

ADVENTUS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 200301072R

MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “**Board**”) of Adventus Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the unaudited full year results announcement for the financial year ended 31 December 2019 (“**FY2019**”) released on 28 February 2020 (“**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Group for FY2019 (“**Audited Financial Statements**”) contained in the Company’s Annual Report for FY2019 which will be released via SGXNET by 15 April 2020 and despatched to the Company’s shareholders in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board would like to announce that subsequent to the release of the Unaudited Financial Statements, certain reclassifications and adjustments were made to the Unaudited Financial Statements following the finalisation of the audit by the Company’s external auditor.

The material variances between the Unaudited Financial Statements and the Audited Financial Statements for FY2019 arose from an audit restatement to the FY2018 Audited Financial Statements mainly due to incorrect elimination of intercompany balances and capitalisation of loan interest, as well as adjustments in FY2019. The detailed explanations with the corresponding line items are set out below in this announcement.

BY ORDER OF THE BOARD

Chin Rui Xiang
Executive Director
14 April 2020

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

This Announcement has not been examined or approved by the SGX-ST and the SGX –ST assumes no responsibility for the contents of this announcement including the correctness of including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or reports contained in this announcement.

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Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2019

	Audited FY2019 S\$'000	Unaudited FY2019 S\$'000	Material Variances S\$'000	Notes	Audited FY2018 S\$'000 (Restated)	Audited FY2018 S\$'000	Material Variances S\$'000	Notes
Revenue	-	-			-	-		
Cost of sales	-	-			-	-		
Gross profit	-	-			-	-		
Other income	902	119	783	PL2	649	649	-	
Other expenses	(346)	-	(346)	PL2	-	-	-	
Administrative expenses	(1,676)	(1,648)	(28)	N/M	(2,341)	(1,429)	(912)	PL1
Finance costs	(2)	-	(2)	N/M	(3)	(3)	-	
Loss before income tax	(1,122)	(1,529)			(1,695)	(783)		
Income tax credit (expense)	287	(8)	295	PL3	(2)	(2)	-	
Loss for the year	(835)	(1,537)	702	PL4	(1,697)	(785)	(912)	PL1
Other comprehensive loss:								
<u>Items that may be re-classified subsequently to profit or loss</u>								
Exchange differences on translation of foreign operations, representing other comprehensive income, net of tax	(194)	(114)	(80)	N/M	(161)	(161)	-	
Total comprehensive loss for the year	(1,029)	(1,537)			(1,859)	(947)		

*N/M denotes Not Meaningful

Explanatory Notes

- PL1 The comparative financial statements of the Group for FY2018 was restated due to the incorrect elimination of intercompany transaction between interest income and Property, Plant and Equipment ("PPE").
- PL2 The variance in Other Income and Other Expenses amounting to S\$783,000 and S\$346,000 respectively arose from forex loss and interest income from non-controlling interest shareholder and impairment loss on its Other Receivables.
- PL3 The increase in Income tax credit amounting to S\$295,000 was due to tax credited from recognition of deferred tax asset from interest capitalised in PPE. Please refer to note BS4 for further explanation.
- PL4 Net effect from the above corrections in Notes PL1 to PL3.

Consolidated Statement of Financial Position as at 31 December 2019

	Audited FY2019 S\$'000	Unaudited FY2019 S\$'000	Material Variances S\$'000	Notes	Audited FY2018 S\$'000 (Restated)	Audited FY2018 S\$'000	Material Variances S\$'000	Notes
<u>ASSETS</u>								
<u>CURRENT ASSETS</u>								
Cash and cash equivalents	2,846	2,846	-		1,000	1,000	-	
Other receivables and prepayments	8,575	8,682	(107)	NM	7,303	7,303	-	
Prepaid leases	-	55	(55)	BS5	55	55	-	
Rights of use asset	-	21	(21)	BS5	-	-	-	
Assets classified as held for sale	3,037	3,299	(262)	BS6	-	-	-	
Total current assets	14,458	14,903			8,358	8,358		
<u>NON-CURRENT ASSETS</u>								
Other receivables and prepayments	6,706	6,716	(10)	NM	5,825	5,825	-	
Prepaid leases	-	1,673	(1,673)	BS5	1,728	1,728	-	
Right-of-use assets	1,749	-	1,749	BS5	-	-	-	
Subsidiaries	-	-	-		-	-	-	
Joint venture	-	3,037	(3,037)	BS6	3,037	3,037	-	
Property, plant and equipment	32,874	36,344	(3,470)	BS7	18,775	18,962	(187)	BS1
Deferred tax assets	468	174	294	BS4	174	174	-	
Total non-current assets	41,797	47,944			29,539	29,726		
TOTAL ASSETS	56,255	62,847			37,897	38,084		
<u>EQUITY AND LIABILITIES</u>								
<u>CURRENT LIABILITIES</u>								
Trade payables	-	-	-		9	9	-	
Other payables	11,321	22,042	(10,721)	BS7	11,718	11,422	296	BS1
Lease liability	19	19	-		-	-	-	
Total current liabilities	11,340	22,061			11,727	11,431		
<u>NON CURRENT LIABILITIES</u>								
Other payables	15	92	(77)	NM	93	93	-	
Bank term loan	18,231	18,202	29	NM	-	-	-	
Total non-current liabilities	18,246	18,294			93	93		
<u>CAPITAL AND RESERVES</u>								
Share capital	52,411	52,411	-		52,411	52,411	-	
Statutory reserve	119	119	-		119	119	-	
Translation reserve	(655)	(654)	(1)	NM	(603)	(603)	-	
Accumulated losses	(33,772)	(33,523)	(249)	BS8	(32,909)	(31,997)	(912)	BS2
Net equity attributable to owners of the Company	18,103	18,353	(250)	BS8	19,018	19,930	(912)	BS2
Other reserves	(3,377)	(3,806)	429	BS3	(3,377)	(3,806)	429	BS3
Non-controlling interest	11,943	7,945	3,998	BS9	10,435	10,435	-	
Total equity	26,669	22,492			26,076	26,559		
TOTAL LIABILITIES AND EQUITY	56,255	62,847			37,897	38,084		

NM denotes Not Meaningful

Consolidated Statement of Financial Position as at 31 December 2019 (Cont.)

Explanatory Notes

- BS1 The comparative financial statement of the Group for FY2018 was restated arising from the incorrect elimination of intercompany balances between loan due to related party and other payables resulting in an increase of S\$296,000 in Other Payables against the decrease of S\$187,000 for Property, Plant and Equipment (“PPE”).
- BS2 As explained in Note PL1, the effects of the adjustments arising from the restatements for FY2018 resulted in a decrease in accumulated losses and loss attributable to owners of the Company amounting to S\$912,000.
- BS3 Other Reserves has been restated due to overstatement of amount due to non-controlling interest by S\$429,000 from prior year (FY2018).
- BS4 Recognition of deferred tax asset arising from interest capitalised in PPE resulted in the increase of S\$294,000 as further explained in Note PL3.
- BS5 Reclassification of items to Right-of-use assets based on the adoption of Singapore Financial Reporting Standards (International) 16 *Leases*.
- BS6 Joint venture arrangement was terminated on December 30, 2019 thus has been classified as asset held for sale at original investment cost and presented separately on the statement of financial position.
- BS7 Overstatement of Other Payables and PPE amounting to S\$3.47 million.
- BS8 With reference to Note PL2, the net effect amounting S\$249,000 arising from reclassification and audited result for FY2019 from Statement of Profit or Loss attributable to the owners of the Company.
- BS9 The difference of S\$3.98 million was due to the understatement of non-controlling interest.

Consolidated Statement of Cash Flow for FY2019

Operating activities	Audited	Unaudited	Material	Notes	Audited	Audited	Material	Notes
	FY2019	FY2019	Variance		FY2018	FY2018	Variations	
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	
Loss before income tax	(1,122)	(1,529)	407	CF4	(1,695)	(783)	(912)	CF1
Forex Exchange Loss (Gain)	32	288	(256)	CF14	(119)	(119)	-	
Impairment loss on other receivables	117	-	117	CF6	-	-	-	
Depreciation of property, plant and equipment	29	15	14		5	5	-	
Amortisation of right-of-use assets	76	-	76		-	-	-	
Property, plant and equipment written off	8	-	8		-	-	-	
Interest expense	2	2	-		3	3	-	
Interest income	(783)	-	(783)	CF5	(430)	(430)	-	
Operating cash flows before movements in working capital	(1,642)	(1,224)			(2,236)	(1,324)		
Other receivables	(606)	(1,379)	773	CF5	(69)	(69)	-	
Trade payables	(9)	(9)	-		(53)	(53)	-	
Other payables	1,203	10,620	(9,417)	CF7,CF8	2,308	3,689	(1,381)	CF2
Cash (used in) generated from operations	(1,054)	8,008			(50)	2,243		
Interest paid	(434)	-	(434)	CF9	-	-	-	
Income tax paid	(8)	(8)	-		(2)	(2)	-	
Net Cash (used in) from operating activities	(1,496)	8,000			(52)	2,241		
Investing activities								
Acquisition of property, plant and equipment	(8,243)	(21,143)	12,900	CF7,CF8	(5,799)	(5,986)	187	CF2
Prepaid leases	-	-	-		(1,783)	(1,783)	-	
Prepayment for acquisition of property, plant and equipment	(6,705)	(890)	(5,815)	CF7,CF8	(5,825)	(5,825)	-	
Interest received	-	-	-		430	430	-	
Loan receivables from non-controlling interests	-	-	-		(3,037)	(3,037)	-	
Net cash (used in) investing activities	(14,948)	(22,033)			(16,014)	(16,201)		
Financing activities								
Loan from non-controlling shareholders	-	-	-		13	13	-	
(Repayment of) Loan from a director	(500)	(500)	-		500	500	-	
Loan from a shareholder	500	500	-		-	-	-	
(Repayment of) Proceeds from loan from related party	(1,677)	-	(1,677)	CF5	1,677	-	1,677	CF2
Proceeds from bank loans	18,231	18,202	29	N/M	-	-	-	
Repayment of lease liabilities	(25)	-	(25)	N/M	-	-	-	
Contributions from non-controlling shareholders for increase in share capital of subsidiaries	1,622	1,302	320	CF5	-	-	-	
Pledge deposit with financial institution	(1,536)	-	(1,536)	CF10	-	-	-	
Contributions from non-controlling interests for acquisition of asset	-	-	-		5,846	5,417	429	CF3
Net cash generated from financing activities	16,615	19,504			8,037	5,930		
Net increase (decrease) in cash and cash equivalents	172	5,470	(5,298)	CF12	(8,029)	(8,029)	-	
Cash and cash equivalents at beginning of year	1,000	1,000	-		9,938	9,938	-	
Cash and cash equivalents classified as assets held for sales	-	(3,299)	3,299	CF11	-	-	-	
Net effect of exchange rate changes on cash and cash equivalents	138	(326)	464	CF13	(909)	(909)	-	
Cash and cash equivalents at end of year	1,310	2,845			1,000	1,000		

NM denotes Not Meaningful

Consolidated Statement of Cash Flow for FY2019 (Cont.)

Explanatory Notes

- CF1 The difference in the respective line items arose from incorrect elimination of intercompany transactions and balances, attributed to the overall decrease of S\$912,000 in the Profit/Loss before income tax.
- CF2 Please refer to Note BS1.
- CF3 As explained in Note BS3, the variance was due to the overstatement of amount due to non-controlling interest.
- CF4 For full details on the variance, please refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 2 of the announcement.
- CF5 The variance was due to the incorrect computation of contributions from non-controlling interest and elimination of loan from related party.
- CF6 The impairment amount of S\$117,000 arose from the assessment of its expected credit loss on Other Receivables.
- CF7 The adjustment for Other Payables, Acquisition of PPE and Prepayment of PPE respectively was due to incorrect classification of advance payment to contractors as working capital instead of investing activities.
- CF8 With reference to Note BS7, as explained regarding the overstatement of Other Payables.
- CF9 The interest paid for bank loan for the Company's Vietnam developments amounted to S\$434,000.
- CF10 Reclassification to recognise deposit pledged with financial institution for its bank loans in Vietnam amounting to S\$1.54 million.
- CF11 The amount of S\$3.29 million was incorrectly disclosed in consolidated statement of cash flows as there is no cash transaction involved during the year. Please refer to Note BS6.
- CF12 The difference of S\$5.29 million was due to net movement from operating, investing and financing activities.
- CF13 This is due to correction to foreign exchange impact from the foreign currency held in foreign operations.
- CF14 \$256,000 was related to loans not denominated in functional currency.