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

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

(iv) *Liquidity risk*

In the management of the 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. Management has also assessed that the Group and the Company will continue in operational existence for at least 12 months from the end of reporting period as disclosed in Note 2 above.

The Group places its cash with reputable financial institutions.

Non–derivative financial assets

All non-derivative financial assets of the Group and Company are non-interest bearing and due within one year except for fixed deposits and loan receivables from non-controlling interest shareholder and a subsidiary's director as disclosed in Notes 6 and 8 to the financial statements respectively.

Non–derivative financial liabilities

The following table details the expected maturity for non–derivative liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on these liabilities except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or less than 1 year	Between 1 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2019						
Financial liabilities						
Non–interest bearing	–	11,200,216	43,996	–	–	11,244,212
Lease liabilities	5.25	20,499	–	–	(1,022)	19,477
Fixed interest rate	15	90,107	15,378	–	(13,759)	91,726
Floating interest rate	7.5	1,362,172	19,733,968	1,656,503	(4,522,046)	18,230,597
Total		12,672,994	19,793,342	1,656,503	(4,536,827)	29,586,012
2018 (Restated)						
Financial liabilities						
Non–interest bearing	–	10,050,346	–	–	–	10,050,346
Fixed interest rate	3.6	1,710,561	117,199	–	(57,989)	1,769,771
Total		11,760,907	117,199	–	(57,989)	11,820,117

All non–derivative financial liabilities of the Company are non–interest bearing, and due within one year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

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

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and deposits, and trade and other payables approximate their fair values due to the relatively short–term maturity of these financial instruments with the exception of loan receivables from non-controlling interest shareholder, loan from non-controlling interest shareholder and bank loans as disclosed in Notes 8, 17 and 19 respectively.

5 RELATED PARTY TRANSACTIONS

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

During the year, the Group entered into the following transactions with related parties:

	Group	
	2019	2018
	$	$ Restated
Transactions		
(Repayment of) Loan from director	(500,000)	500,000
Loan to subsidiary's director	250,002	–
(Repayment of) Loan from a related party	(1,676,940)	1,676,940

Compensation of directors and key management personnel

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

	Group	
	2019	2018
	$	$
Short term benefits	553,219	770,723
Post–employment benefits	37,185	33,502
	590,404	804,225

6 CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Cash on hand	1,000	1,112	1,000	1,000
Cash at banks	1,245,017	998,678	136,484	128,667
Fixed deposits	63,953	–	–	–
Cash and cash equivalents as presented in consolidated statement of cash flows	1,309,970	999,790	137,484	129,667
Pledged deposits	1,535,808	–	–	–
Cash and bank balances	2,845,778	999,790	137,484	129,667

Fixed deposits bear effective average interest rate 5% (2018 : Nil%) per annum and having maturity periods of 6 months (2018 : Nil). Management is of the view that the fixed deposits qualified as cash and cash equivalents as these can be withdrawn at any time with insignificant change in value.

The pledged deposits are secured against the bank loan as disclosed in Note 19.

7 TRADE RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Outside party	–	–	495,166	495,166
Loss allowance	–	–	(495,166)	(495,166)
	–	–	–	–

The Company had assessed that the receivable from outside party was credit impaired and full allowance had been made in the previous years. The Group had written off the said receivable in 2018.

The Group applied simplified approach to provide the expected credit losses prescribed by SFRS(I) 9. The impairment methodology is set out in Note 4(d)(iii).

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Current:				
Loan receivables from non-controlling interest shareholder(1)(2)	7,498,235	6,843,656	–	–
Prepayments	21,816	25,256	13,582	15,082
Deposits	30,756	8,700	–	8,700
Loan to subsidiary's director(3)	250,002	–	–	–
	7,800,809	6,877,612	13,582	23,782
Amount due from subsidiaries (Note 11)	–	–	19,940,494	20,972,396
Loss allowance	–	–	(346,013)	(298,156)
	–	–	19,594,481	20,674,240
Other receivables	891,328	425,111	126,810	86,024
Loss allowances	(116,686)	–	(122,710)	(6,024)
	774,642	425,111	4,100	80,000
Total other receivables and prepayment	8,575,451	7,302,723	19,612,163	20,778,022
Non–current:				
Advances to contractors	6,705,193	5,825,373	–	–

(1) In 2018, one of the Group's wholly–owned subsidiaries, ADV S2 Pte. Ltd. ("ADV S2"), invested in HAP in the form of a loan with one of the non-controlling interest shareholders. A loan agreement was signed on January 5, 2018.

According to the loan agreement, the key terms and conditions of the loan are:

- The loan amount shall be VND56.1 billion (S$3.8 million).
- The term of the loan shall be 9 months from the disbursement date (January 8, 2018), and extension subject to agreement by the parties. The parties are currently in discussion to extend the term of the loan.
- The loan is subject to an interest rate to be determined by ADV S2, which shall be at a minimum interest rate equivalent to the published fixed deposit interest rates of one of the banks in Vietnam with reference on the disbursement date, and at a maximum interest rate of 13% per annum. During the year, ADV S2 charged an interest of 13% per annum to the non-controlling interest shareholder.

8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

(2) In 2018, one of the Group's wholly–owned subsidiaries, ADV S3 Pte. Ltd. ("ADV S3"), invested in AP NHS in the form of a loan with one of the non-controlling interest shareholders. The purpose of AP NHS is to hold and develop project land into a residential apartment project. A loan agreement was signed on April 19, 2018.

According to the loan agreement, the key terms and conditions of the loan are:

- The loan amount shall be VND50.715 billion (S$3.0 million).
- The term of the loan shall be 360 days from the disbursement date (March 28, 2018), and extension subject to ADV S3.
- Upon default, ADV S3 has the right to terminate the loan agreement and recall the loan with 30 days notice at a default interest rate of 10% per annum.

During the year, the Group has signed a termination agreement with the non-controlling interest shareholders (Note 10). Pursuant to the termination, the loan will be repaid by the non-controlling interest shareholder by April 2020.

(3) Loan to subsidiary's director is unsecured, bears interest rate at 3% per annum and repayable by November 24, 2020.

Loss allowance for other receivables has been measured at an amount equal to 12m expected credit losses (ECL). The ECL on other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management is of the view the credit risk on the amount due from subsidiaries is mitigated as it is within the control of the Group to make repayments when necessary.

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

The Group applied the expected credit losses model prescribed by SFRS(I) 9. The impairment methodology is set out in Note 4(d)(iii).

As part of the Group's credit risk management, the Group assesses the impairment for its debtors based on different group of debtors which share common risk characteristics that are representative of the debtors' abilities to pay all amounts due in accordance with the contractual terms. Details of the credit risk assessment are included in Note 4(d)(iii). Management is of the view that credit risk associated with receivables from the non-controlling interest shareholder is mitigated as they are of good credit–standing and nothing has came to their attention that it should be impaired.

The table below shows the movement in ECL that has been recognised for other receivables set out in SFRS(I) 9:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Lifetime ECL (credit impaired)				
Beginning of year	–	–	304,180	304,061
Loss allowance for the year	116,686	–	164,617	–
Foreign exchange adjustments	–	–	(74)	119
End of year	116,686	–	468,723	304,180

9 PREPAID LEASES

	Group
	$
Cost	
Additions during the year and balance at December 31, 2018	1,782,757
Adoption of SFRS(I) 16 (Note 14)	(1,782,757)
Balance at January 1, 2019	–
Carrying amounts	
At January 1, 2019	–
At December 31, 2018	1,782,757

Analysed for reporting purposes as:

	Group	
	2019	2018
	$	$
Current asset		
Non–current asset	–	54,714
	–	1,728,043
	–	1,782,757

Prepaid lease payments represent land–use–rights located in Vietnam and comprised leasehold land under medium–term lease. The land use rights in Vietnam will be amortised near the lease term of 33 years.

10 ASSET CLASSIFIED AS HELD FOR SALE

On December 30, 2019, the Group entered into a termination agreement with non-controlling interest shareholders to dispose its joint venture, AP NHS Da Nang Joint Stock Company for cash consideration of USD2,448,999 (equivalent to S$3.3million). Management assessed that the disposal is expected to be completed within twelve months and the conditions precedent to the disposal would have been met when the non-controlling interest shareholder successfully repay the consideration. As mentioned in the termination agreement, the repayment is scheduled to be paid by April 2020 (Note 8).

Accordingly, the joint venture has been classified as asset held for sale and are presented separately on the statement of financial position as at December 31, 2019. The consideration for the disposal of joint venture is expected to exceed the net carrying amount of the joint venture and, accordingly, no impairment loss has been recognised prior to the classification of the asset as held for sale.

11 SUBSIDIARIES

	Company 2019	Company 2018
	$	$
Unquoted equity shares, at cost	752	752

The balances with subsidiaries are unsecured, interest free and repayable on demand.

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

Name of subsidiary	Place of business and incorporation	Principal activities	Proportion of ownership interest and voting power held 2019	Proportion of ownership interest and voting power held 2018
			%	%
Held by the Company				
Adventus Investments (Vietnam) Pte Ltd [(1)]	Singapore	Investment holding and property development	100	100
Crimson Star Development Pte. Ltd. [(1)]	Singapore	Dormant	65	65
Held by subsidiaries				
ADV S1 Pte Ltd [(1)]	Singapore	Investment holding and property development	100	100
ADV S2 Pte Ltd [(1)]	Singapore	Investment holding and property development	100	100
ADV S3 Pte Ltd [(1)]	Singapore	Investment holding and property development	100	100
ADV V1 Holding Company Limited [(2)]	Vietnam	Investment holding and property development	100	100
ADV Management Services Company Limited [(2)]	Vietnam	Management consulting services	100	100
AP Land Company Limited [(2)]	Vietnam	Construction management services	51	51
Regis Bay Vietnam Investment Joint Stock Company [(2)] [(3)]	Vietnam	Hotel development	–	–
Hoi An Pearl Joint Stock Company [(2)] [(4)]	Vietnam	Resort development	–	–

11 SUBSIDIARIES (cont'd)

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Deloitte Vietnam Company Limited, Vietnam.

(3) The Group does not own equity interest in this subsidiary but management assessed that it has control over the subsidiary.

On January 9, 2017, the Group signed a joint venture agreement with Panthera Company Limited ("Panthera"), property development company in Vietnam to set up Regis Bay to hold and develop a project land into single block hotel. An amendment to the joint venture agreement was signed between the Group and Panthera on April 24, 2017.

The Group incorporated ADV S1 Pte Ltd ("ADV S1") in Singapore and ADV V1 Holding Company Limited ("ADV V1") in Vietnam for Group's business development in Vietnam to support the abovementioned project.

ADV S1, through ADV V1, invests in Regis Bay in the form of a convertible loan with the option to convert loan into shares in Regis Bay. A convertible loan agreement was signed September 11, 2017. The loan is convertible into equity interest in Regis Bay during the term of the loan till maturity or on full repayment, whichever is earlier. In the event of conversion, the convertible loan will be converted to shares of equivalent amount as the loan and equal to 75% of the charter capital of Regis Bay, regardless of how much the registered charter capital is at the time of conversion. During the year, the entity entered into a supplemental agreement dated November 19, 2019 and reduce its equity interest from 75% to 51%.

Whilst the Group does not hold any equity interests in Regis Bay, management establishes control over Regis Bay on the following bases:

(i) Ability to make key financial and operating policy decisions through its power to appoint majority of the board of Regis Bay;

(ii) Any resolution of the Board of Directors and/or the general meeting of shareholders of Regis Bay shall be effective only with prior consent or approval in writing by the Group; and

(iii) The Group has exposure to variable returns from its involvement with Regis Bay and has the ability to use its power over the investee to affect its returns via its convertible loan.

Accordingly, the results of Regis Bay has been consolidated in the Group's financial statements since year ended December 31, 2017.

(4) The Group does not own equity interest in this subsidiary but management assessed that it has control over the subsidiary. ADV S2 invests in HAP in the form of a loan with Panthera. The loan agreement was signed on January 5, 2018.

On January 5, 2018, the Group signed a joint venture agreement with Panthera Company Limited ("Panthera"), property development company in Vietnam, Mr. Tran Hoang Anh Tuan and Ms. Nguyen Thai Dong Huong, to operate Hoi An Pearl Joint Stock Company ("HAP") and to develop a resort on a piece of land at Khoi Xuyen Trung, Phuong Cam Nam, Hoi An, Quang Nam Province, Vietnam.

As set out in the joint venture agreement, 51% equity shares in HAP will be transferred to the Group pursuant to satisfaction of certain conditions precedent. Accordingly, an amount due to non-controlling interest shareholder of $3,327,764 (2018 : $3,376,847) has been accrued and a corresponding obligation to non-controlling interest shareholder has been set aside as "other reserves" (Note 20b). Whilst the Group does not hold any equity interests in HAP, management establishes control over HAP on the following bases:

(i) Ability to make key financial and operating policy decisions through its power to appoint majority of the board of HAP;

(ii) Any resolution of the Board of Directors and/or the general meeting of shareholders of HAP shall be effective only with prior consent or approval in writing by the Group; and

(iii) The Group has exposure to variable returns from its involvement with HAP and has the ability to use its power over the investee to affect its returns via its loan.

Accordingly, the results of HAP has been consolidated in the Group's financial statements since year ended December 31, 2018.

11 SUBSIDIARIES (cont'd)

As at December 31, 2019, the Group holds the following land–use–rights and properties under construction:

Held by companies	Location of property	Stage of completion and expected completion date	Land area and Gross Floor Area ("GFA") of property
Regis Bay Vietnam Investment Joint Stock Company	Freehold land held at 17 Quang Trung Street, Hai Chau 1 Ward, Hai Chau District, Da Nang City, Vietnam	Construction in progress and expected to complete construction by 2020.	Land area = 1,562.7sqm GFA = 24,441 sqm
Hoi An Pearl Joint Stock Company	Leasehold land of remaining 33 years of tenure on Xuyen Trung Quarter, Cam Nam Ward, Hoi An City, Quang Nam Province, Vietnam	Construction in progress and expected to complete construction by 2020.	Land area = 11,797.6 sqm GFA = 9,933 sqm

Construction for the above properties have not been completed as yet and hence, they are currently not in use.

Details of non–wholly owned subsidiary that has material non–controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non–controlling interests		Profit (Loss) allocated to non–controlling interests		Accumulated non–controlling interests	
		2019	2018	2019	2018	2019	2018
				$	$	$	$
Crimson Star Development Pte. Ltd.	Singapore	35	35	4,525	(10,642)	631,062	634,950
Regis Bay Vietnam Investment Joint Stock Company	Vietnam	100	100	164,745	248,299	2,522,546	1,094,312
Hoi An Pearl Joint Stock Company	Vietnam	100	100	(140,798)	(367,243)	8,653,342	8,567,409
AP Land Company Limited	Vietnam	49	49	(1,261)	(48,505)	135,920	138,647
				27,211	(178,091)	11,942,870	10,435,318

Summarised financial information in respect of each of the Group's subsidiary that has material non–controlling interests is set out in the following page. The summarised financial information below represents amounts before intragroup eliminations.

11 SUBSIDIARIES (cont'd)

	Crimson Star Development Pte. Ltd. 2019	Crimson Star Development Pte. Ltd. 2018	Regis Bay Vietnam Investment Joint Stock Company 2019	Regis Bay Vietnam Investment Joint Stock Company 2018	Hoi An Pearl Joint Stock Company 2019	Hoi An Pearl Joint Stock Company 2018
	$	$	$	$	$	$
Current assets	1,821,413	1,862,909	2,673,797	235,144	568,949	515,729
Non–current assets	–	–	29,925,728	18,056,997	12,906,095	9,016,581
Current liabilities	(18,379)	(10,195)	(11,392,575)	(13,574,598)	(520,170)	(964,901)
Non–current liabilities	–	–	(18,684,404)	(3,623,231)	(4,301,532)	–
Equity attributable to owners of the Company	1,171,972	1,204,264	–	–	–	–
Non–controlling interests	631,062	634,950	2,522,546	1,094,312	8,653,342	8,567,409
Other income	23,715	4	–	485,771	90	26,836
Expenses	(10,787)	(30,411)	164,745	(237,472)	(140,888)	(394,079)
Profit (Loss) for the year	12,928	(30,407)	164,745	248,299	(140,798)	(367,243)
Profit (Loss) for the year attributable to owners of the Company	8,403	(19,765)	–	–	–	–
Profit (Loss) for the year attributable to the non–controlling interests	4,525	(10,642)	164,745	248,299	(140,798)	(367,243)
Profit (Loss) for the year	12,928	(30,407)	164,745	248,299	(140,798)	(367,243)
Other comprehensive (loss) income attributable to owners of the company	(15,623)	(25,070)	–	–	–	–
Other comprehensive (loss) income attributable to the non–controlling interests	(8,413)	(13,500)	(9,777)	(91,678)	(122,109)	6,250
Other comprehensive (loss) income for the year	(24,036)	(38,570)	(9,777)	(91,678)	(122,109)	6,250
Total comprehensive loss attributable to owners of the company	(7,220)	(44,835)	–	–	–	–
Total comprehensive (loss) income attributable to the non–controlling interests	(3,888)	(24,142)	154,968	156,621	(262,907)	(360,993)
Total comprehensive (loss) income for the year	(11,108)	(68,977)	154,968	156,621	(262,907)	(360,993)
Net cash inflow (outflow) from operating activities	152	195,529	(1,042,668)	20,916	733,947	839,531
Net cash (outflow) inflow from investing activities	(20,470)	4	(9,184,121)	(3,637,194)	(5,709,736)	(8,980,008)
Net cash (outflow) inflow from financing activities	–	(201,406)	12,511,184	3,657,834	4,693,484	8,328,915

12 JOINT VENTURE

	Group	
	2019	2018
	$	$
Cost of investment in joint venture	3,037,483	3,037,483
Reclassified as asset held for sale (Note 10)	(3,037,483)	–
	–	3,037,483

In 2018, the Group does not own equity interest in this joint venture but management assessed that it has joint control over the entity together with the other shareholders. ADV S3 invests in AP NHS Da Nang Joint Stock Company ("AP NHS") in the form of a loan with Panthera. The purpose of AP NHS is to hold and develop project land into a residential apartment project. The loan agreement was signed on April 19, 2018.

On April 19, 2018, the Group, through its wholly–owned subsidiary, ADV S3, signed a joint venture agreement with Panthera Company Limited ("Panthera"), property development company in Vietnam, Mr. Tran Hoang Anh Tuan and Ms. Nguyen Thai Dong Huong, to acquire 31B Ngu Hanh Son Street, Ngu Hanh Son District, Da Nang City, Vietnam and to develop a residential apartment on the piece of land via AP NHS.

The above cost of investment of $3,037,483 represents 45% equity interests in AP NHS which will be transferred to the Group pursuant to satisfaction of certain conditions precedent in the joint venture agreement. This amount remains unpaid as at end of the reporting period as a result of the termination agreement (Note 10).

In 2018, whilst the Group did not hold any equity interests in AP NHS, management established joint control over AP NHS on the following bases:

(i) The Group had 2 out of 5 of the board seats; and

(ii) Any resolution of the Board of Directors and/or the general meeting of shareholders of AP NHS shall be effective only with prior consent or approval in writing by the Group.

Accordingly, the results of AP NHS was equity accounted for in the Group's financial statements since the year ended December 31, 2018. As the Group holds no equity interests in the joint venture, there was no share of post–acquisition profit in the joint venture for the year ended December 31, 2018 and up to the date when the investment is reclassified to asset held for sale (Note 10).

Details of the Group's joint venture is as follows:

Name of joint venture	Place of business and incorporation	Principal activities	Proportion of ownership interest and voting power held	
			2019	2018
			%	%
AP NHS Da Nang Joint Stock Company	Vietnam	Residential property development	–	–

12 JOINT VENTURE (cont'd)

Summarised financial information in respect of each of the Group's joint venture is set out below.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I)s.

	AP NHS Da Nang Joint Stock Company	
	2019	2018
	$	$
Current assets	–	6,615,833
Non–current assets	–	–
Current liabilities	–	(14,390)
Non–current liabilities	–	–
Other income	(1)	–
Expenses	198,426	29,676
Loss for the year	198,425	29,676

As at December 31, 2019, the joint venture holds the following land use right and property under construction:

Held by company	Location of property	Stage of completion and expected completion date	Land area and Gross Floor Area ("GFA") of property
AP NHS Da Nang Joint Stock Company	Leasehold land of remaining 34 years of tenure on 31B Ngu Hanh Son Street, Bac My An Ward, Ngu Hanh Son District, Da Nang City, Vietnam	Construction has yet to commence and construction is expected to be completed by 2023.	Land area = 3,825 sqm GFA = 44,179 sqm

Construction for the above property has not been completed as yet and hence, it is currently not in use.

13 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Office equipment	Renovation	Construction in progress	Total
	$	$	$	$	$
Group					
Cost					
At January 1, 2018	1,488	31,276	18,680	12,084,498	12,135,942
Additions	–	33,579	–	5,966,209	5,999,788
Prior years' adjustments (Note 29)	–	–	–	(187,169)	(187,169)
Exchange differences	–	(7,278)	–	871,899	864,621
At December 31, 2018 (as restated)	1,488	57,577	18,680	18,735,437	18,813,182
Additions	–	49,821	–	14,452,047	14,501,868
Written–off	–	–	–	(7,813)	(7,813)
Exchange differences	–	(457)	–	(365,316)	(365,773)
At December 31, 2019	1,488	106,941	18,680	32,814,355	32,941,464
Accumulated depreciation					
At January 1, 2018	1,488	14,677	18,680	–	34,845
Depreciation	–	5,486	–	–	5,486
Exchange differences	–	(2,048)	–	–	(2,048)
At December 31, 2018	1,488	18,115	18,680	–	38,283
Depreciation	–	29,023	–	–	29,023
Exchange differences	–	(130)	–	–	(130)
At December 31, 2019	1,488	47,008	18,680	–	67,176
Carrying amount					
At December 31, 2019	–	59,933	–	32,814,355	32,874,288
At December 31, 2018 (as restated)	–	39,462	–	18,735,437	18,774,899
At January 1, 2018	–	16,599	–	12,084,498	12,101,097
Company					
Cost					
At January 1, 2018	1,488	23,998	18,680	–	44,166
Additions	–	33,579	–	–	33,579
At December 31, 2018 and December 31, 2019	1,488	57,577	18,680	–	77,745
Accumulated depreciation					
At January 1, 2018	1,488	12,630	18,680	–	32,798
Depreciation	–	5,486	–	–	5,486
At December 31, 2018	1,488	18,116	18,680	–	38,284
Depreciation	–	14,854	–	–	14,854
At December 31, 2019	1,488	32,970	18,680	–	53,138
Carrying amount					
At December 31, 2019	–	24,607	–	–	24,607
At December 31, 2018	–	39,461	–	–	39,461

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Group	
	2019	2018
Capitalisation rate	7.5%	Nil%
Borrowing costs capitalised included in additions during the year	$433,837	$1,693
Accumulated interest capitalised included in the cost total	$435,530	$1,693

14 RIGHT–OF–USE ASSETS

The Group and the Company leases prepaid lease and office premises. The average lease term is ranging from 1 to 33 years (2018: 2 to 33 years).

	Prepaid leases	Office Premises	Total
	$ (Note 9)	$	$
Group			
Cost			
At January 1, 2019 and December 31, 2019	1,782,757	41,879	1,824,636
Accumulated amortisation			
At January 1, 2019	–	–	–
Amortisation for the year	(54,714)	(20,940)	(75,654)
At December 31, 2019	(54,714)	(20,940)	(75,654)
Carrying amount			
At December 31, 2019	1,728,043	20,939	1,748,982

Prepaid leases refer to land-use-rights to leasehold land in Hoi An City, Vietnam (Note 9). As at December 31, 2019, the land-use-rights in Vietnam is mortgaged to the banks as securities for certain bank loans of the Group (Note 19).

	Prepaid leases	Office Premises	Total
Company			
Cost			
At January 1, 2019 and December 31, 2019	–	41,879	41,879
Accumulated amortisation			
At January 1, 2019	–	–	–
Amortisation for the year	–	(20,940)	(20,940)
At December 31, 2019	–	(20,940)	(20,940)
Carrying amount			
At December 31, 2019	–	20,939	20,939

15 DEFERRED TAX ASSETS

	Group
	$
Group	
At January 1, 2018 and December 31, 2018	173,621
Credit to profit or loss (Note 23)	294,118
At December 31, 2019	467,739

The deferred tax assets pertain to temporary difference on property, plant and equipment.

16 TRADE PAYABLES

	Group	
	2019	2018
	$	$
Outside parties	–	9,482

The credit period on purchase of goods and services is ranging from 30 to 60 days (2018 : 30 to 60 days). No interest is charged on overdue trade payables.

17 OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
		Restated		
Current:				
Third parties	1,331,010	–	–	–
Accruals	3,033,653	3,112,609	1,320,221	773,137
Loan from a director	–	500,000	–	500,000
Loan from a shareholder	500,000	–	500,000	–
Loan from a related party	–	1,676,940	–	–
Interest payable to non-controlling interest shareholder	42,350	13,925	–	–
Loan from non-controlling interest shareholder	78,354	–	–	–
Amount due to non-controlling interest shareholder	6,335,553	6,414,330	–	–
Subsidiaries (Notes 5 and 11)	–	–	2,132,065	1,940,138
	11,320,920	11,717,804	3,952,286	3,213,275
Non–current:				
Loan from non-controlling interest shareholder	13,372	92,831	–	–
Others	1,646	–	–	–
	15,018	92,831	–	–

Third parties and accruals principally comprise amounts outstanding from construction projects and on-going costs.

17 OTHER PAYABLES (cont'd)

In 2018, loan from a director amounting to $500,000 was obtained and the loan was non-interest bearing, unsecured and had no fixed term of repayment. The loan had been repaid during the year.

During the year, loan from a shareholder amounting to $500,000 was obtained and the loan is non-interest bearing, unsecured and has no fixed term of repayment.

Loan from a related party was unsecured, borne interest rate at 3% per annum and was repaid on December 12, 2019.

Amount due to non-controlling interest shareholder relates to investment in one of the subsidiaries amounting to $3,327,764 (2018 : $3,376,847) (Note 11) and investment in joint venture classified as non–current asset held for sale (2018 : investment in joint venture) of $3,007,789 (2018 : $3,037,483) (Note 12) which remains unpaid as at end of the reporting period.

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. Management is of the opinion that the fair value of the loan from non-controlling interest shareholder is $15,378 (2018 : $106,756).

Reconciliation of liabilities arising from financing activities

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

	At January 1, 2019	Financing cash flow	Foreign exchange movement	Interest expense	At December 31, 2019
	$	$	$	$	$
Group					
Loan from a director	500,000	(500,000)	–	–	–
Loan from a shareholder	–	500,000	–	–	500,000
Loan from a related party	1,676,940	(1,676,940)	–	–	–
Loan from non-controlling interest shareholder	92,831	–	(1,105)	–	91,726
Bank loans	–	18,230,597	–	–	18,230,597
Lease liabilities	41,879	(24,601)	–	2,199	19,477

The interest arising from bank loans amounting to $433,837 was capitalised in construction-in-progress and has been repaid during the year.

	At January 1, 2018	Financing cash flow	At December 31, 2018
	$	$	$
		Restated	Restated
Group			
Loan from a director	–	500,000	500,000
Loan from a related party	–	1,676,940	1,676,940
Loan from non-controlling interest shareholder	79,338	13,493	92,831

18 LEASE LIABILITIES

	2019
	$
Group and Company	
Maturity analysis:	
Year 1	20,499
Less: Unearned interest	(1,022)
	19,477

The Group and the Company does not face a significant liquidity risk with regard to its lease liabilities.

19 BANK LOANS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Non–current				
Bank loans (Secured)	18,230,597	–	–	–

The Group has two principal bank loans:

i. A loan of $4,301,532 (2018: $Nil) and is repayable over 26 instalments after 18 months from the first disbursement date.

The loan is secured by the prepaid lease of the project (Note 14). The loan bears minimum 9% per annum for first 12 month after first disbursement date, January 25, 2019 and subsequently bears prime rate plus a minimum interest rate of 3.5% per annum. The prime interest rate is equal to the interest rate on saving accounts in VND plus the incremental cost of capital.

ii. A loan of $13,929,065 (2018: $Nil) which is repayable over 8 instalments after 39 months from the first drawdown date, February 21, 2019. The loan was drawn down for the purpose of financing 67% of project construction costs. The interest rate is the sum of the Margin (1% to 3% per annum) and the higher of US LIBOR and Cost of Funds (or such other rate determined at the sole discretion of the financial institution).

The loan is guaranteed by (i) joint and several personal guarantees given by directors and non-controlling interest shareholders; and secured by (ii) pledged deposits (Note 6); and (iii) the freehold land of the project (Note 13). The total loan balance is required not to exceed 70% of the value of the mortgaged assets during the tenor of the loan.

At December 31, 2019, the Group has approximate $32,960,000 (2018 : $50,998,000) available undrawn committed bank facilities.

Subsequent to the reporting period, the Group has refinanced one of its loans with another financial institution. Accordingly, the credit facilities has been revised from VND350,000,000,000 (equivalent to SGD20,590,000) to VND380,000,000,000 (equivalent to SGD22,000,000) for the purpose of Hoi An project in Vietnam.

20a SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		$	$
Issued and paid–up:				
At beginning of the year and end of the year	1,950,619,331	1,950,619,331	52,411,370	52,411,370

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

20b OTHER RESERVES

This represents the Group's obligation to acquire equity interests in one of its subsidiaries (Note 11).

21 OTHER INCOME

	Group	
	2019	2018
	$	$
Interest income	783,282	429,717
Foreign exchange gain, net	–	118,989
Others	119,071	100,250
	902,353	648,956

22 FINANCE COSTS

	Group	
	2019	2018
	$	$
Interest expense on:		
- Loans	–	3,495
- Lease liabilities	2,199	–
	2,199	3,495

23 INCOME TAX (CREDIT) EXPENSE

	Group	
	2019	2018
	$	$
Tax expense comprises:		
Underprovision in prior years	7,559	2,495
Deferred tax (Note 15)	(294,118)	–
	(286,559)	2,495

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

The total tax (credit) expenses for the year can be reconciled to the accounting loss as follows:

	Group	
	2019	2018
	$	$
		Restated
Loss before income tax	(1,122,377)	(1,695,308)
Tax benefit at statutory tax rate of 17% (2018 : 17%)	(190,804)	(288,202)
Effect of expenses that are not deductible	312,370	229,204
Effect of income that are not deductible	(404,384)	–
Deferred tax asset not recognised	50,053	72,338
Utilisation of deferred tax benefits previously not recognised	(5,504)	–
Underprovision of current tax in prior years	7,559	2,495
Effect of tax incentive and rebates	(7,388)	–
Differences in foreign tax rate	(56,751)	(13,340)
Others	8,290	–
	(286,559)	2,495

23 INCOME TAX (CREDIT) EXPENSE (cont'd)

The Group has tax loss carryforward and unutilised capital allowances available for offsetting against future taxable income as follows:

	Tax losses		Unutilised capital allowances		Other temporary differences		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
At beginning of year	3,934,523	3,271,688	5,145	5,145	868,105	868,105	4,807,773	4,144,938
Adjustments	–	301,782	–	–	–	–	–	301,782
Arising during the year	223,437	361,053	–	–	1,470,590	–	1,694,027	361,053
At end of year	4,157,960	3,934,523	5,145	5,145	2,338,695	868,105	6,501,800	4,807,773
Deferred tax benefit on above recorded							467,739	173,621
Deferred tax benefits on above not recorded							832,621	787,934

Subject to the agreement by the tax authorities, at the end of reporting period, the Group has unutilised tax losses of $4,163,105 (2018 : $3,939,668) available for offset against future profits that has expiry dates of up to 2024.

Deferred tax assets have not been recognised due to the unpredictability of future taxable profits except for those relating to temporary differences.

24 LOSS FOR THE YEAR

This is determined after charging (crediting) the following:

	Group	
	2019	2018
	$	$
Directors' fees of the Company	121,274	115,000
Depreciation of property, plant and equipment	29,023	5,486
Amortisation of right-of-use assets	75,654	–
Employee benefits expense (including directors' remuneration)	1,244,974	1,437,037
Directors' remuneration of the Company	379,129	391,775
Foreign exchange loss (gain), net	234,260	(118,989)
Impairment loss recognised on other receivables	116,686	–
Audit fees:		
– paid to auditors of the Company	136,000	123,000
– paid to other auditors	62,500	51,000
Total audit fees	198,500	174,000

There are no fees paid by the Group to the external auditors for non–audit services for 2019 and 2018.

25 LOSS PER SHARE

The calculations of loss per share are based on the loss for the year attributable to owners of the Company and weighted average number of shares shown below.

	Group	
	2019	2018
	$	$
		Restated
Loss attributable to equity holders of the Company	863,029	1,519,712
Weighted average number of shares ('000)	1,950,619	1,950,619
Loss per share – Basic (cents)	0.04	0.08

As at December 31, 2019 and 2018, the Group does not have any dilutive potential ordinary shares. Accordingly, the basic and diluted loss per share are the same.

26 SEGMENT INFORMATION

The Group determines its reportable segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into the following reportable operating segments as follows:

(1) Advanced Materials and Solutions segment mainly relates to (i) the distribution and provision of printing equipment and printing solutions; (ii) the distribution and manufacturing of sputtering targets; and (iii) the manufacturing and trading of energy–efficient equipment and apparatus as well as the provision of related services.

(2) Property and Hospitality segment mainly relates to (i) property ownership, development, management and investment; and (ii) hospitality services.

In 2017, the Group disposed segment 1 above, leaving behind certain subsidiaries which are dormant. The chief operating decision maker no longer reviews results from segment 1 after discontinuing the business. Accordingly, there is only one reportable operating segment relating to property and hospitality thereafter.

The results of segment 1 has been aggregated with the "others" segment and the segment information for the year 2018 has been reflected to conform with the current year's presentation.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment results represent the profits earned by each segment without allocation of corporate income, costs and taxation.

Inter-segment transfers are eliminated on consolidation.

All assets and liabilities are allocated to reportable segments other than corporate assets and liabilities that cannot be attributed to any one operating segment.

26 SEGMENT INFORMATION (cont'd)

Segment information about the Group's reportable segment is presented below:

(a) *Segment revenues and result*

	Property and hospitality		Corporate		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$ Restated	$	$	$	$	$	$ Restated
Total revenue	–	–	–	–	–	–	–	–
Segment results	(245,040)	(915,263)	(1,628,379)	(1,171,068)	(30,041)	(35,199)	(1,903,460)	(2,121,530)
Interest income							783,282	429,717
Finance costs							(2,199)	(3,495)
Loss before income tax							(1,122,377)	(1,695,308)
Income tax credit (expense)							286,559	(2,495)
Loss for the year							(835,818)	(1,697,803)

(b) *Segment assets and liabilities*

	Property and hospitality		Corporate		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$ Restated	$	$	$	$	$	$ Restated
Segment assets	56,039,243	37,608,641	200,712	272,908	14,959	15,097	56,254,914	37,896,646
Segment liabilities	27,709,572	10,501,801	1,839,698	1,273,136	36,742	45,180	29,586,012	11,820,117
Capital expenditure	14,501,868	10,510,987	–	33,579	–	–	14,501,868	10,544,566
Depreciation of property, plant and equipment	14,169	–	14,854	5,486	–	–	29,023	5,486
Amortisation of right-of use assets	75,654	–	–	–	–	–	75,654	–

26 SEGMENT INFORMATION (cont'd)

	Group	
	2019	2018
	$	$
		Restated
Non–current assets based on location		
Singapore	45,546	39,461
Vietnam	41,750,656	29,499,958
	41,796,202	29,539,419

27 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements at the end of the reporting period:

	Group	
	2019	2018
	$	$
Construction of property, plant and equipment	29,810,000	39,276,000

28 OPERATING LEASE ARRANGEMENTS

Disclosure required by SFRS(I) 1–17

The Group as lessee

	Group
	2018
	$
Minimum lease payments under operating leases recognised as an expense in the year	28,375

At the end of the reporting period, the Group and Company had outstanding commitments under non–cancellable operating leases, which fall due as follows:

	Group and Company
	2018
	$
Within one year	24,600
In the second to fifth year inclusive	20,500
Total	45,100

Operating lease payments represent rentals payable by the Group and Company for its certain equipment, office, workshop premises and land. Leases were negotiated and rentals were fixed for an average of 1 to 2 years.

29 PRIOR YEARS' ADJUSTMENTS AND COMPARATIVE FIGURES

The comparative financial statements of the Group has been restated due to incorrect elimination of intercompany balances and capitalisation of loan interest.

The effects of the restatement on the consolidated financial statements for the preceding financial year are as follows:

	As previously reported	Adjustments	As restated
	$	$	$
Group			
Consolidated statement of financial position			
Property, plant and equipment	18,962,068	(187,169)	18,774,899
Other payables	(11,422,334)	(295,470)	(11,717,804)
Accumulated losses	31,997,334	911,965	32,909,299
Other reserves	3,806,173	(429,326)	3,376,847
Consolidated statement of profit or loss and other comprehensive income			
Administrative expenses	(1,428,804)	(911,965)	(2,340,769)
Consolidated statement of cash flows			
Net cash from (used in) operating activities	2,241,745	(2,293,435)	(51,690)
Net cash used in investing activities	(16,201,759)	187,169	(16,014,590)
Net cash from financing activities	5,930,757	2,106,266	8,037,023

30 SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The coronavirus disease 2019 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. Management considers the outbreak to be a non-adjusting event for the financial year ended December 31, 2019. The Group's subsequent financial performance may be impacted with possible delays faced in the projects in Vietnam. The degree of impact could not be reasonably estimated at this stage. Notwithstanding this and as disclosed in Note 2, management has assessed that the Group will have sufficient working capital and financial resources to enable the Group to continue as a going concern for at least the next twelve months from the date of this report. The Group will closely monitor the development of the pandemic and assess its impact on the financial position and operating results of the Group in 2020.

STATISTICS OF SHAREHOLDING

As at 16 March 2020

Class of shares	No. of shares	%
Ordinary	1,950,619,331	100.0
Treasury	Nil	0.0
Total Issued Shares	1,950,619,331	100.0

Voting Rights One vote for each ordinary share

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 March 2020, 36.08% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	3	0.25	71	0.00
100 – 1,000	64	5.23	37,987	0.00
1,001 – 10,000	152	12.43	897,000	0.05
10,001 – 1,000,000	905	74.00	180,907,935	9.27
1,000,001 AND ABOVE	99	8.09	1,768,776,338	90.68
TOTAL	**1,223**	**100.00**	**1,950,619,331**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	Number of Shares Held	%
1	UNITED OVERSEAS BANK NOMINEES PTE LTD	931,827,703	47.77
2	CITIBANK NOMINEES SINGAPORE PTE LTD	252,065,772	12.92
3	RAFFLES NOMINEES (PTE) LIMITED	97,544,767	5.00
4	CHIN BAY CHING	82,942,256	4.25
5	KOH KAH BENG (XU JIAMING)	36,888,800	1.89
6	DBS NOMINEES PTE LTD	33,055,900	1.69
7	KWA KAY HOW	31,844,500	1.63
8	OCBC SECURITIES PRIVATE LTD	16,869,600	0.86
9	TAN LYE SENG	11,120,900	0.57
10	LYE KEE FOOK	10,887,000	0.56
11	CHUA KUAN TA	9,103,600	0.47
12	SHEN CHEE TONG STEVEN	9,050,000	0.46
13	LEE MUN SENG	9,000,000	0.46
14	NG SENG HONG	8,795,500	0.45
15	NAI LEE HUAT	8,301,000	0.43
16	OH CHEE KEAT	8,000,000	0.41
17	ANG CHIN SHENG	7,540,900	0.39
18	OCBC NOMINEES SINGAPORE PTE LTD	7,280,300	0.37
19	CHOI BOON WAI	7,084,000	0.36
20	CHUA KOON BENG	7,000,000	0.36
	TOTAL	**1,586,202,498**	**81.30**

Substantial Shareholders

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Chin Bay Ching	82,942,256[(1)]	4.25	1,161,662,875[(1)]	59.55

Note:

(1) 911,797,103 shares held in the name of United Overseas Bank Nominees Pte. Ltd. and 249,865,772 shares held in the name of Citibank Nominees Singapore Pte. Ltd.

PROPOSED RESOLUTIONS TO BE TABLED AT AGM

PROPOSED RESOLUTIONS TO BE TABLED AT THE AGM TO BE HELD ON BEFORE 29 JUNE 2020

In view of the current COVID-19 situation, the Company announced on 8 April 2020 that it had received approval from the Accounting and Corporate Regulatory Authority ("ACRA") and the Singapore Exchange Regulation ("SGX RegCo") for an extension of time to hold its Annual General Meeting ("AGM") for the financial year ended 31 December 2019 by 29 June 2020, and despatch its Notice of AGM and Proxy Forms by 14 June 2020.

As the Company's annual report is not accompanied by the Notice of AGM and Proxy Form, the below proposed resolutions are set out to provide sufficient time for shareholders of the Company to consider and deliberate on, which are proposed to be tabled at the upcoming AGM:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2019 and the Directors' Statement and Independent Auditor's Report thereon. **[Resolution 1]**

2. To re-elect Mr Chin Rui Xiang, who is retiring pursuant to Article 95 of the Constitution of the Company. **[Resolution 2]**

   Mr Chin Rui Xiang, upon re-election as Director of the Company, shall remain as the Executive Director of the Company.
   (See Explanatory Note 1)

3. To re-elect Mr Wong Loke Tan, who is retiring pursuant to Article 95 of the Constitution of the Company. **[Resolution 3]**

   Mr Wong Loke Tan, upon re-election as Director of the Company, shall remain as the Chairman of the Remuneration Committee and the member of the Audit and Nominating Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Catalist Rules").
   (See Explanatory Note 2)

4. To approve Directors' fees of S$121,273.97 for the financial year ended 31 December 2019 (S$115,000 for the financial year ended 31 December 2018). **[Resolution 4]**

5. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications;

7. Authority to allot and issue shares up to 100 per cent (100%) of issued shares

   That pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to issue and allot new shares in the capital of the Company (whether by way of rights, bonus or otherwise) 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, PROVIDED ALWAYS that

   (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculation as may be prescribed by the Rules of Catalist), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company at the time this Resolution is passed, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent consolidation or subdivision of shares; and

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **[Resolution 6]**

(See Explanatory Note 3)

8. Authority to offer and grant options and to allot and issue shares under the Adventus Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Adventus Employee Share Option Scheme (the "**Scheme**") and to allot and issue such shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of shares issued and issuable in respect of all options granted or to be granted under the Scheme, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time. **[Resolution 7]**
(See Explanatory Note 4)

EXPLANATORY NOTES:

1. In relation to **Resolutions 2** proposed in item 2 above, Mr Chin Rui Xiang is the son of the controlling shareholder of the Company, Mr Chin Bay Ching. Apart from that, there are no relationships (including immediate family relationships) between Mr Chin Rui Xiang and with the other Directors, the Company or its 10% shareholders. The detailed information on Mr Chin Rui Xiang is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2019.

2. In relation to **Resolutions 3** proposed in item 3 above, there are no relationships (including immediate family relationships) between Mr Wong Loke Tan and with the other Directors, the Company or its 10% shareholders and the details information on Mr Wong Loke Tan is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2019.

3. **Resolution 6**, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, to grant options and to issue shares in the Company. The number of shares which the Directors may issue under this Resolution would not exceed 100% of the total number of issued share (excluding treasury shares and subsidiary holdings, if any) of the Company at the time of passing this Resolution. For issue of shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares to be issued shall not exceed 50% of the total number of issued share (excluding treasury shares and subsidiary holdings, if any) of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

4. **Resolution 7**, if passed, will empower the Directors from the date of the resolution is passed or to be granted until the next Annual General Meeting, to offer and grant options and to allot and issue shares pursuant to the exercise of options granted under the Scheme. The maximum number of new shares to be issued under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time. Any shares issued pursuant to this authority will not form part of the mandate sought under **Resolution 6**.

Adventus

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