

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

Disclaimer of Opinion

We were engaged to audit the financial statements of New Silkroutes Group 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 30 June 2020, 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 52 to 122.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

a) Management service agreement and management agreement (Note 19)

On 18 April 2020, the Company and its wholly-owned subsidiary in the People's Republic of China, Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), entered into two agreements with a company incorporated on 22 April 2020 in the People's Republic of China ("Entity").

(i) Management Service Agreement (between Shanghai Fengwei and the Entity)

Pursuant to the Management Service Agreement, Shanghai Fengwei will receive services, including human resource management, corporate image planning, production process management, marketing development and financial management during the period from 1 April 2020 to 31 December 2020 from the Entity.

The management service fees are charged to Shanghai Fengwei on a monthly basis. In accordance with the terms of the Management Service Agreement, during the service period, Shanghai Fengwei's profit after deduction of the management service fees should not be lower than the base profit. The base profit was determined based on the average monthly profit before tax (excluding non-operating income) of Shanghai Fengwei during January 2020 to March 2020. If Shanghai Fengwei's actual profit is less than the base profit, the Entity will make up the shortfall to Shanghai Fengwei.

During the period from 1 April 2020 to 30 June 2020, management service fees of US\$6,415,689 (Note 29) was recorded as other operating expenses by Shanghai Fengwei. As at 30 June 2020, Shanghai Fengwei has paid out US\$3,198,996 of the management service fees to the Entity and the remaining unpaid amount of US\$3,216,693 is recorded as part of other payables (Note 19) in the consolidated statement of financial position. The management service fees were included as tax deductions in the calculation of income tax and the related input value added tax were deducted with the output tax in the declaration of the value added tax.

(ii) Management Agreement (between the Company, the Entity and Shanghai Fengwei)

Pursuant to the Management Agreement, the Entity will manage and expand the business of Shanghai Fengwei and the Group would receive upfront a guaranteed profit of US\$2,828,400 (S\$4,000,000) for the period from 1 January 2020 to 31 December 2021 (the "Consideration"). The Company has also assigned management rights and the profits of Shanghai Fengwei during the period from 1 January 2020 to 31 December 2021 to the Entity. All post-tax profits or losses during the aforesaid period, whether in excess of or less than the Consideration, shall be attributable to or borne by the Entity. The Consideration of US\$2,828,400 (S\$4,000,000) was received by the Company in Singapore dollars on 21 May 2020 through a Singapore incorporated company, who is also a shareholder of the Company. Management has assessed that the Group continues to have control over Shanghai Fengwei (Note 3).

The Group and Company also recorded US\$1,267,708 as consultancy and marketing fees in other operating expenses in the profit or loss (Note 29).

As at 30 June 2020, the Group and Company recorded an amount of US\$4,096,108 as part of other payables (Note 19) in the statement of financial position which included the Consideration received of US\$2,828,400 and the fees payable of US\$1,267,708 to the Entity in relation to the assignment of the profits of Shanghai Fengwei from 1 January 2020 to 30 June 2020.

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We were unable to obtain sufficient appropriate audit evidence, although management provided responses and explanations relating to our inquiries for the above-mentioned agreements, on the following matters:

- (a) the business rationale, commercial substance and structuring of the two above-mentioned arrangements and whether the Group continues to have control over Shanghai Fengwei, the appropriateness of the corresponding accounting treatment and related presentation of the arrangements in the financial statements, and whether these are in the normal course of business, including the arrangement for the receipt of the Consideration;
- (b) in relation to the Management Service Agreement, the business rationale and commercial substance regarding the management service fees charged by the Entity during the period from April to June 2020, and whether there are any potential tax exposures and impact of any non-compliance with regulatory and/or legal requirements arising from the above transactions. If there is no commercial substance for the management service fees, according to the relevant tax regulations of the People's Republic of China, the charges and expenses without appropriate business substances are not tax deductible in the calculation of income tax and the related input value added tax are not allowed to be deductible with the output tax in the declaration of value added tax.

Consequently, we were unable to determine whether any adjustments to and/or disclosures in the accompanying financial statements may be necessary.

b) Financial asset at fair value through other comprehensive income ("FVTOCI")

As at 30 June 2020, the Group's financial asset measured at fair value through other comprehensive income ("FVTOCI") relates to 4.534% equity interest in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"). As at 30 June 2020, the Group has recorded a fair value loss of US\$2,544,699 on the financial asset at FVTOCI, bringing its carrying amount to US\$17,191,806.

As disclosed in Note 17 to the financial statements, management has engaged an independent professional valuer to carry out a valuation on the equity interest of Thai GNCC using the income approach. The income approach requires the use of key assumptions and management estimates which include forecasted revenue, growth rates, profit margins and discount rate to derive the net present value of the business enterprise. The valuation performed by the independent professional valuer is the enterprise value of Thai GNCC after other valuation adjustments have been made to determine the equity value of the 4.534% interest held by the Group.

As at the end of the financial year, Thai GNCC has yet to commence its operations and management has no visibility to the future plans and developments and access to its records. Accordingly, we were unable to determine the appropriateness of the valuation methodology, and could not obtain reliable supporting information to evaluate the reasonableness of the key assumptions underlying the forecasts.

Consequently, we were unable to obtain sufficient appropriate audit evidence on the fair value of the financial asset at FVTOCI of US\$17,191,806 and fair value loss of US\$2,544,699 recorded in other comprehensive income for the year ended 30 June 2020.

Our audit opinion on the financial statements for the financial year ended 30 June 2019 was modified on the same basis.

Emphasis of Matter

We draw attention to Note 6 to the financial statements, which indicates that the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore (the "MAS"), pursuant to Section 20 of the Criminal Procedure Code (Chapter 68), have commenced an investigation into a possible offence of false trading and market rigging under section 197 of the Securities and Futures Act (Chapter 289) of Singapore in relation to share buy-backs and acquisition of shares. As of the date of this report, the CAD's investigation is still ongoing.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

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 responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

14 October 2020

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For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States 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 foreign currency 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, loss of joint control over a jointly-controlled entity that includes a foreign operation, or loss of significant influence over an associate 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.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of income and expenses of foreign operations, the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and the translation of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve, a component of the Group's equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of the reporting period.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and 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, 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.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

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

Control over Shanghai Fengwei

As disclosed in Note 19, pursuant to the Management Agreement, the Company assigned the management rights and the profits of Shanghai Fengwei during the period from 1 January 2020 to 31 December 2021 to the Entity. All post-tax profits or losses during the aforesaid period, whether in excess of or less than the Consideration, shall be attributable to or borne by the Entity. In return, the Entity would retain the net profit or loss after tax generated by Shanghai Fengwei for 2020 and 2021.

The directors of the Company made an assessment that Shanghai Fengwei's management continues to manage the operations and business activities of Shanghai Fengwei and that the Group has control over Shanghai Fengwei in accordance with the definition of control and the related guidance set out in SFRS(I) 10 *Consolidated Financial Statements*. Accordingly, Shanghai Fengwei remains a subsidiary of the Group. As disclosed in Note 19, the Group and Company recorded an amount of US\$7,312,801 and US\$4,096,108 as other payables. The Company intends to pay the amount out of the profits of Shanghai Fengwei.

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Impairment testing for a cash-generating unit containing goodwill

At the end of the reporting period, goodwill is attributable to the Group's cash-generating units ("CGUs") comprising (i) Healthsciences International Pte. Ltd. ("HSI"), (ii) Crescent Dental Clinic Pte. Ltd., Dentaltrendz JP Pte. Ltd., Trendz Dental Surgeons Pte. Ltd., L'ving Vine Dental Clinic Pte. Ltd., Dover Dental Surgery Pte. Ltd., Dentaltrendz Pte. Ltd. (collectively, the "Trendz" companies), (iii) Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd., Greedygums Pte. Ltd., Wren Dental and Medical Supplies Pte. Ltd. (collectively, the "Orange" companies), (iv) 84 INC Pte. Ltd., The Dental Hub@SG Pte. Ltd. and NDC Consulting Pte. Ltd. (collectively, the "TDH" companies), (v) Dr Chua's Family Clinic Pte. Ltd., HL Clinic Pte Ltd, HL Family Clinic & Surgery Pte. Ltd., HK Family Clinic & Surgery Pte. Ltd., HL Dermahealth Aesthetic Clinic Pte. Ltd. and Lily Aw Medical Services Pte Ltd (collectively, the "HSI Medical" companies) and (vi) Shanghai Fengwei Garment Accessory Co., Ltd. (the "Shanghai Fengwei") as follows:

	2020	2019
	US\$	US\$
<u>Cash-generating units</u>		
Healthsciences International Pte. Ltd. ("HSI")	1,051,957	1,051,957
HSI Dental ⁽ⁱ⁾	3,778,506	3,875,226
HSI Medical	7,795,231	7,994,770
Shanghai Fengwei Garment Accessory Co., Ltd	5,431,040	5,431,040
	<u>18,056,734</u>	<u>18,352,993</u>

⁽ⁱ⁾ Including Trendz, Orange and TDH CGUs.

For the financial year ended 30 June 2020

For HSI and HSI Dental sub-group, the recoverable amounts of the CGUs are determined by management are based on value-in-use ("VIU") calculations using management approved five year cash flow forecasts. The key assumptions include average revenue growth of 11.5% (2019 : 5%) and pre-tax discount 9.66% (2019 : 9.3%), with 2% (2019 : 2%) terminal growth rate.

For HSI Medical sub-group, the VIU calculation is based on the management approved five year forecast of the Target Annual Audited Net Profit After Tax ("NPAT") at a pre-tax discount rate of 9.66% (2019 : 9.3%) with 2% (2019 : Nil%) terminal growth rate.

Shanghai Fengwei's VIU calculation is determined based on management approved cash flow projections covering a five year period, including consideration of no expected cashflows for the first two years based on the Management Agreement as described in Note 19, using an average growth rate of 5% (2019 : 9%), pre-tax discount rate of 12.82% (2019 : 10.97%) and a terminal growth rate of 3% (2019 : 3%).

17 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	US\$	US\$
<u>Group</u>		
Unquoted equity security, at fair value	<u>17,191,806</u>	<u>19,736,505</u>

At the end of the reporting period, the Group has 4.534% (2019 : 4.534%) equity interest in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC") of US\$17,191,806 (2019 : US\$19,736,505).

On 26 June 2018, the Group entered into a debt repayment agreement with a company owned by a former director of the company, pursuant to which the refundable deposits and accrued interest of US\$3,669,996 and prepayments of US\$4,900,000, amounting to US\$8,569,996 in total, were repaid in full by way of the transfer of 857,000 ordinary shares in the capital of Thai GNCC at the price of approximately US\$10 per share from Tianjin GNCC to the Group's wholly-owned subsidiary, International Energy Group Pte. Ltd. ("IEG"). The share transfer agreement was made between Tianjin GNCC and IEG on 30 June 2018.

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Consequently, the total investment in Thai GNCC became 4.534%, and the cost of the investment in Thai GNCC became US\$22,659,996 as at 30 June 2018 before recognising any fair value changes.

Management has engaged a firm of independent professional valuers to carry out valuation of Thai GNCC. In determining the fair value of Thai GNCC, the valuer used the income approach. Based on the valuation of US\$379,175,253 (2019 : US\$435,268,000), the 4.534% equity interest in Thai GNCC held by the Group was determined to be US\$17,191,806 (2019 : US\$19,736,505). Accordingly, a fair value loss of US\$2,544,699 (2019 : US\$1,936,016) was recognised in other comprehensive income.

18 DEFERRED TAXATION

	2020	2019
<u>Group</u>	US\$	US\$
At beginning of year	(468,518)	(349,678)
Acquisition of subsidiaries (Note 5)	-	(366,471)
Recognised in profit or loss (Note 31)	287,632	247,631
Translation difference	(23,708)	-
At end of year	(204,594)	(468,518)
Comprising:		
Deferred tax assets	182,754	199,176
Deferred tax liabilities	(387,348)	(667,694)
	(204,594)	(468,518)

Deferred tax assets/(liabilities) are attributable to the following:

	Unused tax losses	Fair value adjustments on acquisition of subsidiaries	Unremitted interest income	Total
<u>Group</u>	US\$	US\$	US\$	US\$
At 1 July 2018	36,755	(222,126)	(164,307)	(349,678)
Acquisition of subsidiaries (Note 5)	-	(366,471)	-	(366,471)
Recognised in profit or loss (Note 31)	162,421	85,210	-	247,631
At 30 June 2019	199,176	(503,387)	(164,307)	(468,518)
Recognised in profit or loss (Note 31)	-	287,632	-	287,632
Exchange differences	(16,422)	(7,286)	-	(23,708)
At 30 June 2020	182,754	(223,041)	(164,307)	(204,594)

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At the end of the reporting period, the Group and the Company have deferred tax assets that are not recognised in the statements of financial position, as follows:

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Unused tax losses	39,637,876	34,538,778	33,676,737	34,538,778
Deferred tax assets not recognised	6,738,439	5,871,592	5,725,045	5,871,592

The unused tax losses are allowed to be carried forward and used to offset against the future taxable profits of the Company and its subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations of the respective countries in which the Company and its subsidiaries operate. The unused tax losses have no expiry date. Deferred tax assets have not been recognised in respect of these items due to the uncertainty as to whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Trade payables from:				
Third parties	9,557,211	18,885,627	-	-
Subsidiaries	-	-	89,587	89,587
	9,557,211	18,885,627	89,587	89,587
Other payables from:				
Subsidiaries	-	-	175,109	175,109
Former related party	35,000	35,000	35,000	35,000
Accrued purchases	3,669,501	23,181,921	-	-
Accrued operating expenses	765,489	715,381	190,952	210,542
Accrued personnel expenses	176,252	409,702	49,731	65,789
Deposit received	353,500	-	353,500	-
Consideration payable ⁽ⁱ⁾	6,291,250	5,046,400	1,414,250	1,450,400
Consultancy and marketing fees payable ⁽ⁱⁱ⁾	7,312,801	-	4,096,108	-
Other payables	2,740,857	1,567,375	91,128	66,422
	21,344,650	30,955,779	6,405,778	2,003,262
Total trade and other payables	30,901,861	49,841,406	6,495,365	2,092,849
Current	26,024,861	44,795,006	6,495,365	642,449
Non-current	4,877,000	5,046,400	-	1,450,400
	30,901,861	49,841,406	6,495,365	2,092,849

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Trade payables are non-interest bearing and are generally settled on 30 to 90 days (2019 : 30 to 90 days) credit terms.

The non-trade amounts due to subsidiaries, and former related party, represent advances from and payments on behalf, are unsecured, interest-free and repayable on demand.

- (i) Consideration payables includes an estimated amount of US\$4,877,000 (2019 : US\$3,596,000) being the net present value of the call and put options due to the acquisition of medical clinics in 2019 (Note 5). The call and put option will expire at the end of the fifth anniversary in 2023.
- (ii) Consultancy and marketing fees is relating to:

On 18 April 2020, the Company and its wholly-owned subsidiary in the People's Republic of China, Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), entered into two agreements with a non-related company ("Entity") incorporated on 22 April 2020 in the People's Republic of China, later than the signing date of the above agreements.

Management agreement with Entity, Shanghai Fengwei and the Company ("Management Agreement")

According to the Management Agreement, Entity will manage and expand the business of Shanghai Fengwei and the Group would receive upfront a guaranteed profit of US\$2,828,400 (S\$4,000,000) for the period from 1 January 2020 to 31 December 2021 (the "Consideration"). The Consideration of US\$2,828,400 (S\$4,000,000) was received by the Company in Singapore dollars on 21 May 2020 through a Singapore incorporated company, WTL Capital Holdings Pte Ltd, who is also a shareholder of the Company (Note 5).

The Company assigned the management rights and the profits of Shanghai Fengwei during the period from 1 January 2020 to 31 December 2021 to the Entity. All post-tax profits or losses during the aforesaid period, whether in excess of or less than the Consideration, shall be attributable to or borne by the Entity. In return, Entity would retain the net profit or loss after tax generated by Shanghai Fengwei for 2020 and 2021.

For the period up to 30 June 2020, the Group and the Company recorded US\$1,267,708 (Note 29) as consultancy and marketing fees in other operating expenses under the Agreement. Under the agreement, the Company records and intends to pay this amount out of the profits of Shanghai Fengwei.

As at 30 June 2020, the Group and Company recorded an amount of US\$4,096,108 as part of other payables (Note 19) in the statement of financial position which included the Consideration received of US\$2,828,400 and the fees payable of US\$1,267,708 to the Entity in relation to the assignment of the profits of Shanghai Fengwei from 1 January 2020 to 30 June 2020.

Management Service Agreement with Entity and Shanghai Fengwei ("Management Service Agreement")

According to the Agreement, Shanghai Fengwei will receive services, including human resource management, corporate image planning, production process management, marketing development and financial management during the period from 1 April 2020 to 31 December 2020 from Entity with an option to extend to 31 December 2021.

The management service fees are charged by the Entity to Shanghai Fengwei on a monthly basis. During the service period, Shanghai Fengwei's profit after deduction of the management service fees should not be lower than the base profit of RMB 1.1million (approximately US\$159,000). The base profit is based on the average of the actual monthly profit before tax (excluding non-operating income) of Shanghai Fengwei from January 2020 to March 2020. If Shanghai Fengwei's actual profit in its accounting book is less than the base profit, Entity will make up the shortfall to Shanghai Fengwei. If Shanghai Fengwei's actual profit is more than the base profit, the Entity will charge the excess as management service fees to Shanghai Fengwei.

During the period from 1 April 2020 to 30 June 2020, management service fees of US\$6,415,689 (Note 29) was charged by the Entity and recorded as other operating expenses.

As at 30 June 2020, Shanghai Fengwei has paid out US\$3,198,996 of management service fees to the Entity and the remaining unpaid amount of US\$3,216,693 is recorded as part of other payables. The management service fees were included as tax deductions in the calculation of income tax and the related input value added deducted with the output tax in the declaration of value added tax by Shanghai Fengwei.

Together with the payable outstanding at Shanghai Fengwei, the Group and the Company recorded an amount of US\$7,312,801 and US\$4,096,108 as other payables as at 30 June 2020 for the two above-mentioned agreements. Total consultancy and marketing fees amounted to US\$7,683,397 (Note 29).

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28 EMPLOYEE BENEFITS EXPENSE

<u>Group</u>	2020	2019
	US\$	US\$
Salaries, wages and bonuses	8,868,301	8,380,936
Contributions to defined contribution plans	495,083	492,121
Other short-term employee benefits	185,312	335,853
	<u>9,548,696</u>	<u>9,208,910</u>
Key management personnel compensation:		
Salaries, wages and bonuses	2,658,120	2,277,157
Contributions to defined contribution plans	119,659	72,872
	<u>2,777,779</u>	<u>2,350,029</u>
Comprising:		
Directors of the Company	545,596	878,125
Directors of subsidiaries	1,831,592	799,956
Other key management personnel	400,591	671,948
	<u>2,777,779</u>	<u>2,350,029</u>

29 OTHER OPERATING EXPENSES

<u>Group</u>	2020	2019
	US\$	US\$
Advertising expenses	33,871	48,728
Bank charges	195,199	147,512
Other consultancy fees	72,998	109,790
Foreign exchange (gain)/loss, net	(31,628)	109,507
General expenses	1,143,581	725,783
Legal, professional fees and other charges	957,910	1,275,571
Listing expenses	39,179	114,317
Loss on disposal of subsidiaries	-	293,877
Consultancy and marketing fees (Note 19)	7,683,397	-
Repair and maintenance expenses on plant and equipment	1,129,132	-
Rental expenses	18,261	1,317,046
Trade and other receivables written off	-	333
Travelling expenses	230,130	153,528
Vessel maintenance	-	30,484
Audit fees paid/payable to:		
- auditor of the Company	199,761	207,407
- other auditors	13,407	4,478
Non-audit fees paid/payable to:		
- auditor of the Company	14,519	10,992
Reversal of allowances for inventories obsolescence	(254,476)	-
Others	3,424	-
	<u>11,448,665</u>	<u>4,549,353</u>