DELIVERING

PRECISION & INNOVATIVE SOLUTIONS

GVT MANUFACTURING SOLUTIONS

Grand Venture Technology Limited
Annual Report 2019

CONTENTS

SPONSOR'S STATEMENT

This annual report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist. 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 document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Jason Chian, Managing Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

VISION

To be the leading manufacturing solutions and service provider in Asia Pacific, providing world-class precision engineering expertise and a full range of manufacturing services.

MISSION

To exceed our customers' expectations in quality, delivery and cost through continuous improvement and meaningful customer interaction.

Corporate Overview

Established in 2012, Grand Venture Technology ("**GVT**") is a trusted manufacturing solutions and services provider for the semiconductor, electronics, analytical life sciences, medical and industrial automation industries.

Our operations in Singapore, Malaysia (Penang) and China (Suzhou) are backed by a highly experienced management team. We have a dedicated talented team, strong global network of established partners and suppliers, as well as a certified quality management system to support our business operations. This has enabled us to deliver a wide range of engineering, assembly, testing and product life cycle management solutions, to a growing portfolio of customers that represent some of the largest OEMs in their respective industries.

GVT was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 23 January 2019.

Corporate Overview

DELIVERING PRECISION AND INNOVATIVE SOLUTIONS

Our modern and purpose-built facilities are equipped with highly advanced technology to serve customers from diverse industries, including semiconductor, electronics, analytical life sciences, medical and industrial automation. We have also embarked on capacity expansion at our facilities to capture future growth.

For every contract secured, we combine our capabilities in precision machining, sheet metal fabrication, assembly and testing, with our value engineering, design for manufacturability, design for assembly and production life cycle management value-added services to deliver win-win solutions.

CAPABILITIES

Precision Machining

- Metals machining
- Engineering plastics machining
- Ceramic machining
- Quartz machining
- Ultra-precision machining
- Vacuum parts manufacturing

Sheet Metal Fabrication

- Cutting / laser cutting
- CNC bending
- CNC turrent punching
- Laser welding
- Robotic welding
- Wet painting / powder coating

Assembly & Testing

- Modular assembly
- Electromechanical assembly
- Class 10,000 cleanroom assembly
- Testing services
- Full system integration

+

VALUE-ADDED SERVICES

Value Engineering

Design for Manufacturability

Design for Assembly

Product Lifecycle Management

EMBRACING INDUSTRIAL 4.0

As part of our digital transformation to a "Smart Factory", we leverage Industrial 4.0 to improve business flow and operational efficiency. Our commitment to innovation and quality has enabled us to be the continued partner of choice for our customers around the world.

Investing in robotics, Internet of Things, Artificial Intelligence, and Virtual Reality

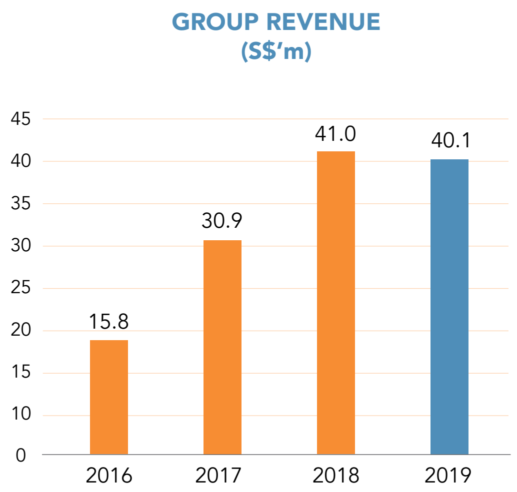
Adapting processes for automation

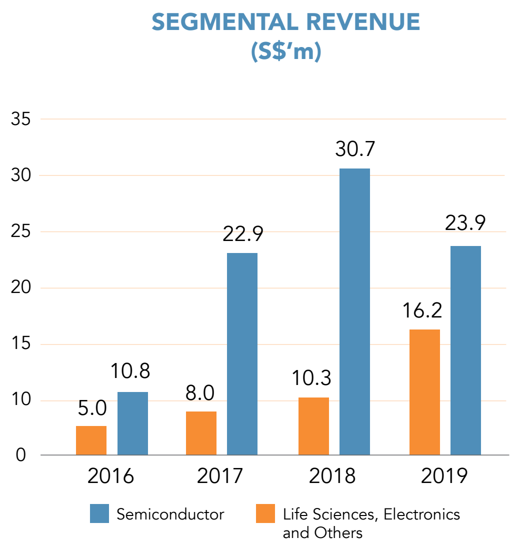
Equipping staff with skills for operating the new technology

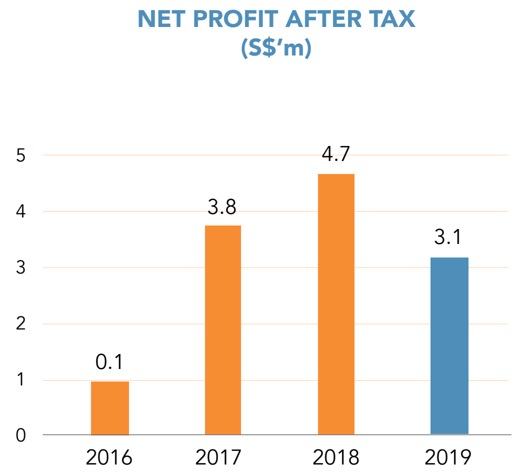
BUSINESS PRESENCE

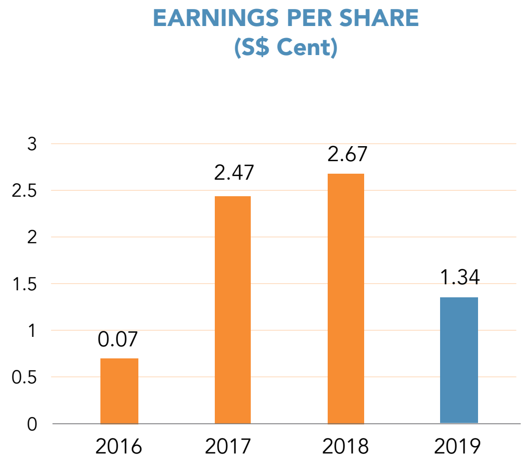
Country	Location	Land Area	Entity	Activities
Singapore	Changi North	86,736 sq ft	Grand Venture Technology Limited	Corporate Headquarters Precision Machining Assembly and Testing
Malaysia	Penang	120,000 sq ft	Grand Venture Technology Sdn Bhd	Precision Machining Sheet Metal Fabrication Assembly and Testing
China	Suzhou	59,000 sq ft	Grand Venture Technology (Suzhou) Co., Ltd	Precision Machining Assembly and Testing

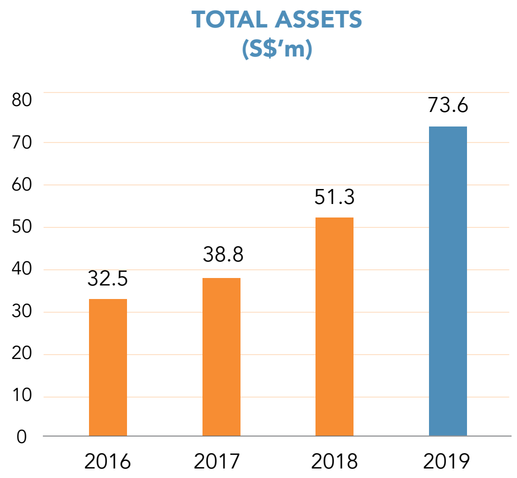
Financial Highlights

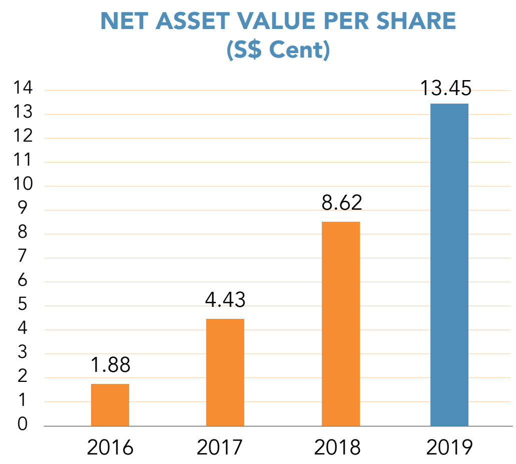












Corporate Information

BOARD OF DIRECTORS

Lee Tiam Nam, Ricky
Executive Chairman

Ng Wai Yuen, Julian
CEO and Executive Director

Liew Yoke Pheng, Joseph
Lead Independent Director

Pong Chen Yih
Independent Director

Heng Su-Ling, Mae
Independent Director

AUDIT COMMITTEE

Liew Yoke Pheng, Joseph
Chairman

Pong Chen Yih

Heng Su-Ling, Mae

NOMINATING COMMITTEE

Pong Chen Yih
Chairman

Liew Yoke Pheng, Joseph

Heng Su-Ling, Mae

Lee Tiam Nam, Ricky

REMUNERATION COMMITTEE

Heng Su-Ling, Mae
Chairman

Liew Yoke Pheng, Joseph

Pong Chen Yih

COMPANY SECRETARY

Yap Peck Khim

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

2 Changi North Street 1
GVT Building
Singapore 498828

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00 Singapore 068898

SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Teo Li Ling
(a practising member of the Institute of Singapore Chartered Accountants)
(with effect from financial year ended 31 December 2019)

PRINCIPAL BANKERS

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 01898

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#09-00 OCBC Centre
Singapore 049513

Chairman's Statement

Dear Shareholders,

We began 2019 with a change in our corporate status from a non-listed entity to a public-listed company following the completion of our Initial Public Offering ("**IPO**"), and listing on the Singapore Exchange on 23 January 2019. For the rest of the year, we were working hard to deliver on our strategy to invest in, and enhance, our operational and engineering capabilities across all our manufacturing locations in Singapore, Malaysia and China. Since GVT's establishment in 2012, we have consistently sought to build up our capabilities and production capacity, as we believe the consolidation of our growth capabilities is necessary to prepare us for the next stage of growth. I am pleased to provide you with an update on our performance and activities for the financial year ended 31 December 2019 ("**FY2019**").

FINANCIAL HIGHLIGHTS

The persisting trade tensions between the USA and China in FY2019 resulted in softer near-term demand from customers in the semiconductor industry and exerted downward pressure on the Group's revenue in all geographical markets. Revenue for the Semiconductor segment thus fell 22.2% to $23.9 million compared to the financial year ended 31 December 2018 ("**FY2018**"). The contraction was thankfully mitigated by higher sales contribution from the Life Sciences, Electronics and Others segment, which enjoyed increased orders following the receipt of first article approvals from customers. With revenue from this segment registering 57.2% improvement to $16.2 million over FY2018, the overall impact on Group revenue was a marginal year-on-year decline of 2.3% to $40.1 million compared to $41.0 million in the preceding financial year.

In spite of the lower revenue, we managed to achieve an improvement on our gross margin of 37.2% for FY2019 compared to the 36.2% recorded in FY2018, as we benefited from improved capacity utilisation and economies of scale in the Life Sciences, Electronics and Others segment.

Taking into account the additional expenses incurred to support the Group's increased activities, enhancement of capabilities and continuing listing compliance expenses, we recorded a 33.9% decline in net profit to $3.1 million in FY2019, compared to $4.7 million in FY2018.

OPERATIONAL UPDATE

Through years of building and enhancing our capabilities, we have built a strong presence in the region as a trusted manufacturing solutions and services provider that offers a wide array of services and serves a broader range of industries. During the year, we were strategic in our efforts to consolidate our capabilities, and this has positioned us well to capture new business and growth opportunities.

FY2019 saw our China operations relocating to a larger facility in Suzhou to accommodate the expansion of our machining and assembly capacity. The facility has been operational since January 2020 and is providing us with a good platform from which to grow our customer base in China. Our operations in Penang have been enjoying increased orders from customers, and this has led us to take steps towards expanding our operations there to cater to the higher demand. As such, we are in the midst of acquiring an additional factory space near our existing site that will allow us to double our capacity and enjoy greater economies of scale. We expect to complete the acquisition by mid-2020.

Our Singapore site has embarked on Industrial 4.0 deployment through investment into the enhancement of various automation and production capabilities. Notably, our investment in ultra-precision and advanced material machining capabilities has enabled us to achieve technical differentiation and rise head and shoulders above our competitors in the region.

With these capabilities in place at our Singapore site, we have begun delivering trial orders and, all going well, will commit to delivering full orders from our customers in the current year.

We have also made some headway in our bid to penetrate the medical sector with the completion of our qualification by our customers, who are looking to us for machining, modular assembly and testing services for surgical microscopes. With this qualification process out of the way, we will begin production activities this year. In addition to the medical sector, we have ventured into the manufacturing and assembly of industrial automation equipment, serving manufacturers of enterprise storage devices.

Finally, our second Class 10,000 cleanroom was successfully qualified by our customer in FY2019, thus enabling us to increase our production capacity and strengthen our value proposition in the analytical life sciences industry.

GOING FORWARD

The year 2020 began on a largely uncertain note for the industry, with the COVID-19 outbreak compounding the challenges arising from the US-China trade war. While this has resulted in short-term supply chain disruptions and a slowdown in product deliveries, the full impact of the evolving situation remains to be seen. At present, GVT Suzhou's external sales makes up about 3% of our Group revenue and sales contribution from the Group's Chinese customers constitutes no more than 10% of Group revenue. As such, we expect the impact on our China operations to be relatively manageable. Our manufacturing facilities in Penang and Singapore are equipped to handle additional production from Suzhou should operations be affected, hence minimising disruptions to production.

Barring unforeseen developments, we are also hopeful that the signing of the first phase of a trade deal between China and the USA will provide some relief for businesses, particularly those in the semiconductor industry, that have been affected.

Our theme for this year's Annual Report is "Delivering precision and innovative solutions". With the advent of new technological advancements, we believe that innovation is crucial for business sustainability and creating value for our customers. We have undertaken initiatives to strengthen operational efficiency with this objective in mind to help us stay ahead of the competition.

ACKNOWLEDGEMENTS

Our success in delivering positive results amid the challenging business environment would not have been possible without our committed staff and management, who have demonstrated resilience in the face of difficulties. I would like to take this opportunity to express my heartfelt gratitude to them for their hard work and dedication to GVT. To my fellow Board members, I am grateful for your valuable counsel and support. I am also deeply thankful for the trust our shareholders have placed in us. I look forward to sharing with you the fruit of our labour as we bring GVT to new heights.

Lee Tiam Nam, Ricky
Executive Chairman

CEO's Operating and Financial Review

Dear Shareholders,

FY2019 was a milestone year for GVT as we witnessed the successful completion of our IPO. We entered new markets such as the medical and industrial automation sectors and expanded our production capacity across our three manufacturing sites in Singapore, Malaysia and China. These initiatives were undertaken to consolidate our growth capabilities and I am pleased to share our progress with you in this report.

FINANCIAL REVIEW

Our Group revenue recorded a marginal contraction of 2.3% to $40.1 million in FY2019, compared to $41.0 million in FY2018. This was mainly due to the persisting global trade tensions in FY2019 resulting in softer near-term demand from customers in the semiconductor industry, which exerted downward pressure on the Group's revenue in all geographical markets. The semiconductor segment remained the main contributor to the Group's revenue in FY2019, despite recording a 22.2% decline in revenue to $23.9 million, as compared to $30.7 million a year ago.

On the other hand, the Life Sciences, Electronics and Others segment enjoyed a 57.2% improvement in sales to $16.2 million in FY2019, from $10.3 million in FY2018. This was driven by the increased orders from customers following the receipt of first article approvals from customers in FY2019.

Cost of sales fell 3.9% to $25.2 million in FY2019, in line with the slightly lower level of business activity. The Group benefited from improved capacity utilisation and better economies of scale in the Life Sciences, Electronics and Others segment. The ramp-up in the higher-value production and assembly activities resulted in a significant improvement in gross margin for the Life sciences, Electronics & Others segment to 38.1% in FY2019, from 22.2% in FY2018. This helped to mitigate the slight decline in gross margin in the Semiconductor segment from 40.9% in FY2018 to 36.6% in FY2019, which was a result of a slight shift in customer mix. Gross profit for the Group was thus relatively consistent at $14.9 million in FY2019, compared to $14.8 million in FY2018. Gross profit margin also improved to 37.2%, from 36.2% in the previous year.

Other operating income was 51.2% lower at $0.6 million in FY2019, from $1.3 million in FY2018, mainly due to lower rental income recorded by the Group as the Group repossessed part of the factory space at its Singapore headquarters, which was previously rented to third parties, to cater to our capability enhancement exercise; and the absence of foreign exchange gain in FY2019.

We increased our headcount significantly in FY2019 in order to support the enhancement of our capabilities as well as the growth in new customer projects. As a result, general and administrative expenses increased 17.3% to $8.1 million in FY2019, from $6.9 million in FY2018.

On account of the above, profit before tax declined 34.9% to $3.8 million in FY2019, from $5.9 million in FY2018. Excluding expenses relating to the enhancement of our capabilities, as well as continuing listing compliance expenses, the profit before tax for FY2019 would have been $7.0 million, versus $7.4 million in FY2018, representing a normalised year-on-year decrease of 5.4%.

Correspondingly, net profit after tax declined 33.9% to $3.1 million, as compared to $4.7 million in FY2018, after accounting for a lower income tax expense of $0.7 million, versus $1.2 million in the prior year. Earnings per share amounted to 1.34 cents in FY2019, compared to 2.67 cents in FY2018.

Non-current assets increased 39.1% to $38.4 million as at 31 December 2019, from $27.6 million as at 31 December 2018. The increase took into account the $10.9 million addition of property, plant and equipment comprising mainly new machineries and enhancements to our existing production facilities and the net recognition of right-of-use assets of $4.5 million, offset by depreciation expenses.

Trade and other receivables increased to $13.0 million, compared to $9.6 million a year ago, largely due to higher outstanding trade receivables balances. These outstanding balances were mostly related to sales made towards the last quarter of the financial year. As at 14 February 2020, approximately 59% of the outstanding trade receivables were subsequently collected. Inventories rose to $15.7 million as at 31 December 2019, from $10.6 million previously, largely as a result of prolonged delivery schedules as requested by certain customers, as well as higher inventories held in anticipation of deliveries and sales to be made to customers in the Semiconductor industry subsequent to the year-end. As at 14 February 2020, about 44% of these inventories have been sold and delivered.

Total liabilities increased 19.3% to $42.1 million mainly due to net recognition of $4.5 million lease liabilities as at 31 December 2019 and $2.4 million increase in hire purchases to fund new machineries and enhancements to production facilities.

As at the close of 2019, the Group's net asset value per share increased to 13.45 cents, compared to 8.62 cents as at 31 December 2018.

REVIEW OF OPERATIONS

Our China operations were relocated to a new 59,000-sq-ft facility in Suzhou, which is more than triple the land area of our previous facility, to accommodate the expansion of our machining and assembly capacities. This will enable us to expand our customer base in China. Our Penang operations have also been enjoying increased orders from customers and we have taken steps to increase our production capacity. As such, we are in the midst of acquiring additional factory space near our existing site to support the growth in customer orders.

We began our transformation into a "smart organisation" in late 2017, investing in digitalisation and automation to help us monitor our business processes, raise operational efficiency and improve information flow. In particular, our Singapore site has forged ahead in its Industrial 4.0 deployment through investments in various automation and production capabilities enhancement. We are confident that the technical differentiation gained through our investment in ultra-precision and advanced material machining capabilities will give us a strong edge in our quest to grow our market share.

On top of our capability expansion efforts, we also ventured into the Medical and Industrial Automation Equipment sectors in FY2019. During the year, we launched machining and modular assembly and testing services for surgical microscopes. We also began manufacturing and assembling industrial automation equipment that are critical for the assembly and testing of enterprise storage devices. With the headway made in our ultra-precision machining and advanced material machining capabilities, we are currently delivering on small test trials, and are looking forward to delivering full orders from our customers.

We are pleased to report that our second Class 10,000 cleanroom was successfully qualified by our Life Science customer in FY2019, and will be used to build complex modules for mass spectrometers. Mass spectrometers are used for diverse purposes such as drug discovery, scientific research, environmental testing, food testing, and forensic analysis, among others.

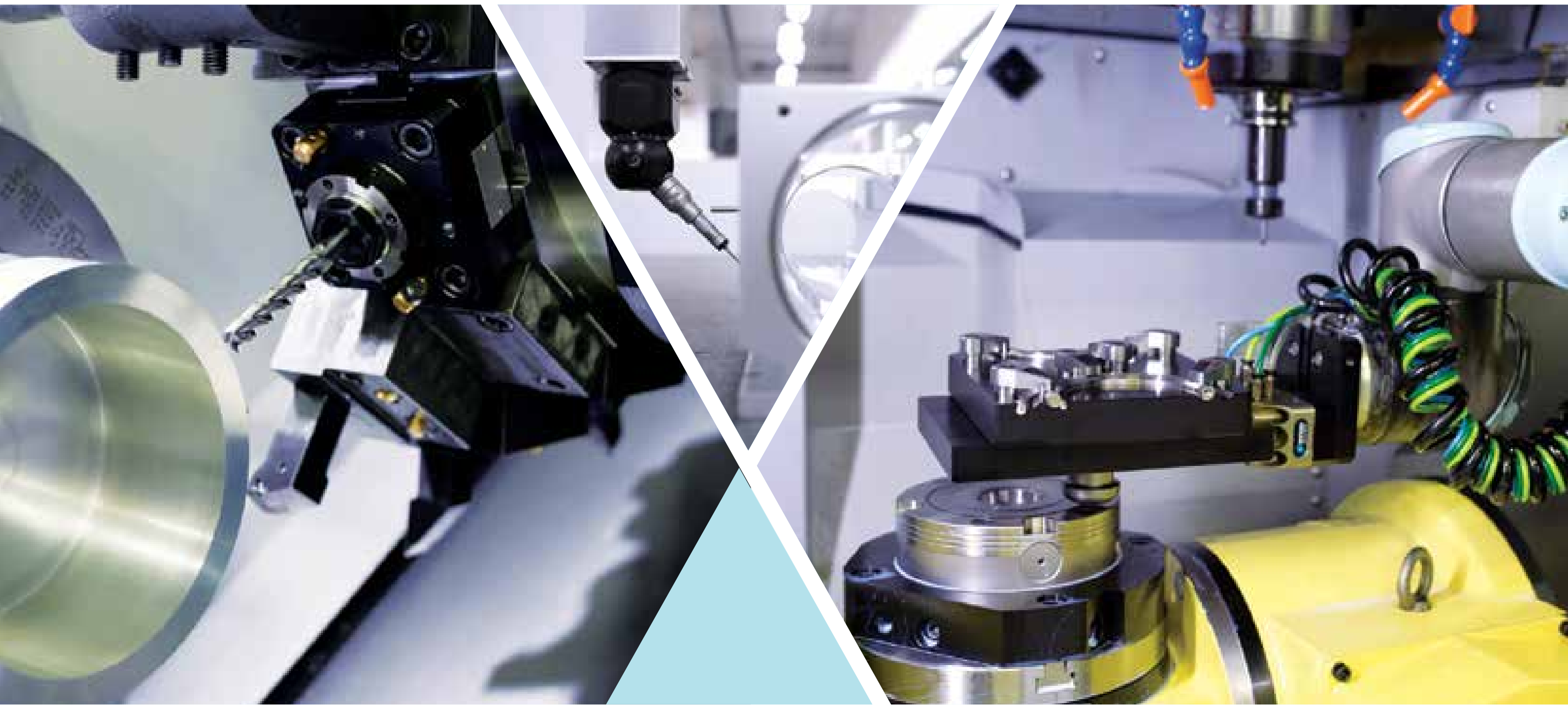
CEO's Operating and Financial Review

THE YEAR AHEAD

In 2018, we invested in the necessary equipment and capabilities to gear up for our next phase of growth. We then focused on connecting and consolidating our capabilities in 2019. In the coming year, we will be putting in place the necessary hardware, software and processes in the organisation to drive our growth in the existing and new business segments. We are on track to deliver pilot orders for new projects in the life sciences and medical sector and obtaining our ISO 13485 certification by end-2020. This ISO 13485 certification will offer customers in the life science and medical industries the added assurance that we have a comprehensive quality management system to deliver our services in a manner that consistently meets the applicable regulatory requirements.

On 26 February 2020, we announced the proposed acquisition of an industrial property in Penang, Malaysia, for a purchase price of RM12 million. The property has a land area of about 69,950 sq ft with a factory that has a floor area of 29,948 sq ft built upon it. We expect to complete the acquisition in mid-2020 and the factory to be operational by the fourth quarter of the financial year. The new factory is expected to double our capacity in Malaysia. Its location just beside of our existing factory will allow us to tap into cost efficiencies and create greater economies of scale from combining the activities of both facilities. The acquisition will be fully funded by internal resources and bank borrowings.

Our new factory in Suzhou, China, has been operational since January 2020. Currently, about 90% of activities at the facility is catered to orders from customers outside of China. This gives us significant headroom to grow our business in the domestic Chinese market. Notwithstanding disruptions to global supply chains, we believe there are many opportunities to be tapped when the COVID-19 situation stabilises. We have received several enquiries from companies looking to diversify their supply chains to Southeast Asia, and are hopeful about converting some of these enquiries into new business. We will also be progressively implementing new systems and software to our facilities in Malaysia and China, as part of our plans to raise our competitiveness and manage manpower challenges in the face of labour supply constraints and rising labour costs.



Bearing in mind the geopolitical uncertainties around the world, we will make a concerted effort to navigate the current market dynamics and stay ahead of the competition. We will leverage our diversification strategy to reach out to new customers in new sectors, thus minimising the pressure on the semiconductor and electronics industry brought by the US-China trade war. We are cautiously optimistic of the future demand for our products and services, and will remain adaptable to address challenges and seize opportunities as they arise.

APPRECIATION

Following our listing on the Singapore Exchange, we pressed on to deliver on our strategy and plans to create value for our stakeholders in 2019. I am grateful to all our staff and management, whose unwavering tenacity and dedication have allowed us to put our best foot forward for GVT.

I would like to extend my appreciation to our customers, business partners and bankers whose confidence and support for us has brought us to where we are today. To my fellow Board members, thank you for your guidance. I also wish to thank our shareholders for their continued trust in us.

I look forward to sharing our success with you.

Ng Wai Yuen, Julian
Chief Executive Officer

Board of Directors

LEE TIAM NAM, RICKY
Executive Chairman

Mr Ricky Lee, 59, is our Executive Chairman and is responsible for the overall strategic direction and development of our Group. He was one of our founding Directors and has been appointed to our Board since our incorporation on 17 September 2012, and was last re-elected on 29 April 2019. He also serves as a member of the Nominating Committee.

Mr Lee has over 37 years of experience in the manufacturing, assembly/servicing and precision engineering industries.

Mr Lee is a member of the school management committee of his alma mater, Chung Cheng High School, and was the president of the Society of Modern Management Singapore from 2013 to 2017.

Mr Lee began his career in 1982 as a machinist in Pan-World Precision Engineering Pte Ltd, and left in 1985 to start Square Contractor, a partnership engaged in the servicing and installation of vending machines. While at Square Contractor, Mr Lee founded Centrelines Precision Engineering, a partnership engaged in the installation of industrial machinery and equipment, and mechanical engineering works, in 1988 which was subsequently corporatised as Centrelines Engineering (S) Pte Ltd. In 1999, pursuant to the Singapore Economic Development Board's "3C" (co-investment, collaboration and consolidation) initiative, Centrelines Engineering (S) Pte Ltd merged with Norelco Precision Engineering Pte Ltd to form Norelco Centreline Pte Ltd, which was thereafter listed in 2001 under Norelco Centreline Holdings Limited. Mr Lee was a Managing Director of Norelco Centreline Holdings Limited until its subsequent merger with UMS Holdings Limited in 2004. Subsequently, in 2006, Mr Lee became an adviser to Eng Tic Lee Achieve Pte Ltd and was made a Director and its Executive Vice-Chairman in 2007. Eng Tic Lee Engineering (S) Pte Ltd was eventually listed in 2007 as ETLA Limited, and Mr Lee remained a director thereof until the start of 2011.

NG WAI YUEN, JULIAN
CEO and Executive Director

Mr Julian Ng, 48, is our Chief Executive Officer ("**CEO**") and Executive Director and is responsible for the overall management and growth of our Group. He was appointed to our Board on 22 September 2015.

Mr Ng has 20 years of experience in the manufacturing and precision engineering industries. Mr Ng began his career in 1993 as a Research Specialist with Singapore's Ministry of Defence. He then joined Norelco Centreline Pte Ltd in 1999 and rose to the position of Sales and Marketing Manager. In 2005, Mr Ng left to establish Achieve Manufacturing Solutions Pte. Ltd., which specialised in manufacturing and precision engineering. The assets of Achieve Manufacturing Solutions Pte Ltd were subsequently acquired by Eng Tic Lee Engineering (S) Pte Ltd in 2005 and pursuant thereto, Eng Tic Lee Engineering (S) Pte Ltd was renamed Eng Tic Lee Achieve Pte Ltd, and Mr Ng joined Eng Tic Lee Achieve Pte Ltd as its Sales and Marketing Director. Eng Tic Lee Achieve Pte Ltd was eventually listed in 2007 as ETLA Limited, and Mr Ng remained its Sales and Marketing Director until 2014 when he left to join our Company as our Sales and Marketing Director.

Mr Ng holds a Diploma in Shipbuilding & Offshore Engineering from Ngee Ann Polytechnic, Singapore, in 1993.

LIEW YOKE PHENG, JOSEPH
Lead Independent Director

Mr Joseph Liew, 64, is our Lead Independent Director and serves as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was appointed to our Board on 11 January 2019 and last re-elected on 29 April 2019.

Mr Liew is currently the Executive Chairman and Chief Executive Officer of Hoe Leong Corporation Limited, a Singapore-listed company. He is also a director of Lew Foundation and Char Yong (Dabu) Foundation. Mr Liew was General Manager of business compliance and senior adviser on internal audit at Giti Tire (China) Investment Company Ltd from 2014 to 2018. He was a consultant with GT Asia Pacific Holdings Pte Ltd from 2018 to 2019. Mr. Liew was also an independent director of Innovalues Holdings Limited from 2013 to 2017.

Mr Liew began his career in 1980 as an auditor with Peat Marwick, Mitchell & Co. (now part of KPMG). He then joined Caltex Asia Limited in 1982 as an internal auditor. From 1985 to 1988, Mr Liew was head of operations and information technology audit with Great Eastern Life Assurance Company Limited. Mr Liew then left to become director of Base Management Systems Pte. Ltd. in 1989, before returning to Great Eastern Life Assurance Company Limited in 1992 as head of internal audit. Subsequently, between 1995 and 2003, Mr Liew was a director of RSM Chio Lim Stone Forest Group of companies. Mr Liew joined Sunlife Everbright Life Insurance Company Limited in 2003 as its Chief Financial Officer, followed by Sage Software Asia Pte. Ltd, from 2006 to 2014, as its director and Asia regional Chief Financial Officer.

Mr Liew holds a Bachelor of Commerce from Nanyang University, Singapore. He is a Certified Information Systems Auditor, a Certified Fraud Examiner, a Fellow of the Institute of Singapore Chartered Accountants, a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and a member of the Singapore Institute of Directors.

PONG CHEN YIH
Independent Director

Mr Pong Chen Yih, 45, is our Independent Director and serves as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He was appointed to our Board on 11 January 2019 and last re-elected on 29 April 2019.

Mr Pong is the Chief Operating Officer of Novus Corporate Finance Pte. Ltd., a corporate finance firm licenced by both SGX-ST and the Monetary Authority of Singapore. Prior to joining Novus Corporate Finance Pte. Ltd., Mr Pong was the lead partner for the Singapore Capital Markets Group of Baker McKenzie Wong & Leow where he practiced law in the main areas of capital markets work, compliance, investments and mergers and acquisitions. Mr Pong has been in practice since May 2002 when he started his legal practice as an associate in Shook Lin & Bok LLP. He joined WongPartnership LLP as an associate in 2003 before becoming a partner in 2008. Mr Pong subsequently joined Baker Mckenzie Wong & Leow in 2014 prior to taking up his current position in Novus Corporate Finance Pte. Ltd. Mr Pong is an independent non-executive director of Singapore-listed Figtree Holdings Limited.

Mr Pong holds a Bachelor of Laws from the National University of Singapore.

HENG SU-LING, MAE
Independent Director

Ms Mae Heng, 49, is our Independent Director and serves as Chairman of the Remuneration Committee and a member of the Nominating and Audit Committees. She was appointed to our Board on 11 January 2019 and last re-elected on 29 April 2019.

Ms Heng spent over 17 years with Ernst & Young Singapore. She is also an independent non-executive director of Singapore-listed HRnet Group Limited, Chuan Hup Holdings Limited, Ossia International Limited and Malaysia-listed Apex Healthcare Berhad. Ms Heng also holds directorships in her family-owned investment holding companies.

Ms Heng holds a Bachelor of Accountancy from the Nanyang Technological University. She is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

Key Management

TAN CHUN SIONG
Chief Operating Officer ("**COO**")

Mr Tan Chun Siong is our COO and he assists our CEO and Executive Director, Mr Julian Ng, in overseeing our Group's operations. He joined our Group in February 2014. Mr Tan has over eighteen (18) years of experience in the manufacturing and precision engineering industries.

Mr Tan began his career in 1999 as an assistant engineer with Apple South Asia Pte. Ltd.. He then joined Norelco Centreline Pte Ltd in 2000 as an engineer and rose to become a project manager. In 2004, Mr Tan joined Eng Tic Lee Engineering (S) Pte Ltd as its project manager. Eng Tic Lee Engineering (S) Pte Ltd was subsequently renamed Eng Tic Lee Achieve Pte Ltd, and was eventually listed in 2007 as ETLA Limited, and Mr Tan advanced and remained its General Manager until 2014 when he left to join our Company as our Operation Director. Mr Tan was appointed as our COO in 2018.

Mr Tan graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic, Singapore, in 1997.

ROBBY SUCIPTO
Chief Financial Officer ("**CFO**")

Mr Robby Sucipto joined the Group in March 2020 as CFO. He is responsible for the accounting, financial administration, financial reporting, compliance, analysis and planning of our Group.

Backed by the Big 4 fundamentals in financial audit and M&A experiences, Mr Sucipto has more than 12 years of experience in delivering leadership and values to organisations through finance and accounting. Previously, Mr Sucipto served in Ernst & Young, KPMG, a group company of Hitachi Ltd and Singapore-listed company, Pacific Star Development Limited.

Mr Sucipto graduated with a Bachelor of Commerce (Double Major, Finance and Accounting) from Monash University. He is a member of Institute of Singapore Chartered Accountants and a certified Internal Auditor for ISO9001:2015, ISO14001:2015 and OHSAS18001.

LU JIN FENG, ALAN
General Manager (China)

Mr Alan Lu is our General Manager (China) and he assists our CEO and Executive Director, Mr Julian Ng, with the overall management and growth of Grand Venture Technology (Suzhou) Co., Ltd. ("**GVT Suzhou**"). He joined our Group in January 2018.

Mr Lu has over 20 years of experience in the manufacturing and precision engineering industries. Mr Lu began his career in 1997 as a technician and purchaser with Hongguan Technologies Machinery (Suzhou) Co., Ltd.. He then joined VDL Enabling Technologies Group of Suzhou Ltd. in 2001 as a purchaser. In 2008, Mr Lu left to start SIP Innovation. This was followed shortly thereafter with SIP Excellence in 2010. Further to the establishment of our wholly-owned subsidiary GVT Suzhou, and the subsequent acquisition by GVT Suzhou of the business and assets of SIP Innovation and SIP Excellence, Mr Lu became our General Manager (China) in January 2018.

Mr Lu graduated with a Diploma in Turn-mill Machining from the Suzhou Technician Institute, PRC, in 1997.

KONG SANG WAH
Managing Director (Malaysia)

Mr Kong Sang Wah is our Managing Director (Malaysia) and he assists our CEO and Executive Director, Mr Julian Ng, with the overall management and growth of Grand Venture Technology Sdn. Bhd. ("**GVT Malaysia**").

Mr Kong has over 30 years of experience in the manufacturing and precision engineering industries. Mr Kong began his career in 1988 as a machinist with Cosmo Engineering, a Malaysian partnership engaged in precision engineering. He then joined Centrelines Engineering (S) Pte Ltd in 1990 as a machinist. In 1993, Mr Kong left to start Centrepoint Precision Engineering, a Malaysian partnership engaged in precision engineering, with our Group Senior Director of Sales, Mr Saw Yip Hooi. This was followed by Centretechnics Engineering Works (PG) Sdn. Bhd. in 1994. Mr Kong then joined CF Engineering Sdn. Bhd. in 1995 as an Operations Manager, before returning to Centretechnics Engineering Works (PG) Sdn. Bhd. in 1997 as its Managing Director. Mr Kong then joined Norelco Centreline (PG) Sdn. Bhd. in 2000 as its Managing Director before moving to Norelco Centreline (M) Sdn. Bhd. in 2003 to be its director, and then Norelco-UMS (M) Sdn. Bhd. in 2005 (also to be its director). In 2008, he joined Ultimate Manufacturing Solutions (M) Sdn. Bhd. as its director and left in 2009 to be a full time private investor. Mr Kong then took over the operations of GVT Malaysia in 2010 with our Group Senior Director of Sales, Mr Saw Yip Hooi, and joined our Group in 2013 pursuant to our acquisition of GVT Malaysia by way of a share swap.

SAW YIP HOOI
Group Senior Director of Sales (Malaysia)

Mr Saw Yip Hooi is our Group Senior Director of Sales and he assists our Managing Director (Malaysia), Mr Kong Sang Wah, with driving the growth of GVT Malaysia.

Mr Saw has over 28 years of experience in the manufacturing and precision engineering industries. Mr Saw began his career in 1990 as a machinist with Centrelines Engineering (S) Pte. Ltd.. In 1993, Mr Saw left to start Centrepoint Precision Engineering, a Malaysian partnership engaged in precision engineering, with our Managing Director (Malaysia), Mr Kong Sang Wah. This was followed by Centretechnics Engineering Works (PG) Sdn. Bhd. in 1994 where he assumed the role of Director of Sales and Marketing. Mr Saw then joined Norelco Centreline (PG) Sdn. Bhd. in 2000 as its Sales and Program Director before moving to Norelco Centreline (M) Sdn. Bhd. in 2003 to be its Sales and Program Director, and then Norelco-UMS (M) Sdn. Bhd. in 2005 (also as its Sales and Program Director). In 2008, he joined Ultimate Manufacturing Solutions (M) Sdn. Bhd. as its Sales and Marketing Director and left in 2009 to be a full-time private investor. Mr Saw then took over the operations of GVT Malaysia in 2010 with our Managing Director (Malaysia), Mr Kong Sang Wah, and joined our Group in 2013 pursuant to our acquisition of GVT Malaysia by way of a share swap.

Mr Saw has Module Certificates in Turning, Milling and Grinding of the National Technical Certificate Grade 3 from the Institute of Technical Education, Singapore and the Vocational and Industrial Training Board of Singapore.

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

Grand Venture Technology Limited (the "**Company**" or "**GVT**") and its subsidiaries (the "**Group**") are committed to maintaining a high standard of corporate governance within the Group. The Company believes that good corporate governance is essential in preserving the interests of all stakeholders and strengthening investors' confidence in the Group thereby enhancing long-term shareholders' value.

This Report outlines the Company's corporate governance practices that were in place for the financial year ended 31 December 2019 ("**FY2019**") with specific reference made to the principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**"), which forms part of the continuing obligations of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"). The Board of Directors of the Company (the "**Board**") confirms that the Company has substantially complied with the principles and guidelines as set out in the Code. In areas where the Group has not complied with the Code, explanations have been provided.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The business and affairs of the Group are managed under the direction of the Board. Apart from its statutory duties and responsibilities, the key functions of the Board are to:

(a) provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) review Management's performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

(e) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, including environmental and social factors, as part of its strategic formulation.

The Board objectively discharge its duties and responsibilities at all times in the interest of the Company. Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction with the Group as soon as is practicable after the relevant facts have come to his/her knowledge.

To assist the Board in executing its responsibilities, the Board is supported by the Audit Committee, Nominating Committee and Remuneration Committee. These Committees function within clear written terms of reference, which are reviewed on a regular basis, to ensure effectiveness of each Committee. Any changes to the terms of reference for any Board Committee require the approval of the Board.

Matters which are specifically reserved for the Board's approval are material transactions, that do not ordinarily fall within the normal day-to-day operations of the Group, which include amongst others, investments, acquisitions and disposals, annual budgets, approval of annual reports and audited financial statements, declaration of dividends, convening of general meetings and approval of interested person transactions.

Formal Board meetings are held at least half yearly and ad-hoc meetings are convened when required. The Company's Constitution allows a Board meeting to be conducted through electronic means such as telephone and video conferences. Board and Board Committees' meetings have been scheduled well in advance in consultation with the Directors to ensure maximum attendance. Ad-hoc meetings will be convened where circumstances require as such.

The number of meetings held by the Board and Board Committees and attendance since 1 January 2019 to the date of this report is disclosed below:

Name of Directors	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Number of meetings attended								
Mr Lee Tiam Nam	7	7	NA	NA	3	3	NA	NA
Mr Ng Wai Yuen Julian	7	7	NA	NA	NA	NA	NA	NA
Mr Liew Yoke Pheng Joseph	7	7	5	5	3	3	3	3
Mr Pong Chen Yih	7	7	5	5	3	3	3	3
Ms Heng Su-Ling Mae	7	7	5	5	3	3	3	3

All Directors possess years of corporate experience and are familiar with their duties and responsibilities as Directors. Newly appointed Directors would receive a formal letter setting out the Director's duties and obligations.

Directors are provided with board papers and related materials, background or explanatory information relating to matters to be brought before the Board, prior to each Board and Board Committee meetings to enable the Board to make informed decisions. The Board also has separate and independent access to Management, the Company Secretary and external advisors (if necessary). Directors are entitled to request additional information from Management as and when required.

The Company will arrange orientation programs to familiarise new Directors with the Group's business activities and directions of the Group, as well as have meetings with senior management. As and where appropriate, the Company will also arrange and fund regular trainings for all Directors to ensure that Directors are updated on the latest governance and listing rules. Relevant courses include seminars conducted by the Singapore Institute of Directors or other training institutes.

Principle 2: Board Composition and Guidance

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.

The Board currently comprises five Directors, of whom two are Executive Directors and three are Non-executive and Independent Directors. As such, the Company complies with the recommendation under the Code that Non-executive directors should make up at least half of the Board.

The Company has also compiled with the Code which requires independent Directors to make up a majority of the Board where the Chairman of the Board ("**Chairman**") is not independent.

The criteria for independence are defined in the Code and the independence of each of the Directors is reviewed by the Nominating Committee. In accordance with the Code, the Board considers an "independent" Director as one who is independent in conduct, character and judgement, and 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.

The current Board of Directors and Board Committees comprise:

	Board members	Audit Committee	Nominating Committee	Remuneration Committee
Mr Lee Tiam Nam	Executive Chairman	-	Member	-
Mr Ng Wai Yuen Julian	Chief Executive Officer and Executive Director	-	-	-
Mr Liew Yoke Pheng Joseph	Lead Independent Director	Chairman	Member	Member
Mr Pong Chen Yih	Independent Director	Member	Chairman	Member
Ms Heng Su-Ling Mae	Independent Director	Member	Member	Chairman

Corporate Governance Report

The Board has examined its size in reference to current scope and nature of Group's operations, and is of the view that the current Board size of five Directors is appropriate and facilitates effective decision-making, after taking into account the scope and nature of the operations of the Group.

In addition, the current Board comprises Directors who as a group provide an appropriate balance and diversity of skills, including finance, legal, business and management experience as well as industry knowledge that are critical for the Group's business objectives. Key information regarding our Directors, such as academic and professional qualifications, is set out in the Annual Report under "Board of Directors".

There is no Independent Director who has served beyond 9 years since the date of his first appointment. All the Independent Directors were appointed on 11 January 2019.

The role of the Non-Executive Directors is to review Management's performance, monitor the Group's performance and constructively challenge and help to develop proposals on strategy. Non-Executive Directors may meet privately without the presence of Management to review any matter as an appropriate check and balance on Management. The chairman of such meetings provide feedback to the Board and/or Chairman as appropriate.

Principle 3: Chairman and Chief Executive Officer

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.

The Chairman is Mr Lee Tiam Nam who is an Executive Director. Mr Lee is responsible for the overall strategic direction and development of our Group.

The Group's Chief Executive Officer ("**CEO**") is Mr Ng Wai Yuen Julian who is responsible for the overall management and growth of Group.

The Company practices a clear division of responsibilities between the Chairman and the CEO. This ensures that an appropriate balance of power between the Chairman and the CEO, which facilitates accountability and aids the Board in making independent decisions. The Group keeps the posts of the Chairman and CEO separate and they are not related family members.

In accordance with the Code, the Company has appointed a Lead Independent Director, Mr Liew Yoke Pheng Joseph, who would be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer ("**CFO**") has failed to resolve or is inappropriate.

Principle 4: Board Membership

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.

The Board has established a Nominating Committee ("**NC**") to make recommendations to the Board on all board appointments. The NC comprises four Directors, the majority of whom, including the NC Chairman, are Independent Directors. The lead Independent Director is also a member of the NC.

The current NC comprises:

- Mr Pong Chen Yih (Chairman);
- Mr Liew Yoke Pheng Joseph;
- Ms Heng Su-Ling Mae; and
- Mr Lee Tiam Nam

The duties and responsibilities of the NC, under its terms of reference, are as follows:

(a) reviewing of succession plans for Directors, in particular, the appointment and/or replacement of our Chairman, CEO and Key Management Personnel;

(b) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Directors' contribution and performance;

(c) reviewing and determining the process and criteria for evaluation of the performance of our Board, its committees and our Directors;

(d) determining on an annual basis whether or not a Director is independent;

(e) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards as well as the Catalist Rules and the Code;

(f) reviewing the adequacy of training and professional development programmes for the Board and its Directors;

(g) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and

(h) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The NC has in place a formal process for the selection, appointment and re-appointment of Directors to the Board. In sourcing for new Directors, the NC will tap on recommendations of the Company's sponsors and the Directors' personal contacts for potential Board candidates, postings via Singapore Institute of Directors and engagement of executive recruitment consultants. In the selection process, the NC considers attributes such as balance and diversity of skills vis-à-vis existing Board members, industry knowledge, requirements of the Group and time commitment ability. Background checks are also carried out on the shortlisted Board candidate(s). The NC meets with the shortlisted Board candidates to assess their suitability and availability before making recommendations to the Board for its consideration and approval.

The NC determines annually, and as and when circumstances require, if a Director is independent in accordance with the guidelines stipulated in the Code. The NC also decide whether Directors, who have multiple board representations, have sufficient time and attention given to the affairs of the Company. Key information regarding directors, including their directorships in listed companies and principal commitments, is set out in the Annual Report under "Board of Directors".

According to the Company's Constitution, every Director shall retire from office at least once every three years and for this purpose, at each Annual General Meeting ("**AGM**"), one-third of the Directors shall retire from office by rotation. The retiring Directors are eligible to offer themselves for re-election. Each member of the NC shall abstain from voting on any resolutions in respect of his re-nomination as a Director.

The Board, which comprises of a majority of Independent Directors, has a strong and independent element and hence, no individual or small group of individual dominates the Board's decision-making process. During FY2019, there was no alternate Director on the Board.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr Ng Wai Yuen Julian and Mr Pong Chen Yih who will be retiring pursuant to Regulation 117 of the Constitution of the Company at the forthcoming AGM.

If re-elected as a Director of the Company:

(a) Mr Ng Wai Yuen Julian will remain as the CEO and Executive Director of the Company; and

(b) Mr Pong Chen Yih will remain as an Independent Director of the Company, the Chairman of the NC and a member of the AC and the RC.

Mr Pong Chen Yih will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Principle 5: Board Performance

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

A formal assessment process is in place to assess the effectiveness of the Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board.

The NC has adopted the performance evaluation forms recommended by the Singapore Institute of Directors. The evaluations are conducted annually. As part of the process, the Directors will complete the evaluation forms which are collated by the Company Secretary, who will then summarise the results of the evaluation and present it to the NC. Recommendations for improvement are then submitted to the Board for discussion and for implementation in areas where the performance and effectiveness could be enhanced. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board's decision making processes, strategic planning, board information and accountability, board performance in relation to discharging its principal functions and financial targets.

The evaluation of the Board is to be performed annually by having all members complete Board and individual Directors' evaluation questionnaires individually based on the above assessment parameters.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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.

The Remuneration Committee ("**RC**") is established to review and recommend to the Board a general framework of remuneration for the Board and Key Management Personnel. The RC reviews and recommends to the Board the specific remuneration packages for each Director as well as for the Key Management Personnel. The RC's recommendations should be submitted for endorsement by the Board. The RC covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

The RC comprises three Independent Directors, namely:

- Ms Heng Su-Ling Mae (Chairman);
- Mr Liew Yoke Pheng Joseph; and
- Mr Pong Chen Yih

The duties and responsibilities of the RC, under its terms of reference, are as follows:

(a) reviewing and approving the Company's policy for determining executive remuneration including the remuneration of the CEO, Executive Directors, and key management executives (the "**Key Management Personnel**");

(b) reviewing the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;

(c) considering, reviewing and approving and/or vary (if necessary) the entire specific remuneration package and service contract terms for each Key Management Personnel and any employee related to the Directors, CEO or substantial shareholders, if any (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts);

(d) considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to Key Management Personnel and employees related to the Directors, CEO or substantial shareholders, if any;

(e) obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;

(f) reviewing and approve the design of all option plans, stock plans and/or other equity based plans;

(g) for each equity based plan, determining whether awards will be made under that plan;

(h) reviewing and approving each award as well as the total proposed awards under each plan in accordance to the rules governing each plan, including awards to Directors and Key Management Personnel;

(i) reviewing, approving and keeping under review performance hurdles and/or fulfilment of performance hurdles for each equity based plan; and

(j) approving the remuneration framework (including Directors' fees) for non-executive Directors of the Company.

The RC can seek expert advice, where necessary, inside and/or outside the Company on remuneration of all Directors, at the Company's expense. No remuneration consultants were engaged by the Company for the financial year 2019.

No Director is involved in deciding his own remuneration.

The Company has entered into service agreements (the "**Service Agreements**") dated 14 December 2018 with Mr Lee Tiam Nam (Chairman) and Mr Ng Wai Yuen Julian (CEO) respectively, taking effect from the date of admission of the Company to the Catalist Board of Singapore Exchange Securities Trading Limited on 23 January 2019. The parties may terminate the respective Service Agreements by giving the other party not less than three months' notice in writing and does not contain onerous termination clauses.

The termination clauses contained in the contracts of service for Key Management Personnel are fair and reasonable and not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Principle 7: Level and Mix of Remuneration

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.

The remuneration policy of the Group is designed to attract, retain and motivate Executive Directors and Key Management Personnel and at the same time link rewards to corporate and individual performance so as to align with the interest of shareholders and promote the long-term success of the Group.

Total remuneration package of Executive Directors and Key Management Personnel comprises fixed cash component of salary and allowances, variable performance incentives and contributions to the Central Provident Fund. Variable performance incentives are tied to the performance of the Group or business unit and the individual's performance. The RC conducts annual review to ensure that the remuneration paid to Executive Directors and Key Management Personnel is in line with industry norms and commensurate with the performance of each employee.

The Company also has in place long-term incentive schemes such as GVT Share Plan and GVT Employee Share Option Scheme as set out in the Company's Offer Document dated 15 January 2019. Both schemes shall be administered by the Administration Committee, which is also the Remuneration Committee. Currently, no shares awards or share options have been granted under the two schemes since their commencement.

The Group does not use contractual provisions 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 Group believes that such exceptional events could tantamount to breach of fiduciary duties of the executive Directors and Key Management Personnel, which would provide the Group with legal remedies.

Non-executive Directors do not have any service agreements with the Company and receive Directors' fees, in accordance with their level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors. The Independent Directors do not receive any other forms of remuneration from the Company. Executive Directors do not receive Directors' fees. Directors' fees of S$100,000 for the year ending 31 December 2020 has been proposed for the shareholders' approval at the forthcoming AGM.

Principle 8: Disclosure on Remuneration

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.

The remuneration bands of the Directors of the Company for FY2019 are as follows:

Name of Directors	Fixed Salary (%)	Variable Bonus (%)	Total (%)
S$250,001 – S$500,000			
Mr Lee Tiam Nam[1]	86.7%	13.3%	100%
Mr Ng Wai Yuen Julian	87.1%	12.9%	100%

[1] Mr Lee Tiam Nam is a deemed substantial shareholder of the Company.

The Group only have five Key Management Personnel (who are not Directors or CEO). The remuneration bands of the Key Management Personnel for FY2019 are as follows:

Name of Key Management Personnel	Fixed Salary (%)	Variable Bonus (%)	Total (%)
S$250,001 – S$500,000			
Mr Tan Chun Siong	87.1%	12.9%	100%
Below S$250,000			
Mr Kong Sang Wah	93.1%	6.9%	100%
Mr Saw Yip Hooi	93.1%	6.9%	100%
Mr Alan Lu	92.4%	7.6%	100%
Mr Wang Leon Kai[1, 2]	94.1%	5.9%	100%

[1] Mr Wang Leon Kai has resigned as the CFO of the Company on 31 January 2020.

[2] Mr Robby Sucipto was appointed as the CFO of the Company on 4 March 2020.

The total remuneration paid to the above Directors and Key Management Personnel for FY2019 was S$1,531,000.

The Company is of the view that full disclosure of the actual remuneration of each individual Director, CEO and Key Management Personnel is not in the interest of the Company due to the confidentiality and sensitivities of remuneration matters and that the disclosure in S$250,000 bands enables investors to understand the link between performance and remuneration paid to Directors and Key Management Personnel.

There are no termination, retirement or post-employment benefits granted to Directors, CEO and other Key Management Personnel.

The details of the employees who are immediate family members of a Director or CEO whose remuneration exceeds S$50,000 during the FY2019 are as follows:

Name of employees	Relationship with Director	Designation and responsibilities
S$100,001 – S$150,000		
Mr Lee Ching Ann	Younger brother of Mr Lee Tiam Nam	Sales Manager who is responsible for managing and maintaining certain key customer relationship.
S$50,001 – S$100,000		
Mr Lee Peng Guan	Younger brother of Mr Lee Tiam Nam	Senior Engineer who is responsible for optimising the operational processes and methods.
Mr Lee Ban Seng	Nephew of Mr Lee Tiam Nam	Operation Manager who is responsible for handling day-to-day operations where he oversees projects.
Mr Lee Ban Sing	Son of Mr Lee Tiam Nam	Procurement Engineer who is responsible for supplier management including price negotiations and cost reduction efforts for the Company.

The remuneration of the employees who are related to our Directors and Substantial Shareholders will be reviewed annually by the RC to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of the RC. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of the NC and RC. In the event that a member of the NR or RC is related to the employee under review, he will abstain from the review.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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.

The Board is assisted by the Audit Committee to oversee the Group's risk management framework and policies. The Board recognises the importance to maintain a good system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. However, the Board is also mindful that internal controls can only provide reasonable and not absolute assurance to totally guard against human errors, poor judgement or fraud in a cost effective manner.

Since the financial year 2018, the Group has appointed Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") as internal auditors to evaluate and test the adequacy and effectiveness of internal controls in selected areas that are in place in major operating companies in Malaysia, Singapore and China. The internal audit review will be conducted with a view to identify control gaps in the current business processes, ensure that operations were conducted within the policies and procedures laid down and identify areas for improvements, where controls can be strengthened.

In addition, the external auditors will also highlight internal control weaknesses which may have come to their attention in the course of their statutory audit. All external and internal audit findings and recommendations will be reported to the AC.

The Board has received assurance from the Chairman and CEO 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. Such assurance was obtained from the Chairman (instead of CFO) as Mr Wang Leon Kai (CFO) had left the Company on 31 January 2020, prior to the finalisation of the FY2019 financial results.

The Board has also received assurance from the CEO and Chief Operating Officer ("**COO**") that the Group's risk management and internal control systems are effective.

Based on the foregoing, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems of the Group were adequate and effective for the FY2019.

Principle 10: Audit Committee

The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises three Independent Directors, namely:

- Mr Liew Yoke Pheng Joseph (Chairman);
- Mr Pong Chen Yih; and
- Ms Heng Su-Ling Mae

The duties and responsibilities of the AC, under its terms of reference, are as follows:

(a) assisting the Board in the discharge of its responsibilities to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control of the Company, with the overall objective of ensuring that the management of the Company creates and maintains an effective control environment in the Group;

(b) reviewing with the external auditors, the audit plans, their audit report, their management letter and response from Management;

(c) considering the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external auditors;

(d) making recommendations to the Board on the proposals to the shareholders on the appointment and removal of external auditors and the remuneration and terms of engagement of the external auditors;

(e) reviewing with the internal auditors the internal audit plans and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report, where necessary;

(f) reviewing, at least annually, the effectiveness and adequacy of our internal control and procedures and ensure coordination between the external auditors and Management, and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of Management where necessary);

(g) reviewing the co-operation given by the Company's officers to external auditors;

(h) reviewing the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(i) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the financial performance;

(j) reviewing the assurance from CEO and CFO on the financial records and financial statements;

(k) reviewing and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and response from Management;

(l) reviewing transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(m) reviewing potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;

(n) reviewing the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(o) reviewing the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

(p) undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(q) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

(r) reviewing arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(s) reviewing our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

(t) reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group; and

(u) reviewing the whistle-blowing policy and procedures.

The AC has the authority to investigate any matters within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC can seek professional advice, where necessary, and at the Company's expense.

The AC comprises three directors, and all of whom, including the AC Chairman, are non-executive and independent. Two of the AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. The AC members are not former partner or Director of the Company's existing auditing firm and they have no financial interest in such auditing firm.

The AC has met the internal auditors and external auditors, without the presence of management, in August 2019 and February 2020 respectively.

The AC has reviewed the independence of the external auditors. For the FY2019, there were no non-audit services fees paid or payable to the Company's auditor. The AC is satisfied that the independence and objectivity of the External Auditors will not be prejudiced.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the proposed re-appointment of the External Auditors.

The Group does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by employees in the course of their work and has in place a whistle blowing policy in February 2019. Employees of the Group and any other persons are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting and other malpractices at the earliest opportunity to the AC Chairman, and the identity of the whistleblower would be treated with strict confidentiality.

The Company has outsourced its internal audit function to FKT to assist the Company in reviewing the design and effectiveness of key internal controls which address financial, operational, compliance and information technology risks and the Company's risk management policy and system as a whole. The AC will review and approve the annual internal audit plan and the appointment and remuneration of the internal auditor. The internal auditor reports directly to the AC on audit matters and to the CEO on administrative matters.

The Internal Auditor shall carry out its function according to International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

AC members have to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. This is done via regular updates and briefings provided by the external auditors to the AC as well as accounting standards update seminars conducted by various accounting firms or professional bodies.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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.

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

The Company announces financial information, major developments and other price sensitive information on the SGXNET in a timely manner to ensure investors are kept abreast of the Group's developments.

Shareholders are encouraged to actively participate at the Company's general meetings. All shareholders of the Company will receive the annual report, circulars and notices of all shareholders' meetings. The notices will be advertised in the newspapers and made available on SGXNET. All shareholders are entitled to vote and the Company will conduct poll voting for all resolutions to be passed at general meetings.

To facilitate and encourage such participation, all the Directors intend to be present and available to address shareholders' queries at the forthcoming AGM. All Directors were present at last year's AGM held on 29 April 2019.

The external auditors would also be present to address any shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Minutes of general meetings of shareholders will be published on the Company's website at www.gvt.com.sg as soon as practicable. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Directors and Management.

If any shareholder is unable to attend, the shareholder is allowed to appoint up to two proxies to attend, speak and vote on his/her behalf at the general meeting through proxy form sent in advance, at least 72 hours before the time of the meeting. The Company's Constitution allows corporations which are considered "relevant intermediary" to appoint more than two proxies to attend, speak and vote at the general meeting.

The Company ensures that there are separate resolutions at general meetings on each substantially separate issue. For greater transparency, the Company will put all resolutions to vote by poll and make an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be presented and announced on the same day.

The Company does not have a fixed dividend policy. The Board will take into account various factors, including but not limited to, earnings, cash flow requirements, plans for expansion, availability of distributable reserves, in determining the form, frequency and amount of dividends to recommend or declare in each particular year or period.

For the FY2019, no final dividend has been declared or recommended by the Directors as the Group wishes to reserve its cash resources for business growth.

Principle 12: Engagement with Shareholders

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.

Communication with shareholders are mainly made via SGXNET. This includes half-yearly financial results announcements, public announcements on major developments and price-sensitive information and annual reports. Some of these documents are also made available on the Company's website.

The Company has engaged Ark Advisors Pte Ltd to assist the Company in handling the investor relations matters who focus on facilitating the communications with all stakeholders on a regular basis and attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

Online submission form is available on the Company's website which also include email addresses and contact numbers for operating companies in Singapore, Malaysia and China. It allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Shareholders may contact the Company with questions and receive responses in a timely manner.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

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

The Board regularly engaged the stakeholders through various means and communication channels. The relationships with material stakeholders have an impact on the company's long term sustainability, service and products standards. By considering and balancing the needs and interests of material stakeholders, it would ensure the interests of the company are best served. The material stakeholders of the Company include investors, employees, customers, investors, government and regulators as well as the community.

The Company's website provides a platform to allow communication and engagement with stakeholders.

OTHER CORPORATE GOVERNANCE MATTERS

Dealings in the Company's Securities

In compliance with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal code of best practices on securities transactions by the Company and its officers. All Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Group's half-year and full-year financial results. Officers should also not deal in the Company's securities on short term considerations and the law of insider trading has to be observed and complied with at all times when officers are in possession of unpublished price sensitive information. Directors and CEO of the Company are required to notify the Company of their dealings in the Company's securities within two business days. Reminders are sent via email to all Directors and key employees.

Interested Person Transactions

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length commercial terms basis. Any Director who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a) of the Catalist Rules.

Corporate Governance Report

As disclosed in the Company's Offer Document dated 15 January 2019, Mr Lee Tiam Nam, our Executive Chairman had since our establishment and up to the FY2019 extended unsecured loans of up to S$8,000,000 to the Group for driving its expansion.

As the loans were unsecured and did not have a fixed repayment date, it was not made on an arm's length basis. While the loans were not made on normal commercial terms, the Directors are of the view that the loans were not prejudicial to the interest of the Group as the loans were unsecured and bear interest at a rate lower than that for unsecured loans from banks and financial institutions.

For the FY2019, the interest paid to Mr Lee Tiam Nam for extending the unsecured loan amounted to S$149,000.

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Mr Lee Tiam Nam	Chairman and deemed substantial shareholder	S$149,000

Other than the above transaction with Mr Lee Tiam Nam, there was no interested person transaction which was more than S$100,000 entered into during the FY2019. The Group has also not obtained any general mandate for interested person transactions.

Material Contracts

Save for the Service Agreements between the Company and the Executive Directors, there were no material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder during the FY2019.

Use of IPO Proceeds

As at the date of this Annual Report, the use of IPO proceeds is as follows:

Intended Usage in accordance with the Offer Document	Allocated S$'000	Utilised S$'000	Balance S$'000
Investing and enhancing operational and engineering capabilities	7,500	7,500	-
Expansion via mergers and acquisitions, joint ventures and partnerships	1,500	-	1,500
General working capital	1,404	1,404	-
Repayment of bank borrowings	500	500	-
Listing Expenses	2,300	2,300	-
Total	**13,204**	**11,704**	**1,500**

Details for working capital used:	S$'000
Professional fees	310
Directors' fees	100
Rental, office expenditure and other operating expenses	994
Total	**1,404**

Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, in FY2019.

CORPORATE SOCIAL RESPONSIBILITY

We recognise that for long-term sustainability, we need to look beyond the financial parameters and strike a balance between business profitability and corporate social responsibility. We have taken various steps to play our part in contributing to the welfare of the society and communities in the environment we operate in. Hence, we support important causes such as environmental preservation, donation to the needy, and community services.

We regularly support various services and activities within our community. We have made donations to registered charitable organisations.

Supplemental Information On Directors Seeking For Re-Election

(Pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules)

Name of Directors	Mr Ng Wai Yuen Julian	Mr Pong Chen Yih
Date of appointment	22 September 2015	11 January 2019
Date of last re-appointment	23 May 2016	29 April 2019
Age	48	45
Country of principal residence	Singapore	Singapore
The Board's comments on the re-appointment	Mr Ng has about 20 years' experience in the manufacturing and precision engineering industries. His experience, expertise, knowledge and skills will continue to contribute to the Group. The Nominating Committee and the Board recommend the re-appointment of Mr Ng as the Executive Director of the Company.	Mr Pong has been in the legal practice since 2002. He is now the Chief Operating Officer of Novus Corporate Finance Pte. Ltd., a corporate firm licenced by both SGX-ST and the Monetary Authority of Singapore. With his extensive legal knowledge, he will be able to provide greater balance to the core competencies of the Board. The Nominating Committee and the Board recommend the re-appointment of Mr Pong as the Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead Independent Director, AC Chairman, AC Member etc.)	Chief Executive Officer Executive Director	Independent Director Chairman of the Nominating Committee Member of the Audit Committee Member of the Remuneration Committee
Professional qualifications	Diploma in Shipbuilding & Offshore Engineering from Ngee Ann Polytechnic, Singapore	Bachelor of Laws from the National University of Singapore
Working experience and occupation(s) during the past 10 years	ETLA Limited - Sales and Marketing Director (2005 to 2014) Grand Venture Technology Limited (2015 to present)	WongPartnership LLP – Partner (2008 to 2013) Baker McKenzie Wong & Leow – (2014 to 2018) Novus Corporate Finance Pte. Ltd (2018 to present)
Shareholding interest in the listed issuer and its subsidiaries	NIL	NIL

Name of Directors	Mr Ng Wai Yuen Julian	Mr Pong Chen Yih
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	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	Past (for the last 5 years): NIL Present: Directorships: Grand Venture Technology Limited Other Principal Commitments: NIL	Past (for the last 5 years): NIL Present: Directorships: Grand Venture Technology Limited Figtree Holdings Limited Other Principal Commitments: Chief Operating Officer – Novus Corporate Finance Pte. Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(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

Supplemental Information On Directors Seeking For Re-Election

(Pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules)

Name of Directors	Mr Ng Wai Yuen Julian	Mr Pong Chen Yih
(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

Name of Directors	Mr Ng Wai Yuen Julian	Mr Pong Chen Yih
(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

Supplemental Information On Directors Seeking For Re-Election

(Pursuant to Rule 720(5) and Appendix 7F of the Catalist Rules)

Name of Directors	Mr Ng Wai Yuen Julian	Mr Pong Chen Yih
(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 (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 (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during 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

Financial Statements

Directors’ Statement

The Directors wish to present their statement to the members together with the audited consolidated financial statements of Grand Venture Technology Limited (the “**Company**”) and its subsidiary companies (collectively, the “**Group**”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

Opinion of The Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lee Tiam Nam
Ng Wai Yuen Julian
Liew Yoke Pheng Joseph
Pong Chen Yih (Feng Zengyu)
Heng Su-Ling Mae

Arrangements to enable Directors to acquire shares and debentures

Except as described under “Directors’ interest in shares and debentures”, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors’ interest in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors’ shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Direct interest		Deemed interest	
Name of Director	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
<u>The Company</u>				
Ordinary shares				
Lee Tiam Nam	–	187,400	133,472,000	133,472,000
Ng Wai Yuen Julian	–	–	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Options

During the financial year:

(a) No options have been granted by the Company to any person to take up unissued shares in the Company, and

(b) No shares have been issued by virtue of any exercise of option to take up unissued shares of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Lee Tiam Nam Director	**Ng Wai Yuen Julian** Director

Singapore
27 March 2020

Independent Auditor's Report

to the members of Grand Venture Technology Limited

For the financial year ended 31 December 2019

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Grand Venture Technology Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the 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)**") 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 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code"**) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill impairment assessment

As at 31 December 2019, the carrying value of Group's goodwill is $1,849,000, representing 2.5% of the Group's total assets and 4.8% of the Group's non-current assets. Management identified the cash-generating units ("**CGUs**") to be the Company's subsidiaries, Grand Venture Technology Sdn. Bhd. and Grand Venture Technology (Suzhou) Co., Ltd., and allocated goodwill to these two CGUs. The recoverable values of the CGUs have been determined based on value-in-use calculations using cash flow projections approved by management. Given the magnitude of the carrying value of goodwill and goodwill impairment assessment involved significant management judgement, we considered this to be a key audit matter.

Our procedures included, amongst others, understanding management's impairment assessment process and assessing management's identification of CGUs, to which the goodwill have been allocated to. We assessed the appropriateness of the method used by management to estimate the recoverable values and evaluated the key assumptions used in the impairment test, such as revenue growth rates and pre-tax discount rates. We assessed the reasonableness of the revenue growth rates by comparing them to historical performance. We involved our internal valuation specialists to review the reasonableness of the pre-tax discount rates. We reviewed management's analysis of the sensitivity of the value-in-use calculations to a reasonably possible change in the key assumptions. We also assessed the adequacy of the disclosures in Note 11 to the consolidated financial statements.

Other information

Management is responsible for 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), 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 skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.

- 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 period 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 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 Teo Li Ling.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore

27 March 2020

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	4	40,074	40,997
Cost of sales		(25,158)	(26,168)
Gross profit		14,916	14,829
Other operating income	5	627	1,284
Selling and distribution costs		(519)	(642)
General and administrative expenses		(8,117)	(6,918)
Other operating expenses		(1,971)	(1,721)
Finance costs	6	(1,093)	(929)
Profit before tax	7	3,843	5,903
Income tax expense	8	(746)	(1,215)
Profit after tax		3,097	4,688
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		(139)	(125)
Total comprehensive income for the financial year attributable to owners of the Company		2,958	4,563
Earnings per share (cents per share)			
- Basic and diluted	9	1.34	2.67

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Property, plant and equipment	10	30,185	24,068	12,938	10,735
Right-of-use assets	23	4,501	–	1,619	–
Intangible assets	11	2,040	2,079	–	–
Investments in subsidiaries	12	–	–	12,085	10,390
Prepayments		639	312	361	293
Loans to a subsidiary	17	–	–	2,000	720
Deferred tax assets	13	1,084	1,185	521	667
		38,449	27,644	29,524	22,805
Current assets					
Cash and bank balances	14	5,769	2,472	2,721	629
Trade and other receivables	15	12,993	9,573	6,009	4,296
Prepayments		698	1,085	32	713
Inventories	16	15,696	10,575	5,128	2,784
Loans to a subsidiary	17	–	–	4,900	4,100
		35,156	23,705	18,790	12,522
Total assets		73,605	51,349	48,314	35,327
Current liabilities					
Trade and other payables	18	10,696	10,782	4,761	6,461
Loans and borrowings	20	12,281	10,271	7,764	7,025
Lease liabilities	23	658	–	27	–
Deferred income	21	188	4	188	4
Provision for income tax		157	130	–	–
		23,980	21,187	12,740	13,490
Net current assets/(liabilities)		11,176	2,518	6,050	(968)
Non-current liabilities					
Shareholder loan	19	5,000	5,600	5,000	5,600
Loans and borrowings	20	9,191	8,507	4,583	4,956
Lease liabilities	23	3,890	–	1,628	–
Deferred income	21	43	4	43	4
		18,124	14,111	11,254	10,560
Total liabilities		42,104	35,298	23,994	24,050
Net assets		31,501	16,051	24,320	11,277
Equity attributable to owners of the Company					
Share capital	22	27,843	15,351	27,843	15,351
Currency translation reserve		(1,012)	(873)	–	–
Retained earnings/(accumulated losses)		4,670	1,573	(3,523)	(4,074)
Total equity		31,501	16,051	24,320	11,277

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2019

Group	Note	Share capital	Currency translation reserve	Retained earnings/ (accumulated losses)	Total
		$'000	$'000	$'000	$'000
Balance as at 1 January 2018		10,744	(748)	(3,115)	6,881
Transactions with owners, recognised directly in equity					
Conversion of convertible loan	22	2,407	–	–	2,407
Shares issued for acquisition of business	12	2,200	–	–	2,200
Total		4,607	–	–	4,607
Total comprehensive income for the year					
Profit for the year		–	–	4,688	4,688
Other comprehensive income for the year		–	(125)	–	(125)
Total comprehensive income for the year		–	(125)	4,688	4,563
Balance as at 31 December 2018		15,351	(873)	1,573	16,051
Balance as at 1 January 2019		15,351	(873)	1,573	16,051
Transactions with owners, recognised directly in equity					
Shares issued	22	13,204	–	–	13,204
Shares issuance expense	22	(712)	–	–	(712)
Total		12,492	–	–	12,492
Total comprehensive income for the year					
Profit for the year		–	–	3,097	3,097
Other comprehensive income for the year		–	(139)	–	(139)
Total comprehensive income for the year		–	(139)	3,097	2,958
Balance as at 31 December 2019		27,843	(1,012)	4,670	31,501

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2019

Company	Note	Share capital $'000	Accumulated losses $'000	Total $'000
Balance as at 1 January 2018		10,744	(3,882)	6,862
Conversion of convertible loan	22	2,407	–	2,407
Shares issued for acquisition of business	12	2,200	–	2,200
Loss for the year, representing total comprehensive income for the year		–	(192)	(192)
Balance as at 31 December 2018		15,351	(4,074)	11,277
Balance as at 1 January 2019		15,351	(4,074)	11,277
Shares issued	22	13,204	–	13,204
Share issuance expense	22	(712)	–	(712)
Profit for the year, representing total comprehensive income for the year		–	551	551
Balance as at 31 December 2019		27,843	(3,523)	24,320

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019	2018
		$'000	$'000
Operating activities			
Profit before taxation		3,843	5,903
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	7	4,906	3,674
Amortisation expense	7	24	24
Amortisation of deferred income	21	(96)	(4)
Loss on disposal of property, plant and equipment	7	4	2
Interest income	5	(22)	(9)
Interest expense	6	1,093	929
(Write-back)/allowance for expected credit loss	7	(4)	17
Inventories written-down		20	–
(Write-back)/provision for unutilised leave		(86)	67
Provision for sales rebate		53	–
Unrealised foreign exchange gain		(219)	(101)
Operating cash flows before changes in working capital		9,516	10,502
Increase in trade and other receivables		(3,448)	(890)
Increase in inventories		(4,918)	(4,171)
Increase in prepayments		(663)	(1,063)
Increase in trade and other payables		197	3,591
Cash flows generated from operations		684	7,969
Income tax paid		(618)	(731)
Interest received		22	9
Interest paid		(1,284)	(922)
Net cash flows (used in)/generated from operating activities		(1,196)	6,325
Investing activities			
Purchase of property, plant and equipment	10	(6,026)	(5,175)
Proceeds from disposal of property, plant and equipment		21	2
Capital expenditure grant received	21	319	12
Net cash outflow on acquisition of business	12	–	(755)
Net cash flows used in investing activities		(5,686)	(5,916)
Financing activities			
Proceeds from issuance of shares	22	13,204	1,200
Repayment of hire purchases	20	(2,387)	(2,485)
Payment of principal portion of lease liabilities	20	(278)	–
Proceeds from/(repayment of) trade financing		481	(179)
Proceeds from loans and borrowings		2,093	4,270
Repayment of loans and borrowings		(2,017)	(1,000)
Proceeds from advances from a shareholder		–	1,000
Repayment of shareholder loan	20	(600)	(2,300)
Increase in placement of short-term fixed deposits		(16)	(268)
Net cash flows generated from financing activities		10,480	238
Net increase in cash and cash equivalents		3,598	647
Effect of foreign exchange rate changes, net		(43)	(8)
Cash and cash equivalents at the beginning of the year		1,832	1,193
Cash and cash equivalents at the end of the year	14	5,387	1,832

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company (Registration No. 201222831E) is incorporated in Singapore with its principal place of business and registered office at 2 Changi North Street 1, GVT Building, Singapore 498828. Its immediate and ultimate holding company is Metalbank Singapore Pte. Ltd.

The principal activities of the Company are that of manufacturing complex precision machining and sheet metal components and modules. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

On 23 January 2019, the Company's ordinary shares were listed on Catalist Board of Singapore Exchange Securities Trading Limited (the "**Listing**").

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 New accounting standards effective on 1 January 2019

The accounting policies adopted are consistent with those previously applied except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2019. Except for the impact arising from the adoption of SFRS(I) 16 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases–Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application. The Group also elected to use recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.18 for the accounting policy prior to 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

2. Summary of significant accounting policies (cont'd)

2.2 New accounting standards effective on 1 January 2019 (cont'd)

SFRS(I) 16 *Leases* (cont'd)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The right-of-use assets for leases were recognised based on 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 balance sheet immediately before the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The effect of adopting SFRS(I) 16 on the Group as at 1 January 2019, as follows:

		Group	
	31 December 2018	Effect of adoption of SFRS(I) 16	1 January 2019
	$	$	$
Non-current assets			
Right-of-use assets	–	1,884	1,884
Other non-current assets	27,644	–	27,644
	27,644	1,884	29,528
Current assets	23,705	–	23,705
Total assets	51,349	1,884	53,233
Current liabilities			
Lease liabilities	–	73	73
Other current liabilities	21,187	–	21,187
	21,187	73	21,260
Non-current liabilities			
Lease liabilities	–	1,811	1,811
Other non-current liabilities	14,111	–	14,111
	14,111	1,811	15,922
Total liabilities	35,298	1,884	37,182
Net assets	16,051	–	16,051
Total equity	16,051	–	16,051

Based on the above, as at 1 January 2019:

- Right-of-use assets of $1,884,000 were recognised in the Group's balance sheet; and
- Additional lease liabilities of $1,884,000 were recognised in the Group's balance sheet.

2. Summary of significant accounting policies (cont'd)

2.2 New accounting standards effective on 1 January 2019 (cont'd)

SFRS(I) 16 *Leases* (cont'd)

The effect of adopting SFRS(I) 16 on the Company as at 1 January 2019, as follows:

	31 December 2018	Company Effect of adoption of SFRS(I) 16	1 January 2019
	$	$	$
Non-current assets			
Right-of-use assets	–	1,681	1,681
Other non-current assets	22,805	–	22,805
	22,805	1,681	24,486
Current assets	12,522	–	12,522
Total assets	35,327	1,681	37,008
Current liabilities			
Lease liabilities	–	26	26
Other current liabilities	13,490	–	13,490
	13,490	26	13,516
Non-current liabilities			
Lease liabilities	–	1,655	1,655
Other non-current liabilities	10,560	–	10,560
	10,560	1,655	12,215
Total liabilities	24,050	1,681	25,731
Net assets	11,277	–	11,277
Total equity	11,277	–	11,277

Based on the above, as at 1 January 2019:

- Right-of-use assets of $1,681,000 were recognised in the Company's balance sheet; and
- Additional lease liabilities of $1,681,000 were recognised in the Company's balance sheet.

The lease liabilities of the Group and the Company as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018, as follows:

	Group	Company
	$	$
Operating lease commitments as at 31 December 2018	3,691	3,365
Weighted average incremental borrowing rate as at 1 January 2019	5.73%	5.85%
Discounted operating lease commitments as at 1 January 2019	2,096	1,681
Less:		
Commitments relating to short-term leases	(212)	–
Lease liabilities as at 1 January 2019	1,884	1,681

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting dates as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

For the year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of reporting periods and the profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	-	10-33 years
Leasehold land	-	10-60 years
Plant, machinery and equipment	-	5-10 years
Furniture and fittings	-	5-10 years
Office equipment	-	3-10 years
Motor vehicle	-	5-10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation for customer relationship is calculated on a straight-line basis over the estimated useful lives of 5 to 10 years.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities not designated at fair value through profit or loss

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "**12-month ECL**"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "**lifetime ECL**").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through other comprehensive income ("**OCI**"), the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd)

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes in Singapore and Malaysia are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.17 Employee benefits (cont'd)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.18 Leases

Applicable before 1 January 2019

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(b).

Applicable beginning 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Group as a lessee</u>

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold properties	-	3-5 years
Leasehold land	-	27 years

2. Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

Applicable beginning 1 January 2019 (cont'd)

(a) Right-of-use assets (cont'd)

If the ownership of the leased assets transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment under Note 2.8.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

<u>Group as a lessor</u>

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in income in surplus or deficit due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.19 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

The Group manufacture and sells metal components and modules.

Revenue is recognised at the point in time when control over the goods has been transferred to the customer, usually on delivery of goods and acceptance by the customer.

(b) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.20 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.20 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.21 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.22 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

2. Summary of significant accounting policies (cont'd)

2.22 Contingencies (cont'd)

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, Management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

Accounting for business combination

The Group exercised significant judgement regarding the measurement of purchase consideration, identification of intangible assets and fair value adjustments to the carrying amount of assets acquired.

3.2 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 are disclosed as below. The Group based its assumptions and estimates on parameters available when financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Goodwill impairment assessment

As disclosed in Note 11 of the financial statements, the recoverable amounts of the cash generating units, which goodwill have been allocated to, are determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The key assumptions applied in the determination of the value-in-use, are disclosed and further explained in Note 11 to the financial statements.

The carrying amount of goodwill on consolidation is $1,849,000 (2018: $1,864,000).

Leases – Estimating the incremental borrowing rates

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses its incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available, such as for entities that do not enter into financing transactions, or when they need to be adjusted to reflect the terms and conditions of the lease.

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

Leases – Estimating the incremental borrowing rates (cont'd)

The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates, such as the entities' stand-alone credit rating.

4. Revenue

Revenue represents sales of goods to customers, net of sales returns.

5. Other operating income

	Group	
	2019	**2018**
	$'000	$'000
Rental income	251	553
Amortisation of deferred income	96	4
Utilities charged to tenants	81	105
Grant income	23	45
Interest income	22	9
Other income	154	165
Foreign exchange gain	–	403
	627	1,284

Interest income of the Group mainly relates to interest income earned on fixed deposits.

6. Finance costs

	Group	
	2019	**2018**
	$'000	$'000
Interest expense on:		
Bank loans	375	367
Hire purchases	351	312
Shareholder loan	149	175
Interest expense on lease liabilities	165	–
Trade financing	47	72
Others	6	3
	1,093	929

7. Profit before tax

The following items have been charged/(credited) in arriving at profit before tax:

	Group	
	2019	**2018**
	$'000	$'000
Employee benefits expenses		
- Salaries and bonuses	11,559	8,389
- Defined contribution plan	1,204	1,058
- Other benefits	1,831	2,172
Depreciation of property, plant and equipment and right-of-use assets	4,906	3,674
Amortisation of intangible assets (Note 11)	24	24
Loss on disposal of property, plant and equipment	4	2
(Write-back)/allowance for expected credit loss	(4)	17
IPO expenses	–	1,452
Operating lease expenses on short-term leases	255	442
Foreign exchange loss	213	–

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	$'000
Current income tax		
- Current income tax	594	980
- Under/(over) provision in respect of prior years	52	(132)
	646	848
Deferred tax		
- Origination and reversal of temporary differences	44	557
- Under/(over) provision in respect of prior years	56	(190)
	100	367
Income tax expense recognised in profit or loss	746	1,215

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

8. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	$'000
Profit before tax	3,843	5,903
Tax at the domestic rates applicable to profit in the countries where the Group operates	864	1,392
Non-deductible expenses	137	383
Income not subject to taxation	(34)	–
Effects of partial tax exemption and tax relief	(329)	(13)
Utilisation of previously unrecognised deferred tax assets	–	(225)
Under/(over) provision of current income tax in respect of prior years	52	(132)
Under/(over) provision of deferred income tax in respect of prior years	56	(190)
Income tax expense	746	1,215

9. Earnings per share

	2019	**2018**
	$'000	$'000
Profit for the year, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	3,097	4,688
Weighted average number of ordinary shares for basic and diluted earnings per share computation	231,227,523	175,893,333

As approved by shareholders of the Company in an extraordinary general meeting held on 14 December 2018, every one share in the capital of the Company was sub-divided into 19.4 shares (the "**Sub-Division**"). Accordingly, the number of outstanding shares is adjusted for the effect of the Sub-Division assuming it has occurred in the earliest period presented, for the purpose of the earnings per share computation.

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by the weighted average number of shares held by the owners of the Company, as adjusted for the Sub-Division.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

10. Property, plant and equipment

Group	Leasehold property $'000	Leasehold land $'000	Plant, machinery and equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicle $'000	Construction-in-progress $'000	Total $'000
Cost:								
At 1 January 2018	13,996	552	18,640	1,362	884	327	–	35,761
Additions	19	–	6,232	970	593	110	–	7,924
Acquisition of business	–	–	924	33	3	–	–	960
Disposal	–	–	(25)	(4)	–	(16)	–	(45)
Write-offs	–	–	–	–	–	(3)	–	(3)
Translation differences	19	3	(17)	(4)	(2)	(2)	–	(3)
At 31 December 2018 and 1 January 2019	14,034	555	25,754	2,357	1,478	416	–	44,594
Additions	77	–	7,791	994	563	69	1,370	10,864
Disposal	–	–	(491)	–	–	–	–	(491)
Transfers	–	–	–	5	–	–	(5)	–
Translation differences	(6)	(1)	(144)	(13)	(6)	(1)	(31)	(202)
At 31 December 2019	14,105	554	32,910	3,343	2,035	484	1,334	54,765

10. Property, plant and equipment (cont'd)

Group	Leasehold property $'000	Leasehold land $'000	Plant, machinery and equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicle $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation:								
At 1 January 2018	4,353	40	11,265	386	559	269	–	16,872
Charge for the year	294	10	2,907	212	213	38	–	3,674
Disposal	–	–	(25)	–	–	(16)	–	(41)
Write-offs	–	–	–	–	–	(3)	–	(3)
Translation differences	1	–	25	(1)	1	(2)	–	24
At 31 December 2018 and 1 January 2019	4,648	50	14,173	596	773	286	–	20,526
Charge for the year	294	10	3,550	365	294	44	–	4,557
Disposal	–	–	(466)	–	–	–	–	(466)
Translation differences	(1)	–	(30)	(4)	(1)	(1)	–	(37)
At 31 December 2019	4,941	60	17,227	957	1,066	329	–	24,580
Carrying amount:								
At 31 December 2018	9,386	505	11,581	1,761	705	130	–	24,068
At 31 December 2019	9,164	494	15,683	2,386	969	155	1,334	30,185

10. Property, plant and equipment (cont'd)

Company	Leasehold property	Plant, machinery and equipment	Furniture and fittings	Office equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2018	10,810	4,142	498	294	15,744
Additions	–	1,587	539	176	2,302
At 31 December 2018 and 1 January 2019	10,810	5,729	1,037	470	18,046
Additions	–	3,114	450	262	3,826
At 31 December 2019	10,810	8,843	1,487	732	21,872
Accumulated depreciation:					
At 1 January 2018	4,088	1,818	209	164	6,279
Charge for the year	238	642	63	89	1,032
At 31 December 2018 and 1 January 2019	4,326	2,460	272	253	7,311
Charge for the year	238	1,102	133	150	1,623
At 31 December 2019	4,564	3,562	405	403	8,934
Carrying amount:					
At 31 December 2018	6,484	3,268	765	217	10,735
At 31 December 2019	6,246	5,280	1,083	329	12,938

During the year, the Group acquired plant, machinery and equipment with an aggregate cost of $4,838,000 (2018: $2,749,000) by means of hire purchases. The cash outflow on acquisition of property, plant and equipment amounted to $6,026,000 (2018: $5,175,000).

The carrying amount of plant, machinery and equipment, motor vehicles and office equipment under hire purchases at the end of the reporting period as disclosed under Note 20 are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Plant, machinery and equipment	8,194	5,866	2,477	2,088
Motor vehicles	81	109	–	–
Office equipment	36	62	36	62
	8,311	6,037	2,513	2,150

<u>Assets pledged as security</u>

The Group's leasehold land and buildings with a carrying amount of $9,658,000 (2018: $9,891,000) are mortgaged to secure the Group's bank loans (Note 20).

11. Intangible assets

Group	Customer relationship	Goodwill	Total
	$'000	$'000	$'000
Cost:			
At 1 January 2018	1,005	1,379	2,384
Additions	239	494	733
Translation differences	–	(9)	(9)
At 31 December 2018 and 1 January 2019	1,244	1,864	3,108
Translation differences	–	(15)	(15)
At 31 December 2019	1,244	1,849	3,093
Accumulated amortisation:			
At 1 January 2018	1,005	–	1,005
Amortisation for the year	24	–	24
At 31 December 2018 and 1 January 2019	1,029	–	1,029
Amortisation for the year	24	–	24
At 31 December 2019	1,053	–	1,053
Carrying amount:			
At 31 December 2018	215	1,864	2,079
At 31 December 2019	191	1,849	2,040

Impairment testing of goodwill

Goodwill acquired through business combinations are attributable to the acquisition of the Company's subsidiaries (Note 12), which are also considered as cash-generating units ("**CGUs**") for impairment testing as follows:

	2019	2018
	$'000	$'000
Grand Venture Technology Sdn. Bhd.	1,385	1,387
Grand Venture Technology (Suzhou) Co., Ltd.	464	477
	1,849	1,864

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the growth rates beyond the five-year period are as follows:

	Grand Venture Technology Sdn. Bhd.		Grand Venture Technology (Suzhou) Co., Ltd.	
	2019	**2018**	**2019**	**2018**
Growth rates	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rates	14.2%	14.2%	13.9%	14.2%

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

Growth rates – These are used to extrapolate cash flow projections beyond the period covered by the most recent budgets and are based on management's assessment of the markets and do not exceed the long-term average growth rate for the industries relevant to the CGU.

11. Intangible assets (cont'd)

Pre-tax discount rates – Discount rate reflect the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. In determining appropriate discount rates, consideration has been given to the weighted average cost of capital ("**WACC**") of the entity. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumption

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amounts.

No impairment loss were required for the financial years ended 31 December 2019 and 31 December 2018 for goodwill as their recoverable values were in excess of their carrying values.

12. Investments in subsidiaries

	Company	
	2019	**2018**
	$'000	$'000
Unquoted shares, at cost:		
At 1 January	10,390	10,390
Additional paid-up capital	1,695	–
At 31 December	12,085	10,390

Composition of the Group

The Group has the following investments in subsidiaries as at the financial years ended 31 December 2019 and 2018:

Name of subsidiary	Principal activities (Principal place of business)	Proportion of ownership interest	
		2019	**2018**
		%	**%**
Held by the Company			
Grand Venture Technology Sdn. Bhd. (1)	Manufacturing of machinery parts (Malaysia, Penang)	100	100
Grand Venture Technology (Suzhou) Co., Ltd. (2)	Manufacturing of machinery parts (China, Suzhou)	100	100

(1) Audited by a member firm of EY Global in Malaysia.
(2) Audited by a member firm of EY Global in China.

Acquisition of business in China in 2018

On 1 January 2018 (the "**acquisition date**"), Grand Venture Technology (Suzhou) Co., Ltd., a wholly-owned subsidiary of the Company entered into a business transfer agreement to acquire the business assets of two other entities, Suzhou Industrial Park Excellence Precision Machinery Co., Ltd. and Suzhou Industrial Park Innovation Precision Machinery Co., Ltd. (collectively known as the "**Acquirees**"), who are manufacturers of various types of precision parts and fixture products in Suzhou, China.

The business assets, which includes plants and machineries, inventories, and customers' contracts, were acquired at their carrying amount of RMB 3,678,291 (equivalent of $755,467) by the Group to enter and develop its business in the China market. The acquisition is also expected to reduce costs through economies of scale. The consideration of RMB 3,678,291 was paid in cash.

12. Investments in subsidiaries (cont'd)

In consideration of the Acquirees transferring the business assets to Grand Venture Technology (Suzhou) Co., Ltd., the Company issued 800,000 ordinary shares to ZG Innotech Pte. Ltd., a company incorporated in Singapore whose sole shareholder was the previous owner of the Acquirees, at a fair value of $2,200,000. The cash consideration received for the shares was $1,200,000, and the balance of $1,000,000 was deemed as an investment in Grand Venture Technology (Suzhou) Co., Ltd. by the Company. The issuance of the shares was completed on 30 July 2018.

The fair value of the identifiable assets of the Acquirees as at acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	960
Inventories	62
Customer relationship	239
Total identifiable assets at fair value	1,261
Goodwill arising from acquisition	494
	1,755
Consideration transferred for the acquisition of business:	
Cash paid	755
Equity instruments issued at fair value (800,000 ordinary shares of the Company)	2,200
Less: cash consideration received for equity instruments	(1,200)
Total consideration transferred	1,755

Goodwill arising from acquisition

The goodwill of $494,000 pertains to the benefit of having access to a readily available production facility.

Impact of the acquisition on profit or loss

From the acquisition date, the acquired business has contributed $1,397,000 to the Group's revenue and reduced the Group's profit for the year ended 31 December 2018 by $111,000.

13. Deferred tax assets

Movements in deferred tax assets during the year are as follows:

	Group		**Company**	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
Deferred tax assets:				
Balance as at 1 January	1,185	1,549	667	1,063
Credited to profit or loss	(100)	(367)	(146)	(396)
Translation differences	(1)	3	–	–
Balance as at 31 December	1,084	1,185	521	667

13. Deferred tax assets (cont'd)

Deferred tax assets as at 31 December related to the following:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deferred tax assets:				
Tax written-down value in excess of net book value of qualifying fixed assets	1,002	1,149	496	674
Others	82	36	25	(7)
	1,084	1,185	521	667

The Group does not have any estimated unabsorbed tax losses as at 31 December 2019 and 2018.

14. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at banks and on hand	5,387	2,106	2,721	629
Short-term fixed deposits	382	366	–	–
Balance as at 31 December	5,769	2,472	2,721	629

Cash at banks earns interest at floating rates based on the daily bank deposit rates. Short-term fixed deposits carry interest at the rate of 3.11% (2018: 3.15%) per annum and are made for a period of 12 months (2018: 12 months).

The short-term fixed deposits are pledged to the bank as security for bank borrowings (Note 20) and bank guarantee facilities granted to the Group.

Cash and cash equivalents denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
United States Dollar	1,608	1,115	1,379	177

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2019	2018
	$'000	$'000
Cash and bank balance	5,769	2,472
Less:		
Short-term fixed deposits	(382)	(366)
Bank overdrafts (Note 20)	–	(274)
Cash and cash equivalents	5,387	1,832

15. Trade and other receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Trade receivables:				
Third parties	12,060	8,664	5,327	3,784
Net input tax	419	286	31	66
Amounts due from subsidiaries	–	–	4	1
	12,479	8,950	5,362	3,851
Other receivables:				
Deposits	352	144	56	36
Other receivables	134	464	23	41
Amounts due from holding companies	28	15	28	15
Amounts due from subsidiaries	–	–	540	353
	514	623	647	445
Total trade and other receivables	12,993	9,573	6,009	4,296
Less: Net input tax	(419)	(286)	(31)	(66)
Add: Cash and bank balances (Note 14)	5,769	2,472	2,721	629
Add: Loan to subsidiaries (Note 17)	–	–	6,900	4,820
Total financial assets carried at amortised cost	18,343	11,759	15,599	9,679

Trade receivables

Trade receivables are unsecured, non-interest bearing and are generally on 60 to 90 days' (2018: 60 to 90 days') terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
United States Dollar	8,718	6,384	5,166	3,779

Amounts due from holding companies and subsidiaries

Amounts due from holding companies and subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Allowance for expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group and Company	
	2019	**2018**
	$'000	$'000
Movement in allowance accounts:		
At 1 January	17	–
(Write-back)/charge for the year	(4)	17
Balance at 31 December	13	17

16. Inventories

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	1,683	1,257	43	152
Work-in-progress	7,140	3,348	1,508	973
Finished goods	6,873	5,970	3,577	1,659
Total inventories at lower of cost and net realisable value	15,696	10,575	5,128	2,784

	Group	
	2019	**2018**
	$'000	$'000
Income statement:		
Inventories recognised as an expense in cost of sales	34,595	25,879
Inclusive of the following:		
- Inventories written-down	20	–

17. Loans to subsidiaries

Company	2019		2018	
	Maturity	$'000	Maturity	$'000
Current:				
Loan to a subsidiary	2020	4,900	2019	4,100
Non-current:				
Loan to a subsidiary	2022	720	2022	720
Loan to a subsidiary	2023	1,280	–	–
		2,000		720

Loans to a subsidiary (current)

During the year, the Company extended an additional loan of $800,000 to the subsidiary.

The loans to a subsidiary (current) are unsecured, repayable on demand, bears interest at 3% (2018: 3%) per annum, and are to be settled in cash.

Loans to a subsidiary (non-current)

The loan to a subsidiary (non-current) of $720,000 is unsecured, repayable on 31 July 2022, bears interest at 3% per annum, and is to be settled in cash.

During the year, the Company extended an additional loan of $1,280,000 to the subsidiary that is unsecured, repayable on 16 September 2023, bears interest at 3% per annum, and is to be settled in cash.

Accordingly, the loans to a subsidiary have been classified as a non-current assets.

18. Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Trade payables:				
Third parties	3,873	4,498	530	570
Amounts due to subsidiaries	–	–	1,602	1,642
	3,873	4,498	2,132	2,212
Other payables:				
Other payables	4,218	2,287	1,586	1,535
Accrued operating expenses	2,564	3,951	1,002	2,668
Others	41	46	41	46
	6,823	6,284	2,629	2,714
Total trade and other payables	10,696	10,782	4,761	6,461
Add: Shareholder loan (Note 19)	5,000	5,600	5,000	5,600
Add: Loans and borrowings (Note 20)	21,472	18,778	12,347	11,980
Total financial liabilities carried at amortised cost	37,168	35,160	22,108	24,041

Trade payables

Trade payables are unsecured, interest-free and are normally settled on 30 to 60 days' (2018: 30 to 60 days') terms.

Trade payables are denominated in the following currencies:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
United States Dollar	1,500	1,019	327	343
Japanese Yen	–	1,125	–	–

19. Shareholder loan

The loan from shareholder is unsecured, bears interest at 3% (2018: 3%) per annum, and can only be recalled by the shareholder upon serving a 366 days written notice.

As at 31 December 2019 and 31 December 2018, the Company has not received such written notice. Accordingly, the loan from shareholder has been classified as a non-current liability.

20. Loans and borrowings

Group	Maturity 2019	2019 $'000	Maturity 2018	2018 $'000
Current:				
Bank overdrafts	On demand	–	On demand	274
Hire purchases	2020	2,941	2019	2,218
Bank loans:				
Short-term trade facilities	2020	1,580	2019	1,490
Bankers' acceptances	2020	1,394	2019	1,004
Term loan in SGD	2020	646	2019	646
Term loans in MYR	2020	308	2019	310
Working capital loan	2020	63	2019	59
Fixed advanced facility loan	2020	4,770	2019	4,270
Short-term loan in RMB	2020	579	–	–
		12,281		10,271
Non-current:				
Hire purchases	2021-2023	5,012	2020-2023	3,305
Bank loans:				
Term loan in SGD	2026	3,338	2026	3,985
Term loans in MYR	2021-2024	762	2020-2024	1,074
Working capital loan	2022	79	2022	143
		9,191		8,507

Company	Maturity 2019	2019 $'000	Maturity 2018	2018 $'000
Current:				
Hire purchases	2020	705	2019	559
Bank loans:				
Short-term trade facilities	2020	1,580	2019	1,491
Term loan in SGD	2020	646	2019	646
Working capital loan	2020	63	2019	59
Fixed advanced facility loan	2020	4,770	2019	4,270
		7,764		7,025
Non-current:				
Hire purchases	2021-2024	1,166	2020-2024	828
Bank loans:				
Term loan in SGD	2026	3,338	2026	3,985
Working capital loan	2022	79	2022	143
		4,583		4,956

Bank overdrafts (secured) and bankers' acceptances (secured)

Bank overdrafts and bankers' acceptances are denominated in Malaysian Ringgit ("**MYR**"), bears interest at 8.10% (2018: 8.10%) per annum and 5.60% to 6.01% (2018: 5.73% to 6.01%) per annum respectively and are secured by the following:

(a) deposits with a licensed bank of the Group (Note 14),

(b) a corporate guarantee from the Company, and

(c) joint and several guarantee from certain Directors of the Group.

The bank overdrafts have been fully repaid in the current year.

20. Loans and borrowings (cont'd)

Hire purchases (secured)

Hire purchases are secured by a charge over the respective property, plant and equipment (Note 10). The average discount rate implicit in the leases is 6.25% (2018: 6.07%) per annum. These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Short-term trade facilities (secured) and term loan in SGD (secured)

The short-term trade facilities and term loan in SGD are denominated in SGD, bears interest at 4.73% to 5.74% (2018: 4.76% to 5.74%) per annum and 2.48% (2018: 2.08% to 2.48%) per annum respectively and are secured by the following:

(a) mortgage over certain of the Group's leasehold property (Note 10), and

(b) joint and several guarantee from certain Directors of the Group.

Term loans in MYR (secured)

The term loans in MYR bear interest at rates which ranges from 4.75% to 7.45% (2018: 7.35% to 8.55%) per annum and are secured by the following:

(a) mortgage over the Group's leasehold property (Note 10),

(b) deposits with a licensed bank of the Group (Note 14),

(c) a corporate guarantee from the Company, and

(d) joint and several guarantee from certain Directors of the Group.

Working capital loan (secured) and fixed advanced facility loan (secured)

The working capital loan and fixed advanced facility loan are denominated in SGD, bears interest at 7% (2018: 7%) per annum on monthly rests and 3.19% to 3.56% (2018: 3.25% to 3.49%) per annum respectively, and are secured by joint and several guarantee from certain Directors of the Group.

Short-term loan in RMB (secured)

The short-term loan in RMB are denominated in RMB, bears interest at 5% (2018: nil) per annum, and are secured by a corporate guarantee from the Company.

The carrying amount of loans and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Loans and borrowings are denominated in the following currencies as at 31 December:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Singapore Dollar	11,058	10,490	10,767	10,490
Malaysian Ringgit	7,920	6,797	–	–
United States Dollar	1,579	1,491	1,580	1,491
Chinese Renminbi	579	–	–	–
Japanese Yen	336	–	–	–
	21,472	18,778	12,347	11,981

20. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

			Cash flows	Non-cash changes			
	2018	Effect of adoption of SFRS(I) 16	Proceeds/ (Repayment)	Acquisitions	Translation differences	Others	**2019**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current							
Bank overdrafts	274	–	(273)	–	(1)	–	–
Hire purchases	2,218	–	(2,387)	892	(8)	2,226	2,941
Bank loans	7,780	–	557	–	(17)	1,020	9,340
Lease liabilities (Note 23)	–	73	(278)	576	(10)	297	658
Non-current							
Hire purchases	3,306	–	–	3,946	(14)	(2,226)	5,012
Bank loans	5,201	–	–	–	(2)	(1,020)	4,179
Shareholder loan (Note 19)	5,600	–	(600)	–	–	–	5,000
Lease liabilities (Note 23)	–	1,811	–	2,417	(41)	(297)	3,890
Total liabilities from financing activities	24,379	1,884	(2,981)	7,831	(93)	–	31,020

The 'other' column relates to reclassification of non-current portion of loans and borrowings including hire purchases due to the passage of time.

21. Deferred income

	Group and Company	
	2019	**2018**
	$'000	$'000
Current:		
Capital expenditure grant	188	4
Non-current:		
Capital expenditure grant	43	4
Total deferred income	231	8

Capital expenditure grant relates to government grants received for the purchase of property, plant and equipment. Capital expenditure grant is amortised over the periods necessary to match depreciation of the property, plant and equipment purchased with the related grants.

21. Deferred income (cont'd)

	Group and Company 2019 $'000	Group and Company 2018 $'000
Capital expenditure grant		
Cost:		
At 1 January	12	–
Received during the financial year	319	12
At 31 December	331	12
Accumulated amortisation:		
At 1 January	4	–
Amortisation	96	4
At 31 December	100	4
	231	8

22. Share capital

	Group and Company 2019 No. of shares	2019 $'000	2018 No. of shares	2018 $'000
Ordinary shares				
Amount at beginning of year	186,240,000	15,351	8,000,000	10,744
Conversion of convertible loan	–	–	800,000	2,407
Shares issued for acquisition of business (Note 12)	–	–	800,000	2,200
Shares issued	48,013,000	13,204	–	–
Share issuance expense		(712)	–	–
Before Sub-Division (Note 9)			9,600,000	15,351
After Sub-Division and as at 31 December	234,253,000	27,843	186,240,000	15,351

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Conversion of convertible loan

On 1 February 2018, the holders of the convertible loans had exercised the option and fully converted the entire loan principal of $2,000,000 into 800,000 ordinary shares. Subsequent to the conversion of the convertible loan, the cumulative fair value loss of the conversion option of $407,000 was recorded as part of share capital.

Shares issued during the year

On 23 January 2019, prior to the listing of the Company's ordinary shares on Catalist Board of Singapore Exchange Securities Trading Limited (the "**Listing**"), the Company issued 5,095,000 ordinary shares at $0.275 per share via cornerstone agreements to an existing shareholder for gross proceeds of $1,401,125.

On the same date, a total of 42,918,000 shares were issued at $0.275 per share via the Listing for gross proceeds of $11,802,450.

Expenses relating to the issuance of shares via the cornerstone agreements and the Listing amounting to $712,000 has been capitalised against the shares issued.

23. Leases

Group as a lessee

The Group has lease contracts for leasehold land and buildings used for its operations. Leasehold land generally have a lease term of 27 years, while leasehold buildings generally have lease terms between 3 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of leasehold buildings with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The carrying amounts and movements of the Group's and Company's right-of-use assets during the period are as follows:

Group	**Leasehold land**	**Leasehold buildings**	**Total**
	$'000	$'000	$'000
Cost:			
At 31 December 2018	–	–	–
Effects of adoption of SFRS(I) 16	1,681	203	1,884
At 1 January 2019	1,681	203	1,884
Additions	–	3,018	3,018
Translation differences	–	(56)	(56)
At 31 December 2019	1,681	3,165	4,846
Accumulated depreciation:			
At 31 December 2018 and 1 January 2019	–	–	–
Charge for the year	62	287	349
Translation differences	–	(4)	(4)
At 31 December 2019	62	283	345
Carrying amount:			
At 31 December 2018	–	–	–
At 31 December 2019	1,619	2,882	4,501

23. Leases (cont'd)

Group as a lessee (cont'd)

Company	**Leasehold land** $'000
Cost:	
At 31 December 2018	–
Effects of adoption of SFRS(I) 16	1,681
At 1 January 2019 and 31 December 2019	1,681
Accumulated depreciation:	
At 31 December 2018 and 1 January 2019	–
Charge for the year	62
At 31 December 2019	62
Carrying amount:	
At 31 December 2018	–
At 31 December 2019	1,619

The carrying amounts and movements of the Group's and Company's lease liabilities during the period are as follows:

	Group $'000	**Company** $'000
At 31 December 2018	–	–
Adjustments on initial application of SFRS(I) 16	1,884	1,681
At 1 January 2019	1,884	1,681
Additions	2,993	–
Accretion of interest	165	98
Payments	(443)	(124)
Translation differences	(51)	–
At 31 December 2019	4,548	1,655
Current	658	27
Non-current	3,890	1,628
	4,548	1,655

The maturity analysis of lease liabilities is disclosed in Note 26.

23. Leases (cont'd)

Group as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group 2019 $'000
Depreciation of right-of-use assets	349
Interest expense on lease liabilities	165
Expense relating to short-term leases (included in other operating expenses) (Note 7)	255
Total amount recognised in profit or loss	769

During the year, the Group's total cash outflows relating to short-term operating leases and repayment of principal and interest portion of lease liabilities amounted to $697,000 (2018: operating lease payments of $442,000).

As at 31 December 2019, there are no future cash outflows relating to leases that have yet to commence.

Group as a lessor

The Group leases out certain areas of its office premises. These non-cancellable leases have remaining lease terms of between 1 and 3 years.

Future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group and Company	
	2019	2018
	$'000	$'000
Not later than one year	360	320
Later than one year but not later than five years	86	291
	446	611

24. Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Capital commitments in respect of property, plant and equipment	10,696	2,802	877	2,209

25. Other related party transactions

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Interest expense to a shareholder	(149)	(175)	(149)	(175)
Settlement of liabilities on behalf of holding companies	13	15	13	15
Purchase from subsidiaries	–	–	(9,335)	(6,732)
Sales to subsidiaries	–	–	6	222
Interest income from subsidiaries	–	–	163	132
Management fee	–	–	573	323

Compensation of Directors and Key Management Personnel

The remuneration of Directors and other members of key management during the years were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Short-term benefits	1,401	1,170	983	805
Defined contribution plans	130	109	64	49
	1,531	1,279	1,047	854

The remuneration of Directors and Key Management is determined by the board of Directors having regard to the performance of individuals.

26. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

26. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which could include the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

26. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

i) Loans at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, such as Standard and Poor, Moody's and Fitch, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as Gross Domestic Product ("**GDP**") growth.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

Category	Definition of Category	Basis for recognition of ECL provision	Basis for calculating interest revenue
Grade 1	Customers have a low risk of default and strong capacity to meet contractual cash flows	12-month ECL	Gross carrying amount
Grade 2	Loans for which there is a significant increase in credit risk.	Lifetime ECL	Gross carrying amount
Grade 3	Interest and/or principal repayments are 60 days past due.	Lifetime ECL	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The gross carrying amount of loans of the Company as at 31 December 2019 and 2018 which represents the maximum exposure to loss, is $6,900,000 (Group: nil) and $4,820,000 (Group: nil) respectively.

ii) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance as at 31 December 2019 and 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

26. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

ii) Trade receivables (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Current	Less than 30 days	31 to 60 days past due	More than 60 days past due	Total
	$'000	$'000	$'000	$'000	$'000
31 December 2019					
Gross carrying amount	8,993	2,138	813	129	12,073
Less: Loss allowance	8	2	3	–	13
Net carrying amount	8,985	2,136	810	129	12,060
31 December 2018					
Gross carrying amount	6,457	1,700	276	248	8,681
Less: Loss allowance	(14)	(2)	–	(1)	(17)
Net carrying amount	6,443	1,698	276	247	8,664

Information regarding loss allowance movement of trade receivables are disclosed in Note 15.

<u>Excessive risk concentration</u>

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

<u>Credit risk concentration profile</u>

The Group determines the concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2019		2018	
	$'000	% of total	$'000	% of total
By industry sector:				
Life sciences, electronics and others	3,859	32%	2,747	32%
Semi-conductors	8,201	68%	5,917	68%
	12,060	100%	8,664	100%

At the end of the reporting period, approximately 29% (2018: 32%) of the Group's trade receivables were due from two (2018: two) major customers who are in the life sciences, electronics and others industry located in Singapore.

26. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

ii) Trade receivables (cont'd)

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group.

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to obtain the most favourable rates available and to minimise the interest rate risks by placing such balances on varying maturities and interest rate terms.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $52,000 (2018: $39,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. There is no significant exposure to liquidity risk. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities and to maintain available banking facilities of a reasonable level.

26. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

Non-derivative financial instruments

Group	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2019				
Financial assets:				
Trade and other receivables	12,574	–	–	12,574
Cash and bank balances	5,769	–	–	5,769
Total undiscounted financial assets	18,343	–	–	18,343
Financial liabilities:				
Trade and other payables	10,696	–	–	10,696
Shareholder loan	150	5,600	–	5,750
Loans and borrowings	12,968	9,100	765	22,833
Lease liabilities	888	2,957	2,624	6,469
Total undiscounted financial liabilities	24,702	17,657	3,389	45,748
Total net undiscounted financial liabilities	(6,359)	(17,657)	(3,389)	(27,405)
2018				
Financial assets:				
Trade and other receivables	9,286	–	–	9,286
Cash and bank balances	2,472	–	–	2,472
Total undiscounted financial assets	11,758	–	–	11,758
Financial liabilities:				
Trade and other payables	10,782	–	–	10,782
Shareholder loan	168	6,272	–	6,440
Loans and borrowings	10,498	7,463	1,454	19,415
Total undiscounted financial liabilities	21,448	13,735	1,454	36,637
Total net undiscounted financial liabilities	(9,690)	(13,735)	(1,454)	(24,879)

26. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Non-derivative financial instruments (cont'd)

Company	One year or less	One to five years	Over five years	Total
	$'000	$'000	$'000	$'000
2019				
Financial assets:				
Trade and other receivables	5,978	–	–	5,978
Loans to subsidiaries	5,107	2,201	–	7,308
Cash and bank balances	2,721	–	–	2,721
Total undiscounted financial assets	13,806	2,201	–	16,007
Financial liabilities:				
Trade and other payables	3,159	–	–	3,159
Shareholder loan	150	5,600	–	5,750
Loans and borrowings	7,978	4,119	765	12,862
Lease liabilities	123	494	2,624	3,241
Total undiscounted financial liabilities	11,410	10,213	3,389	25,012
Total net undiscounted financial assets/(liabilities)	2,396	(8,012)	(3,389)	(9,005)
2018				
Financial assets:				
Trade and other receivables	4,230	–	–	4,230
Loans to subsidiaries	4,244	807	–	5,051
Cash and bank balances	629	–	–	629
Total undiscounted financial assets	9,103	807	–	9,910
Financial liabilities:				
Trade and other payables	6,461	–	–	6,461
Shareholder loan	168	6,272	–	6,440
Loans and borrowings	7,155	3,834	1,438	12,427
Total undiscounted financial liabilities	13,784	10,106	1,438	25,328
Total net undiscounted financial liabilities	(4,681)	(9,299)	(1,438)	(15,418)

26. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the entities in the Group. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). Approximately 76% (2018: 75%) of the Group's sales are denominated in foreign currencies whilst almost 44% (2018: 40%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group, with all other variables held constant.

		Profit before taxation	
		2019	**2018**
		$'000	$'000
USD/SGD	- strengthened 5%	232	107
	- weakened 5%	(232)	(107)
USD/MYR	- strengthened 5%	125	113
	- weakened 5%	(125)	(113)
USD/RMB	- strengthened 5%	5	32
	- weakened 5%	(5)	(32)

27. Fair value of financial assets and financial liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

27. Fair value of financial assets and financial liabilities (cont'd)

(b) Assets and liabilities not measured at fair value, for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments**	**Significant observable inputs other than quoted prices**	**Significant unobservable inputs**	**Total**
	$'000	$'000	$'000	$'000
2019				
Financial liabilities				
Shareholder loan	–	–	4,665	4,665
2018				
Financial liabilities				
Shareholder loan	–	–	5,253	5,253

	Fair value measurements at the end of the reporting period using			
Company	**Quoted prices in active markets for identical instruments**	**Significant observable inputs other than quoted prices**	**Significant unobservable inputs**	**Total**
	$'000	$'000	$'000	$'000
2019				
Financial assets				
Loan to a subsidiary (non-current)	–	–	1,574	1,574
Financial liabilities				
Shareholder loan	–	–	4,665	4,665
2018				
Financial assets				
Loan to a subsidiary (non-current)	–	–	569	569
Financial liabilities				
Shareholder loan	–	–	5,253	5,253

Determination of fair value

Shareholder loan, and loan to a subsidiary (non-current)

The fair value as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing arrangements at the end of the reporting period.

28. Segment information

For Management purposes, the Group is organised into business units based on reports reviewed by the Management team that are used to make strategic decisions. There are two reportable operating segment as follows:

(i) Life sciences, electronics and others

The life sciences, electronics and others segment involves the manufacturing of key components of mass spectrometers, high performance liquid chromatography instruments used for various laboratories testing and pharmaceutical applications, as well as the assembly of complex modules for customers in the business of industrial automation and manufacturing equipment.

This reportable segment had been formed by aggregating the life sciences segment and the electronics and others segment, which are regarded by management to exhibit similar economic characteristics. In making this judgement, management considers the products and services offered by these segments share common production facilities and usage of raw materials in the production process.

(ii) Semiconductor

The semiconductor segment involves the manufacturing of electrical components and devices such as transistors and diodes for customers who are leading equipment providers for semiconductor manufacturing and electronics assembly solutions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit or loss.

	Life sciences, electronics and others	**Semi-conductor**	**Total**
	$'000	$'000	$'000
2019			
Revenue	16,201	23,873	40,074
Cost of Sales	(10,027)	(15,131)	(25,158)
Gross Profit	6,174	8,742	14,916
2018			
Revenue	10,308	30,689	40,997
Cost of Sales	(8,018)	(18,150)	(26,168)
Gross Profit	2,290	12,539	14,829

28. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Singapore	15,578	11,475	14,557	10,735
Malaysia	18,850	24,347	13,177	12,196
United States	1,059	1,964	–	–
China	2,886	2,201	8,992	3,216
Others	1,701	1,010	–	–
	40,074	40,997	36,726	26,147

Non-current assets information presented above consist of property, plant and equipment, and intangible assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from five (2018: five) major customers, each contributing ten per cent or more to the Group's revenue, amounted to $33,551,000 (2018: $36,202,000), arising from sales by the life sciences, electronics and others segment, and the semiconductors segment.

29. Events occurring after the reporting period

On 1 February 2020, the Group's wholly-owned subsidiary, Grand Venture Technology Sdn. Bhd., entered into an agreement to purchase a piece of land for a cash consideration of MYR 12,000,000 (equivalent of $3,950,000).

30. Authorisation of financial statements

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 27 March 2020.

Shareholdings Statistics

Share Capital

Issued and paid-up capital	:	$25,403,575
Number of shares	:	234,253,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

Shareholdings Held in the Hands of Public

Based on the information available to the Company as at 16 March 2020, approximately 27.54% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with. The Company did not hold any treasury shares and subsidiary holdings as at 16 March 2020.

Analysis of Shareholdings as at 16 March 2020

Size Of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	–	–	–	–
100 - 1,000	15	6.17	14,100	0.01
1,001 - 10,000	104	42.80	527,800	0.22
10,001 - 1,000,000	105	43.21	22,042,000	9.41
1,000,001 AND ABOVE	19	7.82	211,669,100	90.36
TOTAL:	**243**	**100.00**	**234,253,000**	**100.00**

Major Shareholders as at 16 March 2020

No.	Name	No. of Shares	%
1	Metalbank Singapore Pte. Ltd.	133,472,000	56.98
2	Sunshine Power Pte. Ltd.	20,615,000	8.80
3	ZG Innotech Pte. Ltd.	15,520,000	6.63
4	Chan Yeok Pheng	7,272,000	3.10
5	CGS-CIMB Securities (Singapore) Pte. Ltd.	3,979,200	1.70
6	Tan Kuan Kher (Chen Guanke)	3,880,000	1.66
7	Koh Pang An	3,636,000	1.55
8	Ng Guay Heok	3,636,000	1.55
9	Unicorn Financial Solutions Pte. Limited	3,104,000	1.33
10	Maybank Kim Eng Securities Pte. Ltd.	2,256,000	0.96
11	Sim Hee Chew	2,200,000	0.94
12	Poh Seng Choon	2,052,000	0.88
13	Ang Tian Chua	2,000,800	0.85
14	Chua Hui Xin	1,556,400	0.66
15	Wong Choon Yong @ Wong Yan Ching	1,552,000	0.66
16	Poon Kok Keon	1,400,000	0.60
17	Chua Bee Ban	1,209,700	0.52
18	Tan Choon Kee	1,164,000	0.50
19	Tan Kuan Hong	1,164,000	0.50
20	Adonis Investment Holdings pte ltd	1,000,000	0.43
21	Chan Kam Chuen	1,000,000	0.43
		213,669,100	91.23

Shareholdings Statistics

Substantial Shareholders As At 16 March 2020

No	Name of shareholder	Direct interest	%	Indirect / Deemed interest	%
1.	Lee Tiam Nam ("**Ricky Lee**")	187,400	0.08	133,472,000	56.98
2.	Metalbank Singapore Pte. Ltd. ("**Metalbank**")	133,472,000	56.98	–	–
3.	Sunshine Power Pte. Ltd. ("**Sunshine Power**")	20,615,000	8.80	–	–
4.	CLSF LLP	–	–	20,615,000	8.80
5.	ZG Innotech Pte. Ltd. ("**ZG Innotech**")	15,520,000	6.63	–	–
6.	Lu Jinfeng ("**Alan Lu**")	–	–	15,520,000	6.63

Notes:

1. Mr Ricky Lee is deemed interested in Metalbank's shares by virtue of his 43.60% shareholding in Metalbank.

2. CLSF LLP is deemed interested in the shares held by Sunshine Power by virtue of its 100% beneficial ownership in Sunshine Power.

3. Mr Alan Lu has a deemed interest in all the 15,520,000 shares held by ZG Innotech by virtue of his interest of 100% in ZG Innotech.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Annual General Meeting** ("**AGM**") of the Company will be held at 2 Changi North Street 1 Singapore 498828 on 28 April 2020 at 10:00 a.m. to consider and, if thought fit, to pass the following resolutions:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Ng Wai Yuen Julian (Wu Weixian Julian), who is retiring in accordance with Regulation 117 of the Company's Constitution, as a Director of the Company. **Resolution 2**

3. To re-elect Mr Pong Chen Yih, who is retiring in accordance with Regulation 117 of the Company's Constitution, as a Director of the Company. **Resolution 3**

   Mr Pong Chen Yih shall, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee. Mr Pong Chen Yih shall be considered independent for the purpose of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist ("**Catalist Rules**").

4. To approve the payment of Directors' fees of S$100,000 for the year ending 31 December 2020. **Resolution 4**

5. To re-appoint Messrs Ernst & Young LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

6. Authority to allot and issue shares **Resolution 6**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. ("**Companies Act**") and the Catalist Rules, authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities 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 that:-

   (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed 100 per cent (100%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury Shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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;

      (b) new Shares arising from exercising Share Options (the "**Options**") or vesting of Share Awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the Options or Awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

      (c) any subsequent bonus issue, consolidation or sub-division of Shares.

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

7. Authority to grant Options in accordance with GVT Employee Share Option Scheme **Resolution 7**

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

a) offer and grant Options in accordance with the provisions of the GVT Employee Share Option Scheme (the "**GVT ESOS**"); and

b) to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options under the GVT ESOS provided that the aggregate number of Shares to be allotted and issued pursuant to the GVT ESOS and any other Share Schemes shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding the date on which an offer to grant an Option is made."

[See Explanatory Note (ii)]

8. Authority to grant Awards and to allot and issue Shares under the GVT Performance Share Plan **Resolution 8**

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

a) grant Awards in accordance with the provisions of the GVT Performance Share Plan (the "**GVT PSP**"); and

b) allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the release of Awards under the GVT PSP provided that the aggregate number of Shares to be allotted and issued pursuant to the GVT PSP and any other Share Option Schemes shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding Shares held by the Company as treasury shares) from time to time."

[See Explanatory Note (iii)]

9. To transact any other business which may be properly transacted at an AGM.

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution proposed in item 6, if passed, will empower the Directors from the date of this AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed hundred (100%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) . This authority will, unless revoked or varied at a general meeting, expire at the next AGM, or by the date by which the next AGM is required by law to be held, whichever is earlier.

(ii) The Ordinary Resolution proposed in item 7, if passed, will empower the Directors to offer and grant Options under the GVT ESOS and to allot and issue new ordinary Shares in the capital of the Company upon the exercise of such Options in accordance with the GVT ESOS as may be modified by the Committee from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the GVT ESOS and any other Share Schemes shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding the date on which an offer to grant an Option is made.

(iii) The Ordinary Resolution proposed in item 8, if passed, will empower the Directors to grant Awards and to issue and allot Shares pursuant to the GVT PSP. The grant of Awards under the GVT PSP will be made in accordance with the provisions of the GVT PSP. The aggregate number of Shares which may be issued pursuant to the GVT PSP and any other Share Option Schemes shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding Shares held by the Company as treasury shares) from time to time.

By Order of the Board

Yap Peck Khim
Company Secretary

Date: 13 April 2020

Notice of Annual General Meeting

Notes:

a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 72 hours before the meeting.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Measures to minimise risk of community spread of 2019 Novel Coronavirus ("COVID-19"):

In view of the evolving COVID-19 situation, the Company will be taking precautionary measures as may be appropriate at the AGM, including any precautionary measures as may be required or recommended by government agencies, in order to minimise the risk of community spread of COVID-19. Such measures include the following:

1. All persons attending the AGM will be required to undergo a temperature check and sign a health declaration form (which may also be used for the purposes of contact tracing, if required).

2. Any person who has a fever or is exhibiting flu-like symptoms will be declined entry to the AGM.

Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the AGM. Shareholders and other attendees are also advised to arrive at the AGM venue early given that the above-mentioned measures may cause delay in the registration process. The Company seeks the understanding and cooperation of all shareholders and other attendees to minimise the risk of community spread of COVID-19.

GRAND VENTURE TECHNOLOGY LIMITED
Registration No. 201222831E
(Incorporated in Singapore)

PROXY FORM

IMPORTANT
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "**relevant intermediar**y").
2. For investors who have used their Central Provident Fund ("**CPF**") monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We ____

of ____

being a member(s) of Grand Venture Technology Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 2 Changi North Street 1 Singapore 498828 on Tuesday, 28 April 2020 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against	Abstain
	ORDINARY BUSINESS			
1	To receive and consider Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditors' Report thereon.			
2	To re-elect Mr Ng Wai Yuen Julian (Wu Weixian Julian), who is retiring in accordance with Regulation 117 of the Company's Constitution, as a Director of the Company.			
3	To re-elect Mr Pong Chen Yih, who is retiring in accordance with Regulation 117 of the Company's Constitution, as a Director of the Company.			
4	To approve the payment of Directors' fees of S$100,000 for the year ending 31 December 2020.			
5	To re-appoint Messrs Ernst & Young LLP as Auditors and authorise the Directors to fix their remuneration.			
	SPECIAL BUSINESS			
6	To authorise Directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50.			
7	To authorise the Directors to offer and grant options and to issue shares in accordance with the Rules of the GVT Employee Share Option Scheme (the "**GVT ESOS**").			
8	To authorise the Directors to offer and grant awards and to issue shares in accordance with the Rules of the GVT Performance Share Plan (the "**GVT PSP**").			

Signed this ____________________ day of ____________________ 2020

Total number of shares held	

____
Signature or Common Seal of shareholder

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the CPF Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 72 hours before the time appointed for the Annual General Meeting.

PROXY FORM

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at least 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2020.

MANUFACTURING
SOLUTIONS

Grand Venture Technology Limited

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