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This document has not been examined or approved by the Exchange and the Exchange 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 Khong Choun Mun. Tel: 6381 6888; Email: chounmun.khong@rhtgoc.com.

# Annual Report 2017

Adventus

Adventus Holdings Limited

# Corporate Information

**Registered Office**
52 Telok Blangah Road
#04-01 Telok Blangah House
Singapore 098829
Tel: (65) 6382 2110
Fax: (65) 6382 2420

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

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

**Nominating Committee**
Mr Loh Eu Tse Derek (Chairman)
Mr Chin Bay Ching
Mr Wong Loke Tan

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

**Secretary**
Ms Lee Bee Fong

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

**Bankers**
Credit Suisse AG
DBS Bank Ltd
Oversea-Chinese Banking
Corporation Limited
United Overseas Bank Limited

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

Catalist Sponsor
RHT Capital Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619
Tel: +65 6381 6888
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Contact person: Mr Khong Choun
Mun

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# CHAIRMAN'S MESSAGE

## DEAR SHAREHOLDERS,

On behalf of the Board of directors (the "**Board**") of Adventus Holdings Limited (the "**Company**"), I would like to present the Annual Report and financial results of Adventus Holdings Limited and its subsidiaries (the "**Group**") for the financial year ended 31 December 2017 ("**FY2017**").

### FINANCIAL AND OPERATIONAL OVERVIEW

In line with the Group's objective of a gradual diversification into the Hotel Property Development and Investment business, the Group is developing two 5-star hotels, namely the Danang 5-star Hotel Development and Hoi An 5-star Resort projects in Vietnam. These hotels will provide steady streams of revenue upon its completion.

In FY2017, the Group completed the divestment of all its continuing operations / businesses in the Advanced Materials & Solutions segment. The continuous losses attributable to the segment has been stemmed.

With no revenue from its continuing operations, the Group sustained a loss of S$4.53 million in FY2017. This was due mainly to higher administrative costs of S$1.75 million and the loss of S$1.99 million on the divestment of businesses from Advanced Materials & Solutions segment. Higher administrative costs were mainly due to the fluctuation of unrealised foreign currency as well as additional administrative costs incurred by our projects in Vietnam.

Overall, the Group recorded a loss of S$4.53 million in FY2017 compared to a profit of S$5.59 million in FY2016.

The business environment remains challenging, but we are committed and actively pursuing new business opportunities within the region.

With the commencement of our 5-star Hotel and 5-star Resort development projects, our cash and cash equivalent decreased slightly to S$9.94 million in FY2017 as compared to FY2016 of S$11.83 million. Resulting from the loss in FY2017, the net tangible asset of the Group has decreased to S$22.09 million compared to S$25.87 million in FY2016.

# CHAIRMAN'S MESSAGE

## OUTLOOK

The business outlook in FY2018 remains challenging due to geopolitical problems and the uncertain global economy, such as trade wars etc. Management has been and will continue to explore new business opportunities with a view of providing recurring income and profit margins.

With the on-going diversification of the Group's businesses into the area of hospitality-related services for a start, the Board is of the view that the diversification and expansion of business activities will result in additional and new income streams providing a more stable cash flow to the Group over the mid to longer-term which will enhance shareholder's value.

Management has identified and signed several joint venture agreements in Vietnam, and relevant announcements will be made to update on the status.

## SUSTAINABILITY MATTERS

We reaffirm our commitment to sustainability with the publication of our maiden sustainability report guided by the Global Reporting Initiative ("GRI") Standards: Core option. For this sustainability report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") and economic performance.

In order to build a sustainable and successful business longer term, we are committed to maintain a sound sustainability reporting framework to fulfill our social responsibility and safeguard the interest of the Group's stakeholders.

## ACKNOWLEDEMENT

On behalf of the Board, I would like to record my appreciation to all our valued shareholders, customers, business partners, management and staff for their invaluable support and contributions.

Finally, I would like to express my sincerest thanks to our Board for their wise counsel, vast experience, and varied perspectives that have enriched the deliberations of the Board.

**Chin Bay Ching**
Chairman and Executive Director

# BOARD OF DIRECTORS

**Mr Chin Bay Ching**
**Chairman and Executive Director**

Mr Chin was appointed as Chairman and Executive Director of the Group on 25 July 2014. He is presently a member of the Nominating Committee.

Mr Chin has an extensive career with over 27 years of experience in the property development and hospitality sectors. He is a developer of various property development projects in Singapore, Australia, Malaysia and China. These development projects include residential housing, condominiums, golf courses and hotels. Mr Chin's substantial experience in property development, management and investment will enable the Group to capitalise on new opportunities in these areas.

Mr Chin has a Professional Diploma in Quantity Surveying from the Royal Institute of Technology.

**Mr Chin Rui Xiang**
**Executive Director**

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

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

**Mr Derek Loh Eu Tse**
**Non-Executive Independent Director**

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

Mr Loh graduated from University of Cambridge with Honours in 1990. He obtained his barrister-at-law in England before proceeding to his call as an advocate and solicitor in Singapore in 1993. Since then he has been in active practice in the area of construction and engineering law. He is presently practicing in TSMP Law Corporation Singapore as an executive director. He sits on the Boards of listed companies in Singapore and abroad including Vibrant Group Limited, Metech International Ltd and Vietnam Enterprise International Limited. Mr Loh is a member of the Board of Governors of Saint Joseph Institution, a leading independent school in Singapore and is on the Board of Trustees of Saint Joseph's Institution Foundation (Singapore), a charitable organisation.

# BOARD OF DIRECTORS

**Mr Gersom G Vetuz**
**Non-Executive Independent Director**

Mr Vetuz joined the Group on 15 September 2008 as a Non-Executive Independent Director. He is presently the Chairman of the Audit Committee and a member of the Remuneration Committee.

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

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

**Mr Wong Loke Tan**
**Non-Executive Independent Director**

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

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

Mr Wong left banking in June 2016 as a Senior Vice President with Maybank, Singapore. Currently, he is a Non-Executive Independent Director of Union Steel Holdings Limited and he is also a Non-Executive Independent Chairman of Koyo International Limited. Both companies are listed in Singapore.

Mr Wong is dedicated to contribute to civic organisations such as the Saint Gabriel's School Management Committee. In 2013, he was awarded the Bronze Medallion Service Award by the Ministry of Education in recognition of his contributions and services.

# KEY MANAGEMENT

**Ms Chin Rui Shan**
**Overseas Finance Director**

Ms Chin was appointed as Overseas Finance Director on 14 March 2018. She has previously worked in listed and private non-listed and non-listed SMEs with lean organisation structures and is familiar with taking on a variety of roles during her stints. She has experience in business development as well as project management roles involving real estate development and hospitality.

Ms Chin graduated with a Bachelor degree in Finance and Master in Accounting (both with Honors) from New York University Leonard N. Stern School of Business, New York, USA.

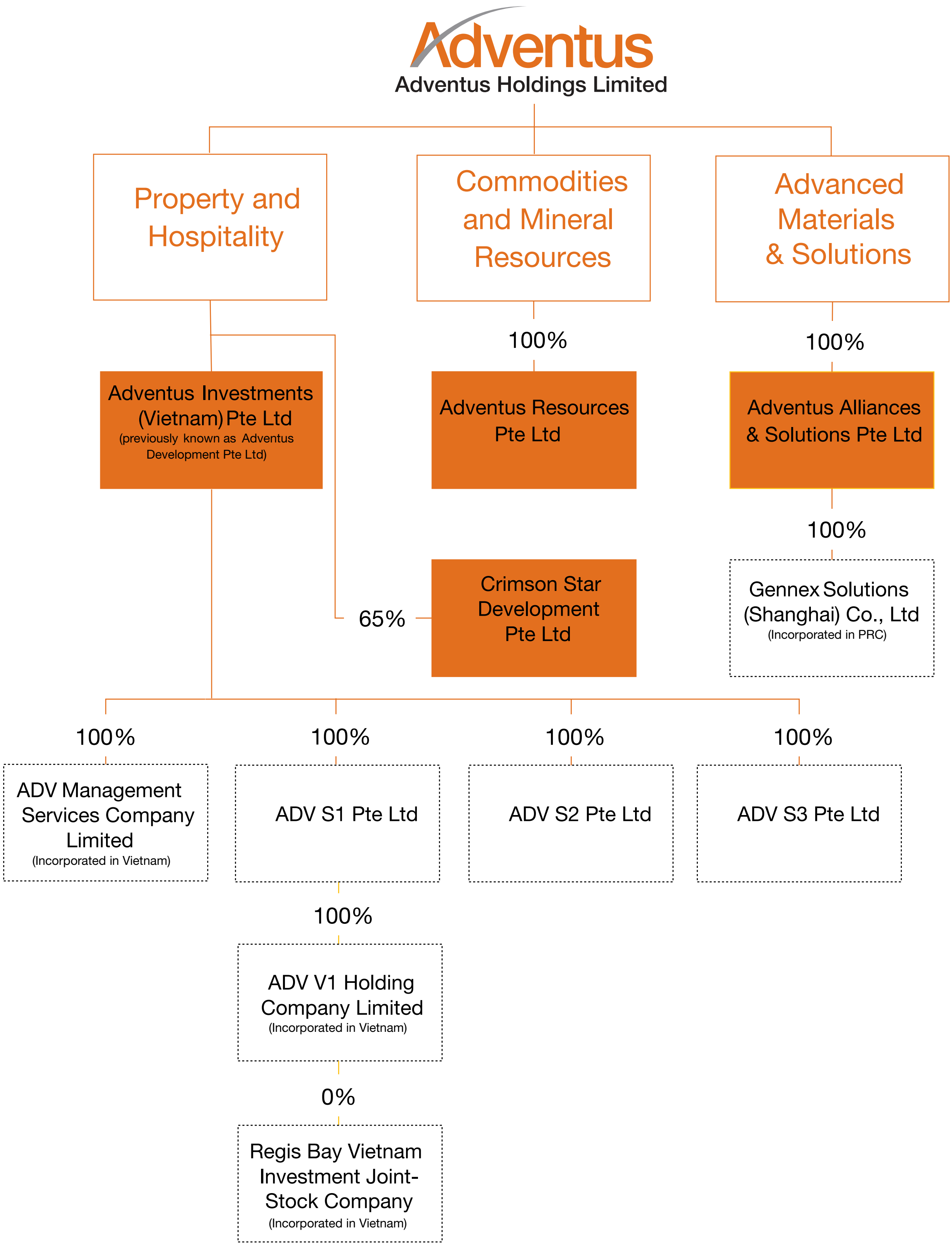
**Mr Wong Sonny Wing Doug**
**Project Director**

Mr Wong joined the Group as Project Director on 14 March 2018.

Mr Wong has over 8 years of experience at engineering consultancy and real estate development companies of diverse organisational and operating environments. He was able to build his skillset in project management and corporate governance at his last tenure as Deputy Project Director for M+S Pte Ltd; the Malaysia-Singapore JV company formed to manage the development of two internationally recognised, award-winning, mixed-use developments in Singapore with combined GDV (Gross Development Value) of S$11 billion.

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

# CORPORATE STRUCTURE



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Adventus Holdings Limited (the "**Company**") is committed to maintaining a high standard of corporate governance and transparency within the Company and its subsidiaries (the "**Group**") in the spirit of the Code of Corporate Governance 2012 (the "**Code 2012**") which was issued by the Monetary Authority of Singapore on 2 May 2012.

In line with the commitment by the Board to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code 2012 and the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**"), where applicable.

The Board is pleased to report the Company's compliance with the Code 2012 and the Catalist Rules, except where otherwise stated.

## BOARD OF DIRECTORS

***Principle 1 – Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.***

***Principle 2 – There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

***Principle 6 – In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

***Principle 10 – The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Board is responsible for setting the strategic direction for the Company. Every director of the Company ("**Director**") is expected to always act in good faith and in the best interests of the Company.

During the financial year ended 31 December 2017 ("FY2017"), the Board comprises:

| Name of Director | Appointment | Date appointed | Date Resigned |
|---|---|---|---|
| Mr Chin Bay Ching | Chairman and Executive Director | 25 July 2014 | – |
| Mr Gersom G Vetuz | Non-Executive Independent Director | 15 September 2008 | – |
| Mr Loh Eu Tse Derek | Non-Executive Independent Director | 25 July 2014 | – |
| Mr Wong Loke Tan | Non-Executive Independent Director | 11 May 2017 | – |
| Ms Kum Ping Wei | Executive Director | 30 May 2013 | 14 February 2017 |
| Ms Tan Soh Hoong | Non-Executive Independent Director | 13 October 2014 | 14 February 2017 |

There were changes to the Board in 2017 and 2018. Ms Kum Ping Wei, Executive Director and Ms Tan Soh Hoong, Non-Executive Independent Director have resigned on 14 February 2017. Mr Wong Loke Tan, Non-Executive Independent Director and Mr Chin Rui Xiang, Executive Director have been appointed on 11 May 2017 and 14 March 2018 respectively. The Board currently comprises five (5) Directors, two (2) of whom are executive directors and three (3) of whom are non-executive independent directors.

# CORPORATE GOVERNANCE REPORT

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

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

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

The Board reviews the composition of the Board and Board Committees annually. The Board is of the view that the current arrangement is adequate and sufficient for effective decision-making given that the independent directors form more than half of the Board composition. The Board adopts the Code 2012's definition of an independent director and reviews this on an annual basis. Each independent director is required to complete a Confirmation of Independence annually to confirm his independence based on the guidelines as set out in the Code 2012. The Nominating Committee ("**NC**") is of the view that the three (3) non-executive independent directors, Mr Gersom G Vetuz , Mr Loh Eu Tse Derek and Mr Wong Loke Tan, are independent. The non-executive independent directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

The non-executive independent directors, Mr Gersom G Vetuz has served on the Board beyond nine (9) years from the date of his first appointment. The Board and the NC had rigorously reviewed and agreed that the non-executive independent director, Mr Gersom G Vetuz, had participated, deliberated and expressed his views independently at all times and presenting objective to the viewpoints by Management. The Board considers that Mr Gersom G Vetuz brings invaluable expertise, experience and knowledge to the Board. Mr Gersom G Vetuz, who is familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees. The independence of character and judgement of Mr Gersom G Vetuz was not in any way affected or impaired by the length of service. The Board has determined that Mr Gersom G Vetuz remained independent of character and judgement. The Board is satisfied that Mr Gersom G Vetuz can continue to discharge his duties objectively.

The non-executive independent directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company and its shareholders.

The Company recognises and embraces the benefits of diversity of Board members. This is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The selection of candidates is based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

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

The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. A board should also aid in the development of strategic proposals and overseas the effective implementation by Management to achieve set objective.

To date, none of the non-executive independent directors of the Company have been appointed as a Director of the Company's subsidiaries. The Board and management of the Company ("**Management**") are of the view that the current board structures in the Company's subsidiaries are already well organised and constituted. The Board and Management will from time to time renew the Board structures of the Company's subsidiaries and will consider the appointment of any of the independent directors into the Company's subsidiaries.

# CORPORATE GOVERNANCE REPORT

## BOARD MATTERS

The Board is entrusted with the responsibility for the overall management of the Company. The Board's primary responsibilities include review and approval of policy guidelines, setting directions to ensure that the strategies undertaken will lead to enhanced shareholders' wealth.

The following matters require the Board's approval:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as half year and full year results announcements;
- corporate strategic directions, strategies and action plans;
- issuance of key policies and key business initiatives;
- authorisation of acquisition/disposal and other material transactions;
- declaration of interim dividends and proposal of final dividends; and
- convening of Shareholders' Meetings.

The Directors have separate and independent access to the Company Secretary and the external auditors at all times. The Company currently does not have a formal procedure to seek independent and professional advice for the furtherance of the Board's duties. However, the Directors may, on a case-to-case basis, propose to the Board for such independent and professional advice, the cost of which will be borne by the Company.

The Company Secretary assists in the conduct of Board meetings and ensures that Board procedures are adhered to. The Company Secretary will also ensure that the requirements of the Companies Act, Chapter 50 of Singapore (the "**Act**") and all other rules and regulations of the SGX-ST are complied with.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other professional consultants on the continuing obligations and various requirements expected of a public company. A newly appointed Director will receive a thorough briefing by existing Directors of the Group's business and governance practices.

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

During the financial year, the external auditors have briefed the Audit Committee members on developments in accounting and governance standards and Audit Committee members have provided such updates to the Board members. In addition, the Chairman and Executive Director constantly update Board members on business and strategic developments of the Group and overview of the industry trends at regular schedule meetings and *ad-hoc* Board meetings. Directors can request for further explanations, briefings or information on any aspects the Group's business issues from the Management.

In recognition of the high standard of accountability to our shareholders, the Directors have established various board committees, namely, NC, Remuneration Committee ("**RC**") and Audit Committee ("**AC**"). These committees function within clearly defined terms of references and operating procedures, which will be reviewed on a regular basis by the Board. The effectiveness of each committee will also be constantly reviewed by the Board.

All members of the AC and RC are non-executive independent directors. During FY2017, the NC is chaired by a non-executive independent director and the majority of the members are non-executive independent directors. Ms Tan Soh Hoong, a former member of the NC, RC and AC, has resigned on 14 February 2017 and Mr Wong Loke Tan, non-executive independent director has appointed on 11 May 2017 as a Chairman of RC and a member of the NC and AC.

## DIRECTORS' ATTENDANCE AT BOARD, AUDIT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE MEETINGS

During FY2017, the number of meetings held and the attendance of each member of the Board and Board committees are as follows:

| | Board | AC | NC | RC |
|---|---|---|---|---|
| **Number of meetings held** | 2 | 2 | 1 | 1 |
| **Director** | **Number of meetings attended** | | | |
| Mr Chin Bay Ching | 2 | – | 1 | – |
| Mr Gersom G Vetuz | 2 | 2 | – | 1 |
| Mr Loh Eu Tse Derek | 2 | 2 | 1 | 1 |
| Mr Wong Loke Tan*(1) | 1 | 1 | – | – |
| Ms Kum Ping Wei*(2) | – | – | – | – |
| Ms Tan Soh Hoong*(3) | – | – | – | – |

*(1) Mr Wong Loke Tan, a Non-Executive Independent Director has been appointed on 11 May 2017
*(2) Ms Kum Ping Wei, an Executive Director has resigned on 14 February 2017
*(3) Ms Tan Soh Hoong, a Non-Executive Independent Director has resigned on 14 February 2017

**Chairman and Chief Executive Officer/Executive Directors**

***Principle 3 – There should be a clear division of responsibilities between the leadership of the Board and the executive responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

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

At the date of this Annual Report, the Board consists of three (3) non-executive independent directors and two (2) executive directors. This composition serves as a check that the Board as a whole is independent in substance, and that the power and authority of the Board does not vest in only one person.

Currently, the Company does not have a Lead Independent Director. Nonetheless, the non-executive independent directors meet periodically without the presence of the other directors and thereafter, provide feedback to the Chairman after such meetings.

Mr Chin Bay Ching ("**Mr Chin**") discharges his duty as Chairman and Executive Director of the Board objectively with the help of other Board members. He plays a role in mapping out the directions for the Group's growth at a strategic level and business development. Mr Chin also exercises control over the quality and timeliness of information flow between Management and the Board. He chairs Board meetings and monitors the translation of the Board's decisions to Management. He ensures effective communication with shareholders at the shareholders' meetings. In addition, he promotes high standards of corporate governance in compliance with the Code 2012.

# CORPORATE GOVERNANCE REPORT

**Nominating Committee**

***Principle 4 – There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.***

***Principle 5 – There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

The NC as at the date of this Annual Report are:

| | | |
|---|---|---|
| Mr Loh Eu Tse Derek | – | Chairman, Non-Executive Independent Director |
| Mr Chin Bay Ching | – | Member, Executive Director |
| Mr Wong Loke Tan | – | Member, Non-Executive Independent Director (Appointed on 11 May 2017) |

The NC currently comprises two (2) non-executive independent directors and one (1) executive director, a majority of whom, including the Chairman is, independent. There is no alternate director on the Board.

The NC's principal functions are as follows:

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

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

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

(d) determine whether or not a director is able to and has been adequately carrying out his duties as a director of the Company;

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

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

(g) review the training and professional development programs for the Board from time to time.

The NC is satisfied that the current structure, size and composition of the Board is adequately able to meet the Company's existing scope of needs and the nature of operations. From time to time, the NC will review the appropriateness of the current size of the Board, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

New directors are appointed by way of a Board resolution, upon their nomination by the NC. In its search and selection process for new directors, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates. The NC appraises the nominees to ensure that the candidates possess relevant background, experience, knowledge in the business, competencies in finance and management skills critical to the Group and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group. In accordance with the Company's Articles of Association (the "**Articles**"), the new Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("**AGM**"). This will enable all shareholders to exercise their rights in selecting all Board members.

Apart from the requirements by the Company's Articles, the NC also reviews the re-election of directors taking into consideration the Directors' attendances and participation at the Board meetings, personal attributes, and contributions towards issues from time to time.

# CORPORATE GOVERNANCE REPORT

The NC has recommended the following Directors to retire pursuant to Articles 95 and 96 of the Company's Articles. Each of the Directors being eligible for re-election and having consented, have been nominated for re-appointment at the forthcoming AGM:

| Name of Director | Appointment | Date appointed | Article |
|---|---|---|---|
| Mr Chin Bay Ching[1] | Chairman and Executive Director | 25 July 2014 | Article 95 |
| Mr Wong Loke Tan[2] | Non-Executive Independent Director | 11 May 2017 | Article 96 |
| Mr Chin Rui Xiang[3] | Executive Director | 14 March 2018 | Article 96 |

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

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

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

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

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

| Director | Date of initial appointment | Date of last re-elected as Director | Current directorships in other listed companies | Past directorships in other listed companies (preceding three years) | Details of Other Principal Commitment, if any |
|---|---|---|---|---|---|
| Mr Chin Bay Ching | 25 July 2014 | 29 April 2016 | – | – | – |
| Mr Chin Rui Xiang | 14 March 2018 | – | – | – | – |
| Mr Gersom G Vetuz | 15 September 2008 | 29 April 2016 | – | – | – |
| Mr Loh Eu Tse Derek | 25 July 2014 | 30 April 2015 | Vibrant Group Limited<br><br>Metech International Limited<br><br>Vietnam Enterprise Investments Limited | – | Partner, TSMP Law Corporation |
| Mr Wong Loke Tan | 11 May 2017 | – | Koyo International Limited<br><br>Union Steel Holdings Limited | – | – |

# CORPORATE GOVERNANCE REPORT

The NC is aware that some of the Directors do hold multiple directorships as each of them are required to disclose their other directorships to the Board, upon appointment and cessation. The NC has reviewed, taking into account the individual performance assessment and their actual conduct on the Board, and is satisfied that the Directors with multiple board representations have given adequate time and attention to the Company's affairs during the year under review. As time requirements of each director are subjective, the NC has decided not to fix a maximum limit on the number of directorships a director may hold. The NC considers that the representations presently held by its Directors do not impede their respective capabilities in carrying out their duties of the Company.

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

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

During the financial year, all Directors are requested to complete an Individual Self-assessment Checklist and a Board Evaluation Questionnaire designed to seek their views on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board and its Board Committee as a whole. The completed checklist and evaluation forms were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board's effectiveness. Following the review, the Board is of the view that the current Board operates effectively.

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

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

The non-executive independent director, Mr Gersom G Vetuz has served on the Board beyond nine (9) years from the date of his first appointment. The NC has performed rigorous review to assess his independence and confirmed his independence.

## REMUNERATION COMMITTEE

***Principle 7 – There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

The RC as at the date of this Annual Report are:

| | | |
|---|---|---|
| Mr Wong Loke Tan | – | Chairman, Non-Executive Independent Director<br>(Appointed on 11 May 2017) |
| Mr Gersom G Vetuz | – | Member, Non-Executive Independent Director |
| Mr Loh Eu Tse Derek | – | Member, Non-Executive Independent Director |

The RC currently comprises all non-executive independent directors.

The RC is governed by written terms of reference under which RC is responsible for:

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

(b) the review and recommendation of specific remuneration package for each director and key management personnel;

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

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

(e) the review and recommendation to the Board of the terms of renewal of service contracts of directors; and

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

The RC's tasks include reviewing and deliberating the compensation packages of Board members as well as key management in the Company and the Group. Each Director will abstain from voting on any resolutions in respect of his remuneration or that of employees related to directors and/or substantial shareholders. The RC may obtain expert professional advice on remuneration matters, if required. No expert advice was sought in FY2017.

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

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

***Principle 8 – The level and structure of remuneration should be aligned with the long term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

***Principle 9 – Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

The Company adopted the objectives as recommended by the Code 2012 to determine the framework and levels of remuneration for directors and key management personnel so as to ensure that it is competitive and sufficient to attract, retain and motivate directors and senior management of the required experience and expertise to run the Group successfully, without being excessive.

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

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

# CORPORATE GOVERNANCE REPORT

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

The executive directors of the Company, Mr Chin Bay Ching and Mr Chin Rui Xiang have entered into separate service agreements with the Company which are reviewed annually (unless otherwise terminated by either party giving not less than three (3) months' notice to the other). The service agreements cover the terms of employment and specifically, the salaries and bonuses.

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

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

## DISCLOSURE ON REMUNERATION

The breakdown of the remuneration of Directors paid for the financial year ended 31 December 2017 is as follows:

| Remuneration Band and Name of Director | Remuneration (S$'000) | Salary[1] | Bonus[2] | Directors' fees[3] |
|---|---|---|---|---|
| $250,000 to below $500,000 | | | | |
| Mr Chin Bay Ching | 266 | 100% | – | – |
| Below $250,000 | | | | |
| Mr Gersom G Vetuz | 35 | – | – | 100% |
| Mr Loh Eu Tse Derek | 40 | – | – | 100% |
| Mr Wong Loke Tan[4] | 25 | – | – | 100% |
| Ms Kum Ping Wei[5] | 33 | 100% | – | – |
| Ms Tan Soh Hoong[5] | 5 | – | – | 100% |

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

(2) Bonus is inclusive of CPF.

(3) Directors' fees payable in cash, in 2018, for being a Director in FY2017. This is subject to shareholders' approval at the AGM of the Company to be held on 27 April 2018.

(4) Appointed on 11 May 2017

(5) Resigned on 14 February 2017

During the financial year, the performance conditions and criteria used to determine the executive directors and key management personnel entitlement under the short term and long term incentive schemes have been met. There are currently no termination, retirement, or post-employment benefits that may be granted to the Directors and key management personnel.

# CORPORATE GOVERNANCE REPORT

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

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

The RC has reviewed and is satisfied that the performance conditions were met for FY2017.

The profile of each of the key management is set out on Page 6 of this Annual Report.

The remuneration of each of the key management of the Group (excluding Directors) does not exceed $250,000 for the financial year ended 31 December 2017.

| Remuneration band of key management staff | Salary[(1)] | Bonus[(2)] | Benefits |
|---|---|---|---|
| Below $250,000 | | | |
| Mr. Thomas Liu Kong Wah | 100% | – | – |
| Ms. Ng Lay Bee | 86% | 14% | – |
| Mr. Tan Kok Beng | 89% | 11% | – |

(who are not Directors of the Company)

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

The aggregate remuneration paid to the top two key management personnel (who are not directors or the CEO) for the year 2017 is S$114,281.

**EMPLOYEE SHARE OPTION SCHEME**

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

The Scheme was approved and adopted by members of the Company at the Extraordinary General Meeting ("AGM") held on 30 April 2015. The Scheme will expire on 30 April 2025. As at the date of this Annual Report, the Scheme was administered by the RC currently comprising three (3) of the following members:

| | | |
|---|---|---|
| Mr Wong Loke Tan | – | Chairman, Non-Executive Independent Director (Appointed on 11 May 2017) |
| Mr Gersom G Vetuz | – | Member, Non-Executive Independent Director |
| Mr Loh Eu Tse Derek | – | Member, Non-Executive Independent Director |

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

# CORPORATE GOVERNANCE REPORT

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

## REMUNERATION OF OTHER EMPLOYEES RELATED TO A DIRECTOR

None of the employees of the Group whose annual remuneration exceeds $50,000 are immediate family members of any other Director as at 31 December 2017. Currently, the Company does not have a CEO.

## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

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

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

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

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

- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by management; and
- reviews management's assessment of risks and management's action plans to mitigate such risks.

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal, external auditors and external certification firms and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, are adequate and effective for the financial year ended 31 December 2017.

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

## AUDIT COMMITTEE

***Principle 12 – The Board should establish an Audit Committee with written terms of reference which clearly sets out its authority and duties.***

| | | |
|---|---|---|
| Mr Gersom G Vetuz | – | Chairman, Non-Executive Independent Director |
| Mr Loh Eu Tse Derek | – | Member, Non-Executive Independent Director |
| Mr Wong Loke Tan | – | Member, Non-Executive Independent Director (Appointed on 11 May 2017) |

The AC currently comprises all non-executive and independent directors.

The AC carried out its functions in accordance with Section 201B(5) of the Act, and has been entrusted with the following functions:

(a) review with the auditors the audit plans, their evaluation of the system of internal controls, audit report and management letter;

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

(c) review the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the Management;

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

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

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

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

(h) nominate the appointment of external auditor; and

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

The AC meets at least two (2) times a year and as frequently as is required. In particular, the AC meets to review the financial statements before announcement. In the year under review, the AC has met to review and approve the audit plan, the half year and full year unaudited results for announcement purposes.

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

# CORPORATE GOVERNANCE REPORT

The AC considered the approach and methodology in determining whether the Group exercises control over Regis Bay Investment Joint Stock Company, hence the classification of Regis Bay Investment Joint Stock Company as a subsidiary, which is dependent upon the terms, conditions and commercial substance of the arrangement and agreements. In making its determination, the Group reviews the agreements and other supporting documents for clauses that may possibly restrict the Group's ability to control the Regis Bay's key operating and financial policies. Senior management has applied its knowledge of the business in its regular review.

The AC reviewed the investment in Regis Bay Investment Joint Stock Company to ensure that they are correctly classified as investment in subsidiaries, the appropriateness and adequateness of the disclosures made in the financial statements and as set out under Note 3(a)(i) to the financial statements.

The investment in Regis Bay was an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2017, as referred to on page 35 of this Annual Report.

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

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

The AC reviews the independence and objectivity of external auditors annually. During the financial year under review, the AC has reviewed the independence of Deloitte & Touche LLP and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. During the financial year under review, the aggregate amount of fees payable to the external auditors for the audit services amounted to S$148,344. There were no fees paid by the Group nor the Company to the external auditors for non-audit services during the financial year under review.

The AC has recommended, and the Board has approved, the nomination for re-appointment of Deloitte & Touche LLP as the external auditors of the Company at the forthcoming AGM. The Board and AC are satisfied that the appointment of different external auditors would not compromise the standard and effectiveness of the audit of the Company, and that Rules 712 and 716 of the Catalist Rules have been complied with. Any interested party transaction for the financial year under review will be duly disclosed.

As at the date of this report, none of the former partners or directors of the Company's external auditor's firm has been appointed as a member of the AC.

**Whistle Blowing Policy**

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

- Independent investigations are carried out in an appropriate and timely manner;
- Appropriate action is taken to correct the weakness in internal controls and policies that allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- Administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimization for whistle blowing in good faith and without malice.

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

## CATALIST SPONSOR

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that there was no non-sponsorship fee paid to the previous Sponsors, Stamford Corporate Services Pte. Ltd. and existing Sponsor, RHT Capital Pte Ltd, for the year under review.

RHT Capital Pte Ltd was appointed to act as the Company's Continuing Sponsor, in place of the Stamford Corporate Services Pte. Ltd. with effect from 10 October 2017.

## INTERNAL AUDIT

***Principle 13 – The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.***

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

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

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

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

The IA completed one (1) review during the financial year ended 31 December 2017 in accordance with the internal audit plan approved by the AC.

## SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

***Principle 14 - Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

***Principle 15 – Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

***Principle 16 – Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Company's new initiatives are first disseminated via SGXNET followed by a news release (if appropriate), which is also available on the SGX-ST's website.

The Board is mindful of its obligations to provide its shareholders with timely disclosure of material information presented in a fair and objective manner.

The Company does not practice selective disclosure.  Price sensitive information is promptly released on SGXNET.  Financial results and annual reports are announced or issued within the mandatory periods.

# CORPORATE GOVERNANCE REPORT

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

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

All shareholders of the Company will receive a copy of the annual report, the notice of general meeting and circular and notice pertaining to any extraordinary general meeting of the Company.

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

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

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

Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with responses from the Board and Management are prepared and made available to the shareholders upon request.

The Company will put all resolutions to vote by poll at the upcoming AGM in compliance with the Catalist Rules.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. The Group has incurred a loss during the financial year under review. Accordingly, there was no proposed dividend declared.

## DEALING IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company has procedures in place on dealings in securities, whereby there should be no dealings in the Company's shares by its officers on short-term considerations and during the period commencing one (1) month prior to the announcement of the Company's half year and full year results and ending on the date of announcement of the results.

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

## INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are reviewed and approved, and are conducted at arm's length basis.

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000) |
|---|---|---|
| N/A | N/A | N/A |

## MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts of the Company or any of its subsidiaries involving the interest of the Chairman or any director or controlling shareholder that were (i) entered into since the end of the previous financial year under review and up to the date of this report; or (ii) subsisting as at 31 December 2017.

| *Date of contract* | *Names of parties* | *Description* | *Contract Amount* | *Salient terms and conditions* |
|---|---|---|---|---|
| N/A | N/A | N/A | N/A | N/A |

## USE OF PROCEEDS

There was no balance of unutilise proceeds as at the beginning of the year ended 31 December 2017.

## STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2017, the Company has generally adhered to the principles and guidelines as set out in the Code 2012 and the Catalist Rules where it is applicable and practical to the Company.

# SUSTAINABILITY REPORT

## 1. Board's Statement

With the publication of our maiden sustainability report ("Report"), we reaffirm our commitment to sustainability with the publication of our maiden sustainability report guided by the GRI Standards: Core option. For this sustainability report, we provide insights into the way we do business, while highlighting our ESG and economic performance.

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

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

## 2. Reporting Framework

In preparing this sustainability report, we are guided by the GRI Standards: Core option.

## 3. Reporting Period

This sustainability report is applicable for the Group's financial year ended 31 December 2017 ("FY2017") and will be published annually thereafter in accordance with our SR Policy.

## 4. Feedback

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

## 5. Stakeholder Engagement

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

We actively engage our key stakeholders through the following channels:

| S/N | Key Stakeholder | Engagement Channel |
|---|---|---|
| 1 | Employee | Senior management held regular communication sessions with employees for effective flow of information and alignment of business goals across all levels of workforce and regular staff evaluation sessions where employees can pose questions in person. |
| 2 | Regulator | The Group participates in consultations and briefing organised by key regulatory bodies such as Singapore Stock Exchange so as to furnish feedback on proposed regulatory changes that impact the company's business. |
| 3 | Shareholder | The Group conveys timely, full and credible information to shareholders through announcement on SGXNET, Company's website (http://www.adventusholdings.com), annual general meetings, annual reports, and other channels such as business publications and investors' relation events. |

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

## 6. Policy, Practice and Performance Reporting

### 6.1 Reporting Structure

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

### 6.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritized as material factors which are then validated. The end results of this process is a list of material factors disclosed in this sustainability report. Inter-relations of which are as shown in the chart below:

**Identification**

Identification of the material factors that are relevant to the Group's activities and data points for performance reporting

↓

**Prioritization**

Prioritization of the material factors and identification of key sustainability factors to be reported

↓

**Validation**

Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of key sustainability factors to finalize the sustainability report content

↓

**Review**

Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organizational and external developments

### 6.3 Materiality Assessment

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

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

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

### 6.4 Performance Tracking and Reporting

We track the progress of our material factors by identifying the relevant data points and measuring them. In addition, we will set performance targets that are aligned with our strategy to ensure that we maintain the right course in our path to sustainability. The Group shall consistently enhancing our performance-monitoring processes and improving our data capture systems.

## 7 Material Factors

Our materiality assessment performed for FY2017 involved the Group's Senior Management in identifying sustainability factors deemed material to the Group's businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

Presented below are a list of key sustainability factors (Level I and selected level II reporting priority) applicable to our Group:

| S/N | Material Factor | Key Stakeholder | Reporting Priority |
|---|---|---|---|
| **Economic** | | | |
| 1 | Sustainable business performance | Shareholder | **I** |
| 2 | Proactive anti-corruption practices | Shareholder, regulator | **II** |
| **Governance** | | | |
| 3 | Robust corporate governance framework | Shareholder, regulator | **II** |

We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each key sustainability factor are presented as follows:

### 7.1 Sustainable Business Performance

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

Since FY2015, we began to diversify our business into (i) property development and management ("property business") and (ii) hospitality-related services ("hospitality business"). To rationalise the Group's business and focus on the property and hospitality business, the manufacturing business under Apphia and its subsidiaries, was disposed in FY2017,

We are constantly exploring investment opportunities to acquire sustainable businesses. For example, subsidiaries were incorporated in Vietnam as part of the Group's ongoing business development.

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

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

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

Moving forward, the Group is committed to focus on the property and hospitality businesses and fund other business opportunities when they arise.

### 7.2 Proactive Anti-Corruption Practices

We are committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore. The Group believes proactive anti-corruption practices could improve business continuity through building a healthy environment that is delivered with integrity and in line with the Group's responsible business practices.

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

During the reporting period, no serious offence was reported[1].

### 7.3 Robust Corporate Governance Framework

A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interest and maximizing long term shareholder value.

Our overall Singapore Governance and Transparency Index SGTI score assessed by National University of Singapore Business School was 53 for FY2017 which placed us within the top 45 percentile of the public companies listed that were assessed.

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

## 8. Target Setting

Given that this is our inaugural report, we are in the process of compiling a trend for key related data to develop targets. Accordingly, target setting is deferred till a time when adequate data is available to set reasonable targets.

1 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term not less than 2 years which is being or has been committed against the company by officers or employees of the company.

## 9. GRI Content Index

| General Standard Disclosure | | Section Reference | Page |
|---|---|---|---|
| **Strategy and Analysis** | | | |
| G4-1 | Statement from senior decision-maker | Chairman's Message > Sustainability Matters | 3 |
| G4-2 | Key impacts, risks, and opportunities | Corporate Governance Report > Principle 11 | 18 – 19 |
| **Organisation Profile** | | | |
| G4-3 | Name of the organisation | Cover page | – |
| G4-4 | Activities, brands, products, and services | • Notes to the Financial Statements > Subsidiaries<br>• Notes to Financial Statements > Segment Information | 69 – 73<br>87 – 90 |
| G4-5 | Location of headquarters | Notes to the Financial Statements > General | 45 |
| G4-6 | Location of operations | Notes to the Financial Statements > Subsidiaries | 69 – 73 |
| G4-7 | Ownership and legal form | • Corporate Structure<br>• Notes to the Financial Statements > Subsidiaries | 7<br>69 – 73 |
| G4-8 | Markets served | Notes to the Financial Statements > Subsidiaries | 69 – 73 |
| G4-9 | Scale of the organisation | • Statement of Financial Position<br>• Consolidated Statement of Profit or Loss and Other Comprehensive Income<br>• The total number of employees in the Group as at 31 December 2017 stands at 9. | 38<br>39<br>–  |
| G4-10 | Information on employees and other workers | The proportion of male/female employees is 89%/11% respectively. | – |
| G4-11 | Collective bargaining agreements | Not applicable as we are not a unionised company. | – |
| G4-12 | Supply chain | • Notes to the Financial Statements > Subsidiaries<br>• Notes to Financial Statements > Segment Information | 69 – 73<br>87 – 90 |
| G4-13 | Significant changes to the organisation and its supply chain | • Sustainability Report > Material Factors > Sustainable Business Performance<br>• Notes to Financial Statements > Discontinued Operations | 27<br>84 – 85 |
| G4-14 | Precautionary Principle or approach | None | – |
| G4-15 | External initiatives | None | – |
| G4-16 | Membership of associations | None | – |
| **Identified Material Aspects and Boundaries** | | | |
| G4-17 | Entities included in the consolidated financial statements | • Corporate Structure<br>• Notes to the Financial Statements > Subsidiaries | 7<br>69 – 73 |
| G4-18 | Defining report content and topic Boundaries | Sustainability Report > Sustainability Reporting Processes | 26 |
| G4-19 | List of material factors | Sustainability Report > Material Factors | 27 – 28 |
| G4-20 | Aspect boundary within the organisation | Sustainability Report > Material Factors | 27 – 28 |
| G4-21 | Aspect boundary outside the organisation | Sustainability Report > Material Factors | 27 – 28 |
| G4-22 | Restatements of information | Not applicable as this is our maiden sustainability report guided by GRI standards. | – |

## 9. GRI Content Index (cont'd)

| General standard disclosure | | Section reference | Page |
|---|---|---|---|
| **Identified Material Aspects and Boundaries** | | | |
| G4-23 | Changes in reporting | Not applicable as this is our maiden sustainability report guided by GRI standards. | – |
| **Stakeholder Engagement** | | | |
| G4-24 | List of stakeholder groups | Sustainability Report > Stakeholder Engagement | 25 |
| G4-25 | Identifying and selecting stakeholders | Sustainability Report > Stakeholder Engagement | 25 |
| G4-26 | Approach to stakeholder engagement | Sustainability Report > Stakeholder Engagement | 25 |
| G4-27 | Key factors and concerns raised | Not applicable as this is our maiden sustainability report | – |
| **Report Profile** | | | |
| G4-28 | Reporting period | Sustainability Report > Reporting Period | 24 |
| G4-29 | Date of most recent report | Not applicable as this is our maiden sustainability report | – |
| G4-30 | Reporting cycle | Sustainability Report > Reporting Period | 24 |
| G4-31 | Contact point for questions regarding the report | Sustainability Report > Feedback | 24 |
| G4-32 | Claims of reporting in accordance with the GRI Standards and GRI content index | • Chairman's message > Sustainability Matters<br>• Sustainability Report > Board Statement<br>• Sustainability Report > Reporting Framework<br>• Sustainability Report > GRI Content Index | 3<br>24<br>24<br>29 - 30 |
| G4-33 | External assurance | We may seek external assurance in the future | – |
| **Governance** | | | |
| G4-34 | Governance structure of the organization | Corporate Governance Report | 8 - 23 |
| G4-56 | Values, principles, standards, and norms of behaviour | • Corporate Governance Report<br>• Sustainability Report > Material Factors > Robust Corporate Governance Framework | 8 - 23<br>28 |
| **Category: Economic** | | | |
| G4-DMA | Generic Disclosures on Management Approach ("DMA") | Sustainability Report > Material Factors > Sustainable Business Performance | 27 |
| G4-EC1 | Direct economic value generated and distributed | • Sustainability Report > Material Factors > Sustainable Business Performance<br>• Statement of Financial Position<br>• Consolidated Statement of Profit or Loss and Other Comprehensive Income | 27<br><br>38<br>39 |
| G4-DMA | DMA | Sustainability Report > Material Factors > Proactive Anti-Corruption Practices | 28 |
| G4-SO5 | Confirmed incidents of corruption and actions taken | Sustainability Report > Material Factors > Proactive Anti-Corruption Practices | 28 |

# DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 38 to 90 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

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

| | |
|---|---|
| Chin Bay Ching | |
| Chin Rui Xiang | (Appointed on March 14, 2018) |
| Gersom G Vetuz | |
| Loh Eu Tse Derek | |
| Wong Loke Tan | (Appointed on May 11, 2017) |

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3 and 4 of the Directors' Statement.

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

| | Shareholdings in the name of director | | Shareholdings in which directors are deemed to have an interest | |
|---|---|---|---|---|
| | At beginning of year | At end of year | At beginning of year | At end of year |
| The Company (Ordinary shares) | | | | |
| Chin Bay Ching | 82,942,256 | 82,942,256 | 911,797,103 | 1,161,662,875 |
| Gersom G Vetuz | 2,200,000 | 2,200,000 | – | – |

By virtue of Section 7 of the Singapore Companies Act, Chin Bay Ching is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company as at January 21, 2018 were the same as at December 31, 2017.

## 4 SHARE OPTIONS AND WARRANTS

*(a) Options to take up unissued shares*

At an Extraordinary General Meeting of the Company held on December 29, 2008, the shareholders approved the amendments to the SNF 2004 Share Option Scheme (the "Scheme"). Under the amended Scheme, the Company may grant options to executive directors and employees of the Group who have contributed to the success and development of the Group to subscribe for ordinary shares in the Company provided that the aggregate number of shares over which the Company may grant on any date, when added to the number of shares issued or issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued shares of the Company on the date preceding the grant of the options. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the Market Price which is defined as the average of last dealt price for the shares by reference to the official list published by the SGX-ST for the 5 consecutive days immediately preceding the offer date of such options. The Scheme was administered by the Remuneration Committee ("RC").

In the event that the options are given a discount, then the vesting periods shall be two years from date of grant. If no discount is given, the vesting period shall be one year from the date of grant.

The Scheme expired on February 16, 2014. The Company held an Extraordinary General Meeting on April 30, 2015 where the shareholders approved new employee share option scheme, name as Adventus Employee Share Option Scheme (the "New Scheme"). All the outstanding options have lapsed at the end of the reporting period and there are no options of New Scheme granted as at December 31, 2017.

*(b) Unissued shares under options and options exercised*

| Date options granted | At 01.01.2017 | Granted during the year | Exercised during the year | Expired during the year | Lapsed during the year | At 31.12.2017 | Exercise price per share | Number of option holders | Period exercisable |
|---|---|---|---|---|---|---|---|---|---|
| 16.08.2007 | 500,000 | – | – | – | (500,000) | – | 0.095 | – | 16.08.2008 - 16.08.2017 |
| 05.03.2010 | 640,000 | – | – | – | (640,000) | – | 0.035 | – | 05.03.2011 - 05.03.2020 (1) |
| 15.08.2011 | 40,000 | – | – | – | (40,000) | – | 0.0183 | – | 15.08.2012 - 15.08.2021 (1) |
| 23.05.2012 | 900,000 | – | – | – | (900,000) | – | 0.022 | – | 23.05.2013 - 23.05.2022 (1) |
| | 2,080,000 | – | – | – | (2,080,000) | – | | | |

(1) The share options lapsed during the year as the participants had ceased to be the employees of the Group following the disposal of subsidiaries.

Particulars of the options granted in 2007, 2010, 2011 and 2012 under the scheme were set out in the Report of the Directors for the financial year ended December 31, 2007, December 31, 2010, December 31, 2011 and December 31, 2012 respectively.

## 4 SHARE OPTIONS AND WARRANTS (cont'd)

*(b) Unissued shares under options and options exercised (cont'd)*

The information on director of the Company participating in the Scheme is as follows:

| | Number of options to subscribe for ordinary shares | | | | |
|---|---|---|---|---|---|
| Director | Aggregate options granted during the year ended December 31, 2017 | Aggregate options granted since commencement to December 31, 2017 | Aggregate options exercised since commencement to December 31, 2017 | Aggregate lapsed/forfeited since commencement to December 31, 2017 | Aggregate options outstanding at December 31, 2017 |
| Gersom G Vetuz | – | 2,200,000 | (2,200,000) | – | – |

No employee or director of the Company or its related corporations has received 5% or more of the total options available under the scheme.

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

*(c) Unissued shares under option and warrant*

At the end of the financial year, there were no unissued shares of the Company under option and warrant.

## 5 AUDITORS

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

ON BEHALF OF THE DIRECTORS

...........................................

Chin Bay Ching

...........................................

Gersom G Vetuz

April 6, 2018

# INDEPENDENT AUDITOR'S REPORT

To the members of Adventus Holdings Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Adventus Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 90.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

To the members of Adventus Holdings Limited

| Key audit matters | Our audit performed and responses thereon |
|---|---|
| **Control over Regis Bay Vietnam Investment Joint-Stock Company**<br><br>On January 9, 2017, the Group signed a joint venture agreement with a property development company, a third party, in Vietnam to set up Regis Bay Vietnam Investment Joint-Stock Company ("Regis Bay") to invest in real estate projects in Vietnam. An amendment to the joint venture agreement and a convertible loan agreement were further signed by the same parties on April 24, 2017 and September 11, 2017 respectively.<br><br>The Group, through one of its subsidiaries, will be investing in Regis Bay in the form of a convertible loan with the option to convert the loan into shares in Regis Bay. See Note 11 for further details.<br><br>Management is of the view that whilst the Group does not hold any equity interests in Regis Bay, it has established control over Regis Bay on the basis as disclosed in Note 11. Accordingly, Regis Bay is accounted for as a subsidiary of the Group.<br><br>This is assessed as a key audit matter as the investment in Regis Bay represents a significant event that occurred during the reporting period and it required management to exercise judgement to determine whether the Group has control over Regis Bay under the relevant accounting standards and the relevant disclosures of the transaction in the financial statements. | We performed the following procedures, amongst others:<br><br>1. Discussed with management to understand the terms, conditions and commercial substance of the arrangement and agreements.<br>2. Reviewed the joint venture agreements, other related contractual agreements (including the convertible loan agreement) and relevant supporting documents for clauses that may possibly restrict the Group's ability to control Regis Bay's key operating and financial policies.<br>3. Challenged management's judgements as to whether the Group exercises control over Regis Bay.<br><br>We have also reviewed the adequacy of the relevant disclosures made by management in the financial statements. |

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

To the members of Adventus Holdings Limited

### Responsibilities of Management and Directors for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 6, 2018

# STATEMENTS OF FINANCIAL POSITION

December 31, 2017

| | Note | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 6 | 9,938,057 | 11,831,713 | 5,766,145 | 9,276,139 |
| Trade receivables | 7 | – | 334,414 | – | – |
| Other receivables and prepayments | 8 | 389,911 | 7,410,890 | 15,591,232 | 9,233,220 |
| Inventories | 9 | – | 465,941 | – | – |
| | | 10,327,968 | 20,042,958 | 21,357,377 | 18,509,359 |
| Assets classified as held for sale | 10 | – | 5,643,552 | – | – |
| Total current assets | | 10,327,968 | 25,686,510 | 21,357,377 | 18,509,359 |
| **Non-current assets** | | | | | |
| Subsidiaries | 11 | – | – | 752 | 1,121,741 |
| Goodwill | 12 | – | – | – | – |
| Property, plant and equipment | 13 | 12,101,097 | 2,840,155 | 11,368 | 3,811 |
| Deferred tax assets | 17 | 173,621 | – | – | – |
| Total non-current assets | | 12,274,718 | 2,840,155 | 12,120 | 1,125,552 |
| **Total assets** | | 22,602,686 | 28,526,665 | 21,369,497 | 19,634,911 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Interest-bearing loan | 14 | – | 72,450 | – | – |
| Trade payables | 15 | 62,070 | 191,110 | – | – |
| Other payables | 16 | 372,206 | 1,125,055 | 2,192,167 | 490,215 |
| | | 434,276 | 1,388,615 | 2,192,167 | 490,215 |
| Liabilities directly associated with assets classified as held for sale | 10 | – | 109,953 | – | – |
| Total current liabilities | | 434,276 | 1,498,568 | 2,192,167 | 490,215 |
| **Non-current liabilities** | | | | | |
| Interest-bearing loan | 14 | – | 942,866 | – | – |
| Other payable | 16 | 79,338 | 6,771 | – | – |
| Deferred tax liabilities | 17 | – | 210,530 | – | – |
| Total non-current liabilities | | 79,338 | 1,160,167 | – | – |
| **Capital and reserves** | | | | | |
| Share capital | 18 | 52,411,370 | 52,411,370 | 52,411,370 | 52,411,370 |
| Statutory reserve | | 119,135 | 119,135 | – | – |
| Translation reserve | | (168,849) | 374,602 | – | – |
| Share options reserve | | – | 26,845 | – | 26,845 |
| Accumulated losses | | (31,764,189) | (27,518,920) | (33,234,040) | (33,293,519) |
| Net equity attributable to owners of the Company | | 20,597,467 | 25,413,032 | 19,177,330 | 19,144,696 |
| Non-controlling interests | | 1,491,605 | 454,898 | – | – |
| Total equity | | 22,089,072 | 25,867,930 | 19,177,330 | 19,144,696 |
| **Total liabilities and equity** | | 22,602,686 | 28,526,665 | 21,369,497 | 19,634,911 |

See accompanying notes to financial statements

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2017

| | Note | Group 2017 $ | Group 2016 $ (Restated) |
|---|---|---|---|
| **Continuing operations:** | | | |
| Revenue | 19 | – | – |
| Cost of sales | | – | – |
| **Gross profit** | | – | – |
| Other operating income | 20 | 55,681 | 340,482 |
| Other expenses | 21 | (1,012,027) | (95,958) |
| Administrative expenses | | (1,750,413) | (1,217,421) |
| Finance costs | 22 | – | (4,038) |
| Loss before income tax | | (2,706,759) | (976,935) |
| Income tax credit | 23 | 166,450 | – |
| Loss for the year from continuing operations | | (2,540,309) | (976,935) |
| **Discontinued operations:** | | | |
| (Loss) Profit for the year from discontinued operations | 25 | (1,993,044) | 6,564,370 |
| **(Loss) Profit for the year** | 24 | (4,533,353) | 5,587,435 |
| **Other comprehensive (loss) income:** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translation of foreign operations, representing other comprehensive income, net of tax | | (662,245) | 355,688 |
| **Total comprehensive (loss) income for the year** | | (5,195,598) | 5,943,123 |
| **(Loss) Profit for the year attributable to:** | | | |
| Owners of Company | | (4,272,114) | 4,413,961 |
| Non-controlling interests | | (261,239) | 1,173,474 |
| | | (4,533,353) | 5,587,435 |
| **Total comprehensive (loss) profit attributable to:** | | | |
| Owners of Company | | (4,815,565) | 4,705,753 |
| Non-controlling interests | | (380,033) | 1,237,370 |
| | | (5,195,598) | 5,943,123 |
| **(Loss) Earnings per share** | | | |
| - basic and diluted | 26 | (0.22) cents | 0.23 cents |

See accompanying notes to financial statements

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2017

| | Share capital | Statutory reserve | Translation reserve | Share options reserve | Accumulated losses | Equity attributable to owners of the company | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Group | | | | | | | | |
| **Balance at January 1, 2016** | 52,411,370 | 119,135 | 82,810 | 26,845 | (31,932,881) | 20,707,279 | (1,022,548) | 19,684,731 |
| Total comprehensive loss for the year | | | | | | | | |
| Profit for the year | – | – | – | – | 4,413,961 | 4,413,961 | 1,173,474 | 5,587,435 |
| Other comprehensive income for the year | – | – | 291,792 | – | – | 291,792 | 63,896 | 355,688 |
| Total | – | – | 291,792 | – | 4,413,961 | 4,705,753 | 1,237,370 | 5,943,123 |
| Effects of disposal part on non-controlling interest in RCL, representing transaction with owners, recognised directly in equity | – | – | – | – | – | – | 240,076 | 240,076 |
| **Balance at December 31, 2016** | 52,411,370 | 119,135 | 374,602 | 26,845 | (27,518,920) | 25,413,032 | 454,898 | 25,867,930 |

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2017

| | Share capital | Statutory reserve | Translation reserve | Share options reserve | Accumulated losses | Equity attributable to owners of the company | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Group | | | | | | | | |
| **Balance at January 1, 2017** | 52,411,370 | 119,135 | 374,602 | 26,845 | (27,518,920) | 25,413,032 | 454,898 | 25,867,930 |
| Total comprehensive loss for the year | | | | | | | | |
| Loss for the year | – | – | – | – | (4,272,114) | (4,272,114) | (261,239) | (4,533,353) |
| Other comprehensive loss for the year | – | – | (543,451) | – | – | (543,451) | (118,794) | (662,245) |
| Total | – | – | (543,451) | – | (4,272,114) | (4,815,565) | (380,033) | (5,195,598) |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Disposal of subsidiaries (Notes 10 and 25) | – | – | – | – | – | – | 1,239,340 | 1,239,340 |
| Dividend declared to non-controlling interests | – | – | – | – | – | – | (1,000,000) | (1,000,000) |
| Non-controlling interest arising from incorporation of a subsidiary | – | – | – | – | – | – | 1,177,400 | 1,177,400 |
| Lapse of share options (Note 27) | – | – | – | (26,845) | 26,845 | – | – | – |
| Total | – | – | – | (26,845) | 26,845 | – | 1,416,740 | 1,416,740 |
| **Balance at December 31, 2017** | 52,411,370 | 119,135 | (168,849) | – | (31,764,189) | 20,597,467 | 1,491,605 | 22,089,072 |

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2017

| | Share capital | Share options reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Company | | | | |
| **Balance at January 1, 2016** | 52,411,370 | 26,845 | (32,190,341) | 20,247,874 |
| Loss for the year, representing total comprehensive loss for the year | – | – | (1,103,178) | (1,103,178) |
| **Balance at December 31, 2016** | 52,411,370 | 26,845 | (33,293,519) | 19,144,696 |
| Profit for the year, representing total comprehensive income for the year | – | – | 32,634 | 32,634 |
| Lapse of share options, representing transaction with owners, recognised directly in equity (Note 27) | – | (26,845) | 26,845 | – |
| **Balance at December 31, 2017** | 52,411,370 | – | (33,234,040) | 19,177,330 |

See accompanying notes to financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2017

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| **Operating activities** | | |
| (Loss) Profit before income tax | (4,704,816) | 5,577,410 |
| Adjustments for: | | |
| Foreign exchange loss, net | 312,335 | 817,501 |
| Allowance for inventories | – | 145,515 |
| Allowance for doubtful receivables | 2,237,977 | 13,647 |
| Depreciation of property, plant and equipment | 98,538 | 297,258 |
| Gain on disposal of subsidiary (Note 25) | (545,697) | (8,299,800) |
| Loss on disposal of held-for-trading investments | – | 95,958 |
| Reinstatement cost | – | 362 |
| Interest expense | 33,036 | 74,846 |
| Interest income | (20,430) | (129,337) |
| Operating cash flows before movements in working capital | (2,589,057) | (1,406,640) |
| | | |
| Trade receivables | (113,922) | 280,729 |
| Other receivables | 9,697,615 | 7,828,626 |
| Inventories | 3,642 | 110,738 |
| Trade payables | 521,226 | (127,099) |
| Other payables | 2,055,038 | 355,764 |
| Cash generated from operations | 9,574,542 | 7,042,118 |
| Income taxes paid | (7,171) | – |
| **Net cash from operating activities** | 9,567,371 | 7,042,118 |
| | | |
| **Investing activities** | | |
| Acquisition of property, plant and equipment | (12,212,607) | (3,570) |
| Interest received | 20,430 | 129,337 |
| Refund of transferrable option | – | 433,890 |
| Proceeds from disposal of subsidiary (Notes 10 & 25) | 798,957 | 7,530,789 |
| Repayment of advances to subsidiary disposed in current year | – | 1,663,979 |
| Proceeds from disposal of investments held-for-trading | – | 1,088,417 |
| **Net cash (used in) from investing activities** | (11,393,220) | 10,842,842 |

See accompanying notes to financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2017

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| **Financing activities** | | |
| Loan from (Repayment of loan to) non-controlling shareholders | 79,338 | (6,500,000) |
| Interest paid | (33,036) | (74,846) |
| Proceeds on loan from director of subsidiary | – | 50,000 |
| Repayment of loan from director of subsidiary | – | (230,000) |
| Repayment of obligation under finance leases | – | (628) |
| Repayment of bank loan | (35,958) | (67,128) |
| Proceeds on issuance of shares of subsidiary to non-controlling shareholders | 1,177,400 | – |
| Dividend paid to non-controlling interests | (1,000,000) | – |
| **Net cash from (used in) financing activities** | 187,744 | (6,822,602) |
| | | |
| Net (decrease) increase in cash and cash equivalents | (1,638,105) | 11,062,358 |
| Cash and cash equivalents at beginning of year | 11,831,713 | 1,093,081 |
| Cash and cash equivalents previously classified as assets held for sale | 462,109 | (277,153) |
| Net effect of exchange rate changes on cash and cash equivalents | (717,660) | (46,213) |
| **Cash and cash equivalents at end of year (Note 6)** | 9,938,057 | 11,831,713 |

See accompanying notes to financial statements

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 1 GENERAL

The Company (Registration No. 200301072R) is incorporated in the Republic of Singapore with its principal place of business and registered office at 52 Telok Blangah Road, #04-01 Telok Blangah House, Singapore 098829. The financial statements are expressed in Singapore dollars.

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

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017 were authorised for issue by the Board of Directors on April 6, 2018.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2017, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK IN 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

**SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)**

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management does not expect any changes to the Group's and Company's current accounting policies or significant adjustments on transition to the new framework, other than other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the option to reset the foreign currency translation reserve to zero as at date of transition.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects described below.

NEW SFRS(I) THAT MAY HAVE IMPACT - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

- SFRS(I) 9 *Financial Instruments*[1]
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- SFRS(I) 16 *Leases*[2]
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*[1]

1 Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
2 Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if SFRS(I) 15 is adopted.

The management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

**SFRS(I) 9 *Financial Instruments***

SFRS(I) 9 introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting and (iii) impairment requirements for financial assets.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of the new FRS 109 may result in changes to the accounting policies relating to the impairment provisions of financial assets. Additional disclosures will also be made in respect of financial instruments including any significant judgement and estimation made. As the Group does not have any significant financial assets as at December 31, 2017, management is of the view that impact to the Group's results on initial adoption of the standard will not be material.

**SFRS(I) 15 *Revenue from Contracts with Customers***

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management anticipates that there will be no material adjustments expected from the initial application of the new SFRS(I) 15 as there is no revenue generated from the continuing operation for the year ended December 31, 2017.

**SFRS(I) 16 *Leases***

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17 Leases.

Management does not plan to early adopt SFRS(I) 16 for financial year ending December 31, 2018.

Management anticipates that the initial application of the new SFRS(I) 16 will result in operating leases to be recognised as right-of-use assets with corresponding lease liabilities, unless they qualify for low value or short-term leases. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact to the amounts recognised in the Group's consolidated financial statements and management is currently assessing its potential impact. It is not practical to provide a reasonably estimate impact to the Group's financial statements until management completes its detailed assessment.

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

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

**Changes in the Group's ownership interests in existing subsidiaries**

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *FRS 39 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Financial assets**

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policies for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

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

**The Group as lessee**

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Costs includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

| | | |
|---|---|---|
| Leasehold land and building | – | over the lease term of 25 years |
| Furniture and fittings | – | 3 to 10 years |
| Office equipment | – | 3 to 5 years |
| Renovation | – | 3 to 5 years |
| Motor vehicles | – | 3 to 5 years |
| Plant and machinery | – | 5 to 10 years |
| Tools and equipment | – | 10 years |

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

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

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

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

PROVISION FOR REINSTATEMENT COSTS - Provision for reinstatement costs represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required to reinstate the building to its original state at the end of the lease.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

DISCONTINUED OPERATIONS - A discontinued operation represents a component of the Group that has either been disposed or classified as held for sale, represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

The results of the discontinued operation are presented separately in the consolidated statement of profit or loss and other comprehensive income from other continuing operations.

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

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

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

(i) *Control over Regis Bay Vietnam Investment Joint-Stock Company ("Regis Bay")*

Note 11 describes that Regis Bay is the subsidiary of the Group in 2017 even though the Group has no equity interests in Regis Bay. Management has assessed whether or not the Group has control over Regis Bay based on whether the Group has the practical ability to direct the relevant activities of Regis Bay unilaterally and has the power to appoint and remove the majority of the board members of Regis Bay. Based on the assessment as set out in Note 11, management is of the view that it has control over Regis Bay. Accordingly, the result of Regis Bay has been consolidated in the Group's financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

*(i) Assessment of recoverability of amount due from subsidiaries*

Management evaluates the adquacy of the Company's impairment of amount due from subsidiaries based on the consideration of the livelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected. In this regard, management is satisfied that adequate allowance for doubtful debts has been made in the financial statements. The carrying amount of amount due from subsidiaries at the end of the reporting period is disclosed in Note 8 to the financial statements.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Capital management policies and objectives

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

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

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

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

(b) Categories of financial instruments

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| ***Financial assets*** | | | | |
| Loans and receivables (including cash and cash equivalents) | 9,948,348 | 19,490,159 | 21,345,711 | 18,494,247 |
| ***Financial liabilities*** | | | | |
| At amortised cost | 513,614 | 2,313,056 | 2,192,167 | 490,215 |

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

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

(d) Financial risk management policies and objectives

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

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

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

(i) Foreign exchange risk management

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

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

Group

| | Assets | | Liabilities | | Net asset (liability) exposure | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ | $ | $ |
| United States dollar | 36,664,981 | 370,639 | (31,431,370) | (7,069,351) | 5,233,611 | (6,698,712) |
| Singapore dollar | 1,844,362 | 1,526,335 | (8,031) | (9,141,020) | 1,836,331 | (7,614,685) |

Company

| | Assets | | Liabilities | | Net asset exposure | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ | $ | $ |
| United States dollar | 16,696,408 | 43,429 | – | – | 16,696,408 | 43,429 |

*Foreign currency sensitivity for significant foreign currency balances*

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profits or decrease in loss before income tax where functional currency strengthens 10% against the relevant currency. For a 10% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the loss before income tax.

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Impact to profit or loss | | | | |
| United States dollar | (523,361) | 669,871 | (1,669,641) | (4,343) |
| Singapore dollar | (183,633) | 761,469 | – | – |

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

(ii) *Interest rate risk management*

The Group and the Company are not exposed to interest rate risk as the Group and the Company do not have significant interest bearing financial assets and financial liabilities.

Accordingly, no sensitivity analysis is prepared as management does not expect any material effect on the the Group's and the Company's profit or loss before income tax arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the reporting period.

(iii) *Credit risk management*

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

In 2016, the Group had concentration of credit risk with an unrelated party which represented 95% of total receivables as at year end. However, management was of the opinion that this did not expose the Group to further credit risk as the unrelated party was creditworthy. During the year, the Group disposed the subsidiary (Note 25) and accordingly, there is no concentration of credit risk.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

(iv) *Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group places its cash with reputable financial institutions.

Non-derivative financial assets

All non-derivative financial assets of the Group and Company are non-interest bearing, current and due within one year except for fixed deposits as disclosed in Note 6 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

(iv) *Liquidity risk management (cont'd)*

Non-derivative financial liabilities

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

| | Weighted average effective interest rate | On demand or less than 1 year | Between 1 to 5 years | After 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ |
| **Group** | | | | | | |
| **2017** | | | | | | |
| **Financial liabilities** | | | | | | |
| Non-interest bearing | – | 434,276 | – | – | – | 434,276 |
| Fixed interest rate | 15 | – | 112,065 | – | (32,727) | 79,338 |
| Total | | 434,276 | 112,065 | – | (32,727) | 513,614 |
| **2016** | | | | | | |
| **Financial liabilities** | | | | | | |
| Non-interest bearing | – | 1,240,969 | 6,771 | – | – | 1,247,740 |
| Fixed interest rate | 5.0 | 52,500 | – | – | (2,500) | 50,000 |
| Variable interest rate | 5.4 | 133,452 | 533,808 | 811,833 | (463,777) | 1,015,316 |
| Total | | 1,426,921 | 540,579 | 811,833 | (466,277) | 2,313,056 |

The maximum amount the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee is $Nil (2016 : $1,015,316). Based on expectations as at December 31, 2016, the Company considered that it was more likely than not that no amount would be payable under the arrangement. This estimate was unlikely to change as the loan was fully secured against an underlying property. The earliest period that the guarantee could be called was within 1 year from December 31, 2016.

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

(v) *Fair value of financial assets and financial liabilities*

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments with the exception of bank loan and loan from non-controlling interests as disclosed in Notes 14 and 16 respectively.

## 5 RELATED PARTY TRANSACTIONS

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

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

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Transactions | | |
| Interest payable by subsidiaries to subsidiaries' directors | 5,639 | 5,694 |
| Sale of subsidiaries to a key management personnel | (1,386,000) | – |

***Compensation of directors and key management personnel***

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

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Short term benefits | 567,769 | 1,014,599 |
| Post-employment benefits | 25,445 | 56,215 |
| | 593,214 | 1,070,814 |

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 6 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Cash on hand | 728 | 4,000 | 35 | – |
| Cash at banks | 9,902,007 | 11,827,713 | 5,766,110 | 9,276,139 |
| Fixed deposits | 35,322 | – | – | – |
| | 9,938,057 | 11,831,713 | 5,766,145 | 9,276,139 |

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term bank deposits with an original maturity of one year or less.

The fixed deposits bear effective interest rates of 3.1% per annum and is for tenure of three months.

## 7 TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Outside parties | – | 368,057 | 495,166 | – |
| Less: Allowance for doubtful debts | – | (33,643) | (495,166) | – |
| | – | 334,414 | – | – |
| Subsidiary (Note 11) | | – | – | 495,166 |
| Less: Allowance for doubtful debts | – | – | – | (495,166) |
| | – | 334,414 | – | – |

The average credit period on sales of goods is 30 days to 90 days (2016 : 30 days to 90 days). No interest is charged on the trade receivables for the outstanding balance.

Before accepting any new customer, the Group assesses the potential customers' credit quality and defines credit limits by customer. Limits and credit quality attributed to customers are reviewed periodically. The trade receivables that are neither past due nor impaired belong to customers that have been making regular payments and are still considered recoverable.

In 2016, the Group's trade receivables balance included debtors with a carrying amount of $57,535 which were past due at the reporting date for which the Group had not provided as there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. Such receivables were less than 3 months past due.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there was no further provision required in excess of the allowance for doubtful debts.

## 7 TRADE RECEIVABLES (cont'd)

Movements in allowances for doubtful debts

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Balance at beginning of year | 33,643 | 20,948 | 495,166 | 495,166 |
| Disposal of subsidiaries (Note 25) | (33,643) | – | – | – |
| Charge to profit or loss | – | 12,695 | – | – |
| Balance at end of year | – | 33,643 | 495,166 | 495,166 |

## 8 OTHER RECEIVABLES AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Prepayments | 379,620 | 86,858 | 11,666 | 15,112 |
| Amount due from subsidiaries (Note 11) | – | – | 15,872,803 | 11,336,396 |
| Less: Allowance for doubtful debts | – | – | (298,037) | (2,123,088) |
| | – | – | 15,574,766 | 9,213,308 |
| Deposits | 8,331 | 108,410 | 4,800 | 47,307 |
| Less: Allowance for doubtful debts | – | (42,507) | – | (42,507) |
| | 8,331 | 65,903 | 4,800 | 4,800 |
| Other receivables | 1,960 | 7,299,418 | 6,024 | 41,289 |
| Less: Allowances for doubtful debts | – | (41,289) | (6,024) | (41,289) |
| | 1,960 | 7,258,129 | – | – |
| | 389,911 | 7,410,890 | 15,591,232 | 9,233,220 |

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further provision required in excess of the allowance for doubtful debts as the remaining receivables are neither past due nor impaired.

Movements in allowances for doubtful debts

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Balance at beginning of year | 83,796 | 82,844 | 2,206,884 | 2,192,206 |
| Written off | (83,796) | – | (1,908,982) | – |
| Charge to profit or loss | – | 952 | 6,159 | 14,678 |
| Balance at end of year | – | 83,796 | 304,061 | 2,206,884 |

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 9 INVENTORIES

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Raw materials | – | 461,009 |
| Finished goods | – | 4,932 |
| | – | 465,941 |

The cost of inventories recognised as an expense included $Nil (2016 : $145,515) in respect of write-down of inventories to net realisable value.

## 10 ASSETS CLASSIFIED AS HELD FOR SALE

In 2015, the Group incorporated a new subsidiary - Crimson Star Development Pte Ltd ("CSDPL") in Singapore with a third party for the purpose of managing a property development project in Vietnam. In 2015, two Vietnamese, who are unrelated to the Group also incorporated Vinacon Investment and Development Company Limited ("VID"). The Group was financing the property development project in Vietnam by way of loan through VID.

VID and Rubber Real Estate Construction Joint Stock Company ("RRE") entered into a contract to establish a company in Vietnam called Riverview Company Limited ("RCL") in 2015. RCL was incorporated to take over the property project, which was held by RRE, and to complete the construction of the property. RCL also has the rights to manage the development, market, lease or sale of all the units and facilities of the property, and development of the asset for sale and lease for its own profit. At the onset, VID and RRE owned 49% and 51% equity interest in RCL respectively. Both parties agreed that VID shall acquire all of RRE's shares in RCL over a period of twelve months and this acquisition was expected to be completed in 2016. However, with a plan to dispose the project in 2016, the acquisition did not take place.

Whilst the Group did not hold any equity interests in VID and consequently in RCL, management assessed that VID was an extension of CSDPL and established control over VID and RCL as CSDPL has power over VID and RCL, is exposed to variable returns from its involvement with RCL and has the ability to influence its return.

At the same time, VID further entered into a transferrable option agreement with an unrelated party to acquire all of VID's rights, interest and title in the project. Concurrently, CSDPL and the unrelated party entered into option sale agreement where the party agreed:

(i) to sell and transfer all right and obligations of the above option to CSDPL; and

(ii) to provide business services and facilities in Ho Chi Minh City, for a period of ten years from the date of this agreement.

As at December 31, 2015, CSDPL had paid $11,954,977 for the transaction as well as operations during the year.

Prior to December 31, 2015, the Group committed to a plan to dispose and discontinue the operations of VID and RCL to a third party. The assets and liabilities attributable to the property development project, which are expected to be sold in 2016, were classified as held for sale.

## 10 ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Disposal of the property development project in 2016:

On March 23, 2016, VID and the non-controlling interest party of CSDPL entered into a sale and purchase agreement with a buyer to dispose equity interest in RCL for a consideration of US$40 million (equivalent to $55,332,000). Part of a consideration of approximately US$32 million (equivalent to $44,360,675) was directly paid by the buyer for the acquisition of 51% equity interest in RCL and its related expenses, while the remaining cash consideration amounting to approximately US$8 million (equivalent to $10,971,325) will be paid to VID. As at December 31, 2016, the outstanding balance due from the buyer amounting to $4,508,836 had been recorded in other receivables and prepayments classified as asset held for sale.

On the same day, CSDPL also entered into a termination agreement to terminate the option agreement that was previously entered with an unrelated party in 2015. Termination is subject to the fulfilment of the following conditions:

(i) The payment of an amount of US$6 million (equivalent to $8,299,800) by the unrelated party to CSDPL which was fully recovered in 2016; and

(ii) The payment of a further amount of US$6 million (equivalent to $8,299,800) by the unrelated party to CSDPL being compensation for CSDPL giving up its rights to the property development project. As at December 31, 2016, the buyer has undertaken to pay the outstanding balance due from the unrelated party amounting amounted to US$5 million (equivalent to $7,231,500) and this had been recorded in other receivables and prepayments (Note 8). During 2017, the amount has been fully received.

Based on the above, management had derecognised RCL as its subsidiary in 2016 as the disposal of the property development project had been completed. However, management had yet to complete its disposal of VID in 2016 due to outstanding receivables yet to be received from VID. Management is of the view as at December 31, 2016, they retained control of VID on the same bases as determined in 2015. Accordingly, the assets and liabilities of VID remain recorded as assets and associated liabilities held for sale in the statement of financial position.

The disposal of VID was subsequently completed in 2017 with full settlement of balances from the unrelated party to VID. However, VID did not repay in full its payable to CSDPL, and accordingly, there is an allowance of doubtful receivables amounting to $1,722,207 made during the year. This has been recorded in "administrative expenses" and presented as part of "Loss for the year from discontinued operations" on the statement of profit or loss and other comprehensive income.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 10 ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Carrying amount of net assets disposed:

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Non-current assets** | | |
| Development properties | – | 55,054,086 |
| **Current assets** | | |
| Inventories | – | 70,376 |
| Other receivables | 5,181,443 | 15,070,537 |
| Cash and cash equivalent | 462,109 | 989,853 |
| Total current assets | 5,643,552 | 16,130,766 |
| **Current liabilities** | | |
| Trade and other payables | (6,875,782) | (47,897,154) |
| Bank loan | – | (3,077,669) |
| Total current liabilities | (6,875,782) | (50,974,823) |
| Net assets derecognised | (1,232,230) | 20,210,029 |
| **Consideration:** | | |
| Cash consideration received during the year, net | – | 7,530,789 |
| Outstanding consideration at year end | – | 11,740,336 |
| Total consideration | – | 19,271,125 |
| **Gain on disposal** | | |
| Consideration | – | 19,271,125 |
| Non-controlling interests derecognised | 1,232,230 | 10,307,115 |
| Development expenditure paid on behalf of RCL by CSDPL in 2015 | – | (1,068,411) |
| Net assets derecognised | (1,232,230) | (20,210,029) |
| Gain on disposal | – | 8,299,800 |
| **Net cash inflow arising on disposal** | | |
| Cash consideration received during the year | – | 8,520,642 |
| Cash and cash equivalents disposed off | (462,109) | (989,853) |
| | (462,109) | 7,530,789 |

## 10 ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

The major class of assets and liabilities classified as held for sale as at December 31 as follows:

| | Group 2017 | Group 2016 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents | – | 462,109 |
| Other receivables and prepayment | – | 5,181,443 |
| Total assets classified as held for sale | – | 5,643,552 |
| Trade and other payables, and total for liabilities associated with assets classified as held for sale | – | (109,953) |
| Net assets of disposal group | – | 5,533,599 |

## 11 SUBSIDIARIES

| | Company 2017 | Company 2016 |
|---|---|---|
| | $ | $ |
| Unquoted equity shares, at cost | 752 | 5,986,097 |
| Less: Impairment losses | – | (4,864,356) |
| | 752 | 1,121,741 |

<u>Movements in impairment losses for subsidiaries</u>

| | Company 2017 | Company 2016 |
|---|---|---|
| | $ | $ |
| Balance at beginning of year | 4,864,356 | 4,864,356 |
| Disposal of subsidiaries (Note 25) | (4,864,356) | – |
| Balance at the end of year | – | 4,864,356 |

# NOTES TO FINANCIAL STATEMENTS
December 31, 2017

## 11 SUBSIDIARIES (cont'd)

Management has evaluated the recoverability of the investment cost based on their judgement. The recoverable amount which is based on the value in use for the investment in subsidiaries is estimated based on present value of future cash flows to be derived. Management is of the opinion that no further impairment is required.

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

| Name of subsidiary | Place of business and incorporation | Principal activities | Proportion of ownership interest and voting power held 2017 % | 2016 % |
|---|---|---|---|---|
| Held by the Company | | | | |
| Apphia Advanced Materials Pte. Ltd. (1) | Singapore | Manufacturing of sputtering targets and provision of services for thin film solutions | – | 100 |
| Adventus Investments (Vietnam) Pte Ltd (2) | Singapore | Investment holding and property development | 100 | 100 |
| Crimson Star Development Pte. Ltd. (2) | Singapore | Investment holding and property development | 65 | 65 |
| Held by subsidiaries | | | | |
| Micro Screen Production Pte Ltd (1) | Singapore | Trading in printing machines, lithographic supplies and services for silkscreen printing | – | 100 |
| ADV S1 Pte Ltd (2) (3) | Singapore | Investment holding and property development | 100 | – |
| ADV V1 Holding Company Limited (3) (4) | Vietnam | Investment holding and property development | 100 | – |
| ADV Management Services Company Limited (3) (4) | Vietnam | Management consulting services | 100 | – |
| Regis Bay Vietnam Investment Joint Stock Company (3) (4) | Vietnam | Hotel development | – | – |
| Vinacon Investment and Development company Limited (6) | Vietnam | Property development | – | – |

(1) Disposed during the year. Audited by Deloitte & Touche LLP, Singapore for purpose of consolidation.

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

(3) Newly incorporated in current year.

(4) Audited by Deloitte & Touche LLP, Vietnam.

## 11 SUBSIDIARIES (cont'd)

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

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

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

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

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

(i) Ability to make key financial and operating policy decisions through its power to appoint majority of the board of Regis Bay;
(ii) Any resolution of the Board of Directors and/or the general meeting of shareholders of Regis Bay shall be effective only with prior consent or approval in writing by the Group;
(iii) The Group has exposure to variable returns from its involvement with Regis Bay and has the ability to use its power over the investee to affect its returns via its convertible loan.

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

(6) The Group did not own equity interest in this subsidiary but management assessed that it had control over the subsidiary. As at December 31, 2016, the subsidiary was classified as assets held for sale (see details in Note 10). During the year, the Group has disposed this subsidiary.

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

## 11 SUBSIDIARIES (cont'd)

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

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests | | Profit (Loss) allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | | | | $ | $ | $ | $ |
| Crimson Star Development Pte. Ltd. | Singapore | 35% | 35% | 73,751 | 2,042,790 | 645,592 | 1,694,239 |
| Regis Bay Vietnam Investment Joint Stock Company | Vietnam | 100% | 100% | (334,990) | – | 846,013 | – |
| Individually immaterial subsidiaries with non-controlling interests | | | | – | (869,316) | – | (1,239,341) |
| | | | | (261,239) | 1,173,474 | 1,491,605 | 454,898 |

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

## 11 SUBSIDIARIES (cont'd)

| | Crimson Star Development | | Regis Bay |
|---|---|---|---|
| | 2017 | 2016 | 2017 |
| | $ | $ | $ |
| Current assets | 1,855,285 | 13,981,705 | 382,649 |
| Non-current assets | – | – | 13,131,457 |
| Current liabilities | (10,734) | (9,141,021) | (9,056,555) |
| Non-current liabilities | – | – | (3,611,538) |
| Equity attributable to owners of the Company | 1,198,959 | 3,146,445 | – |
| Non-controlling interests | 645,592 | 1,694,239 | 846,013 |
| Other income | 570,309 | 10,004,660 | 19,703 |
| Expenses | (359,591) | (4,168,117) | (354,693) |
| Profit for the year | 210,718 | 5,836,543 | (334,990) |
| Profit (Loss) for the year attributable to owners of the Company | 136,967 | 3,793,753 | – |
| Profit (Loss) for the year attributable to the non-controlling interests | 73,751 | 2,042,790 | (334,990) |
| Profit (Loss) for the year | 210,718 | 5,836,543 | (334,990) |
| Other comprehensive income attributable to owners of the company | (227,309) | 169,770 | – |
| Other comprehensive income attributable to the non-controlling interests | (122,398) | 91,415 | 3,603 |
| Other comprehensive income for the year | (349,707) | 261,185 | 3,603 |
| Total comprehensive income attributable to owners of the company | (90,342) | 3,963,523 | – |
| Total comprehensive income attributable to the non-controlling interests | (48,647) | 2,134,205 | (331,387) |
| Total comprehensive income for the year | (138,989) | 6,097,728 | (331,387) |
| Net cash inflow (outflow) from operating activities | 6,596,281 | 9,544,430 | (393,514) |
| Net cash inflow (outflow) from investing activities | 2,850,110 | 7,556,140 | (12,012,139) |
| Net cash (outflow) inflow from financing activities | (11,536,343) | (14,856,640) | 12,426,973 |

## 12 GOODWILL

| | Group |
|---|---|
| | $ |
| **Cost:** | |
| At December 31, 2016 | 1,525,584 |
| Disposal of subsidiaries (Note 25) | (1,525,584) |
| At December 31, 2017 | – |
| **Impairment:** | |
| At December 31, 2016 | (1,525,584) |
| Disposal of subsidiaries (Note 25) | 1,525,584 |
| At December 31, 2017 | – |
| **Carrying amount:** | |
| At December 31, 2016 | – |
| At December 31, 2017 | – |

Goodwill acquired in a business combination was allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

| | Group |
|---|---|
| | $ |
| Advanced materials and solutions segment: | |
| Apphia Advanced Materials Pte. Ltd. ("Apphia") | 1,524,841 |
| Green Electric Energy Pte. Ltd. ("Green") | 743 |
| | 1,525,584 |

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU was determined from value in use calculations. The key assumptions for the value in use calculations were those regarding the discount rates, growth rates and expected changes to selling price and direct costs during the period. Management estimated discount rates using pre-tax rates that reflected current market assessments of the time value of money and the risks specific to the CGU. The growth rate did not exceed industry growth forecasts.

In 2012, due to the loss of a major customer subsequent to the acquisition of Apphia, the Group assessed and recognised an impairment loss of $1,524,841. Subsequent impairment loss of $743 was recognised in 2014. During the year, the Group either disposed or struck off the subsidiaries and accordingly, the goodwill has been written off.

## 13 PROPERTY, PLANT AND EQUIPMENT

| Group | Leasehold land and building | Furniture and fittings | Office equipment | Renovation | Motor vehicles | Plant and machinery | Tools and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Cost** | | | | | | | | | |
| At January 1, 2016 | 3,427,454 | 74,920 | 143,715 | 345,735 | 26,208 | 2,047,227 | 119,072 | – | 6,184,331 |
| Additions | – | – | 1,554 | – | – | 2,016 | – | – | 3,570 |
| At December 31, 2016 | 3,427,454 | 74,920 | 145,269 | 345,735 | 26,208 | 2,049,243 | 119,072 | – | 6,187,901 |
| Additions | – | – | 17,568 | – | – | 27,697 | – | 12,170,714 | 12,215,979 |
| Disposal of subsidiaries (Note 25) | (3,427,454) | (73,432) | (131,509) | (327,055) | (26,208) | (2,076,940) | (119,072) | – | (6,181,670) |
| Exchange differences | – | – | (52) | – | – | – | – | (86,216) | (86,268) |
| At December 31, 2017 | – | 1,488 | 31,276 | 18,680 | – | – | – | 12,084,498 | 12,135,942 |
| **Accumulated depreciation** | | | | | | | | | |
| At January 1, 2016 | 538,285 | 59,872 | 130,203 | 328,518 | 23,154 | 1,439,610 | 110,789 | – | 2,630,431 |
| Depreciation | 133,009 | 5,446 | 10,303 | 8,749 | 3,054 | 134,787 | 1,910 | – | 297,258 |
| At December 31, 2016 | 671,294 | 65,318 | 140,506 | 337,267 | 26,208 | 1,574,397 | 112,699 | – | 2,927,689 |
| Depreciation | 66,435 | 2,718 | 7,372 | 1,806 | – | 19,301 | 906 | – | 98,538 |
| Disposal of subsidiaries (Note 25) | (737,729) | (66,548) | (133,186) | (320,393) | (26,208) | (1,593,698) | (113,605) | – | (2,991,367) |
| Exchange differences | – | – | (15) | – | – | – | – | – | (15) |
| At December 31, 2017 | – | 1,488 | 14,677 | 18,680 | – | – | – | – | 34,845 |

## 13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group | Leasehold land and building | Furniture and fittings | Office equipment | Renovation | Motor vehicles | Plant and machinery | Tools and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Impairment loss** | | | | | | | | | |
| At January 1, 2016 | – | 269 | 3,635 | 689 | – | 373,616 | – | – | 378,209 |
| Charge to profit or loss | – | – | – | – | – | 41,848 | – | – | 41,848 |
| At December 31, 2016 | – | 269 | 3,635 | 689 | – | 415,464 | – | – | 420,057 |
| Disposal of subsidiaries (Note 25) | – | (269) | (3,635) | (689) | – | (415,464) | – | – | (420,057) |
| At December 31, 2017 | – | – | – | – | – | – | – | – | – |
| **Carrying amount** | | | | | | | | | |
| At December 31, 2017 | – | – | 16,599 | – | – | – | – | 12,084,498 | 12,101,097 |
| At December 31, 2016 | 2,756,160 | 9,333 | 1,128 | 7,779 | – | 59,382 | 6,373 | – | 2,840,155 |

In 2016, the leasehold land and building were pledged as security for the interest-bearing loan in Note 14.

## 13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

| | Group | |
|---|---|---|
| | 2017<br>$ | 2016<br>$ |
| Capitalisation rate | 15% | – |
| Borrowing costs capitalised included in additions during the year | 3,372 | – |
| Accumulated interest capitalised included in the cost total | 3,372 | – |

Company

| | Furniture and fittings<br>$ | Office equipment<br>$ | Renovation<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Cost** | | | | |
| At January 1, 2016 | 1,488 | 13,013 | 18,680 | 33,181 |
| Additions | – | 747 | – | 747 |
| At December 31, 2016 | 1,488 | 13,760 | 18,680 | 33,928 |
| Additions | – | 10,238 | – | 10,238 |
| At December 31, 2017 | 1,488 | 23,998 | 18,680 | 44,166 |
| **Accumulated depreciation** | | | | |
| At January 1, 2016 | 1,488 | 8,264 | 14,788 | 24,540 |
| Depreciation | – | 1,685 | 3,892 | 5,577 |
| At December 31, 2016 | 1,488 | 9,949 | 18,680 | 30,117 |
| Depreciation | – | 2,681 | – | 2,681 |
| At December 31, 2017 | 1,488 | 12,630 | 18,680 | 32,798 |
| **Carrying amount** | | | | |
| At December 31, 2017 | – | 11,368 | – | 11,368 |
| At December 31, 2016 | – | 3,811 | – | 3,811 |

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 14 INTEREST-BEARING LOAN

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Current | | | | |
| Bank loan (Secured) | – | 72,450 | – | – |
| Non-current | | | | |
| Bank loan (Secured) | – | 942,866 | – | – |

In 2016, the loan was repayable over 216 monthly instalments from February 2010 until January 2028. The loan was secured by first legal mortgage over the leasehold property and a corporate guarantee from the Company.

In 2016, the average effective borrowing rate was 5.4% per annum and the interest rate arrangement on the bank loan was as follows:

– First 24 monthly instalments at 2.88% (2.12% below the bank's Enterprise Financing Rate) from February 2010 to January 2012.

– Subsequent 40 instalments at 0.25% above from the bank's Enterprise Financing Rate from February 2012 to May 2015.

– Subsequent 152 instalments at 0.75% above from the bank's Enterprise Financing Rate from June 2015 to January 2028.

Management is of the opinion that the carrying amounts of the bank loan approximate their fair value due to market interest rate charged.

Reconciliation of liabilities arising from financing activities

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

| | At January 1, 2017 | Financing cash flow | Disposal of subsidiaries (Note 25) | At December 31, 2017 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Group | | | | |
| Bank loan (Secured) | 1,015,316 | (35,958) | (979,358) | – |

## 15 TRADE PAYABLES

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Outside parties | 62,070 | 191,110 |

The average credit period on purchases of goods and services is 30 days to 60 days (2016 : 30 days to 60 days). No interest is charged on overdue trade payables.

## 16 OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Current: | | | | |
| Accruals | 362,128 | 649,541 | 252,029 | 302,888 |
| Loan from a subsidiary's director | – | 50,000 | – | – |
| Interest payable to non-controlling interest | 3,372 | – | – | – |
| Subsidiary (Note 11) | – | – | 1,940,138 | 120,678 |
| Advance receipts | – | 25,196 | – | – |
| Related party (Note 5) | 6,706 | 42,000 | – | – |
| Others | – | 358,318 | – | 66,649 |
| | 372,206 | 1,125,055 | 2,192,167 | 490,215 |
| Non-current: | | | | |
| Provision for reinstatement costs | – | 6,771 | – | – |
| Loan from non-controlling interest | 79,338 | – | – | – |
| | 79,338 | 6,771 | – | – |

Movement in provision for reinstatement costs:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Balance at beginning of the year | 6,771 | 6,409 | – | – |
| Disposal of subsidiaries (Note 25) | (6,771) | 362 | – | – |
| Balance at end of the year | – | 6,771 | – | – |

In 2016, loan from a subsidiary's director bore interest at average rate of 5% per annum, was unsecured and repayable within 3 months from the date of disbursement of the loan. The loan is disposed as a result of the disposal of subsidiaries (Note 25).

Loan from non-controlling interest bears interest at rate of 15% per annum, is unsecured and has maturity period of 36 months from the date of disbursement of the loan. Management is of the opinion that the fair value of the loan from non-controlling interest is $97,852.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 17 DEFERRED TAX ASSETS (LIABILITIES)

| | Fair value adjustment on leasehold land building on business combination | Temporary difference on property, plant & equipment | Total |
|---|---|---|---|
| | $ | $ | $ |
| Group | | | |
| At January 1, 2016 | (220,555) | – | (220,555) |
| Credit to profit or loss (Note 23) | 10,025 | – | 10,025 |
| At December 31, 2016 | (210,530) | – | (210,530) |
| Credit to profit or loss (Note 23) | 5,013 | 173,621 | 178,634 |
| Disposal of subsidiaries (Note 25) | 205,517 | – | 205,517 |
| At December 31, 2017 | – | 173,621 | 173,621 |

The deferred tax liabilities are pertaining to the fair value adjustment on leasehold land building on business combination from subsidiary. This subsidiary has been disposed during the year (see Note 25).

The deferred tax assets are pertaining to other deductible temporary differences.

## 18 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | Number of ordinary shares | | $ | $ |
| Issued and paid-up: | | | | |
| At beginning of the year and end of the year | 1,950,619,331 | 1,950,619,331 | 52,411,370 | 52,411,370 |

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

## 19 REVENUE

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ (Restated) |
| Discontinued operations: | | |
| Sales of goods (Note 25) | 1,532,005 | 4,130,160 |

## 20 OTHER OPERATING INCOME

| | Group 2017 $ | Group 2016 $ (Restated) |
|---|---|---|
| Continuing operations: | | |
| Interest income | 20,430 | 98,159 |
| Foreign exchange gain, net | – | 231,575 |
| Others | 35,251 | 10,748 |
| | 55,681 | 340,482 |
| Discontinued operations (Note 25): | | |
| Government grant | 28,308 | 38,767 |
| Interest income | – | 31,178 |
| Gain on disposal of subsidiary | 545,697 | 8,299,800 |
| Others | 2,699 | 40,931 |
| | 576,704 | 8,410,676 |
| Total | 629,686 | 8,751,158 |

## 21 OTHER EXPENSES

| | Group 2017 $ | Group 2016 $ (Restated) |
|---|---|---|
| Continuing operations: | | |
| Foreign exchange loss, net | 1,012,027 | – |
| Loss on disposal of held-for-trading investments | – | 95,958 |
| | 1,012,027 | 95,958 |
| Discontinued operations (Note 25): | | |
| Foreign exchange loss, net | 17,189 | 333,477 |
| Total | 1,029,216 | 429,435 |

## 22 FINANCE COSTS

| | Group 2017 $ | Group 2016 $ (Restated) |
|---|---|---|
| Continuing operations: | | |
| Interest expense on loans | – | 4,038 |
| Discontinued operations (Note 25): | | |
| Interest expense on finance leases | – | 3 |
| Interest expense on loans | 33,036 | 70,805 |
| | 33,036 | 70,808 |
| Total | 33,036 | 74,846 |

## 23 INCOME TAX CREDIT

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Continuing operations: | | |
| Tax expense comprises: | | |
| Current tax expense | (7,171) | – |
| Deferred tax (Note 17) | 173,621 | – |
| | 166,450 | – |
| Discontinued operations (Note 25): | | |
| Tax credit comprises: | | |
| Deferred tax (Note 17) | 5,013 | 10,025 |
| Total | 171,463 | 10,025 |

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total benefit for the year can be reconciled to the accounting (loss) profit as follows:

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| (Loss) Profit before income tax: | | |
| Continued operation | (2,706,759) | (976,935) |
| Discontinued operation | (1,998,057) | 6,554,345 |
| Total | (4,704,816) | 5,577,410 |
| | | |
| Tax (benefit) expense at statutory tax rate of 17% (2016 : 17%) | (799,819) | 948,160 |
| Effect of expenses that are not deductible | 471,169 | (984,205) |
| Deferred tax asset not recognised | 176,530 | 67,266 |
| Effect of revaluations of assets for taxation purpose | (5,013) | (10,025) |
| Underprovision of current tax in prior years | 7,171 | – |
| Differences in foreign tax rate | (21,501) | (31,221) |
| | 171,463 | (10,025) |

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

| | Tax losses | | Unutilised capital allowances | | Other temporary differences | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| At beginning of year | 5,196,664 | 5,096,518 | 3,209,027 | 3,909,486 | – | – | 8,405,691 | 9,006,004 |
| Adjustments | 6,400 | (60,225) | – | (935,772) | – | – | 6,400 | (995,997) |
| Arising during the year | 845,200 | 160,371 | 64,309 | 235,313 | 868,105 | – | 1,777,614 | 395,684 |
| Disposal of subsidiaries (Note 25) | (2,776,576) | – | (3,268,191) | – | – | – | (6,044,767) | – |
| At end of year | 3,271,688 | 5,196,664 | 5,145 | 3,209,027 | 868,105 | – | 4,144,938 | 8,405,691 |

| | 2017 | 2016 |
|---|---|---|
| Deferred tax benefits on above recorded | 173,621 | |
| Deferred tax benefits on above not recorded | 577,980 | 1,444,095 |

## 23 INCOME TAX CREDIT (cont'd)

The realisation of the future income tax benefits from tax loss carry forward and unutilised capital allowances that are available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Subject to the agreement by the tax authorities, at the end of reporting period, the Group has unutilised tax losses of $697,281 (2015 : $ Nil) available for offset against future profits that has expiry dates of up to 2022.

Deferred tax assets have not been recognised due to the unpredictability of future taxable profits.

## 24 (LOSS) PROFIT FOR THE YEAR

This is determined after charging (crediting) the following:

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ (Restated) |
| Continuing operations: | | |
| Directors' fees of the Company | 105,000 | 125,000 |
| Loss on disposal on held-for-trading investments | – | 95,958 |
| Allowance for doubtful receivables | – | 952 |
| Depreciation | 4,743 | 5,577 |
| Employee benefits expense (including directors' remuneration) | 884,983 | 750,644 |
| Directors' remuneration of the Company | 290,880 | 518,924 |
| Defined contribution plans | 52,597 | 42,530 |
| Foreign exchange loss (gain), net | 1,012,027 | (231,575) |
| Audit fees: | | |
| - paid to auditors of the Company | 101,000 | 66,150 |
| - paid to other auditors | 23,344 | 2,171 |
| Total audit fees | 124,344 | 68,321 |
| Discontinued operations: | | |
| Cost of inventories recognised in cost of sales | 694,635 | 1,578,230 |
| Allowance for inventory obsolescence | – | 145,515 |
| Depreciation | 93,795 | 291,681 |
| Allowance for doubtful receivables | 2,237,977 | 12,695 |
| Employee benefits expense (including directors' remuneration) | 459,631 | 1,038,163 |
| Defined contribution plans | 62,097 | 143,273 |
| Gain on disposal of subsidiary | (545,697) | (8,299,800) |
| Foreign exchange (gain) loss, net | 17,189 | 333,477 |
| Audit fees: | | |
| - paid to auditors of the Company | 24,000 | 55,650 |
| - paid to other auditors | 1,093 | 2,171 |
| Total audit fees | 25,093 | 57,821 |

There are no fees paid by the Group to the external auditors for non-audit services for 2017 and 2016.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 25 DISCONTINUED OPERATIONS

2017

(i) On 20 July 2017, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Lim Keng Hock Jonathan and Tecnisco Limited to dispose of its entire interest in the share capital of its wholly-owned subsidiary, Apphia Advanced Materials Pte Ltd ("Apphia Group") for $1,400,000. The disposal was completed on August 4, 2017 and the gain on disposal of S$545,697 was recognised in "other operating income" under "Loss for the year from discontinued operation".

(ii) The Group has struck off its subsidiary, Green Electric Energy Pte Ltd, during the reporting period.

(iii) The Group completed its disposal of VID as discussed in Note 10 to the financial statements. The financial results have been included in the analysis of results of discontinued operation below.

2016

The Group disposed its equity interest in RCL for a consideration of US$40 million (equivalent to $55,332,000). Refer to Note 10 for further details.

The profit (loss) for the year from discontinued operations are analysed as follows:

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ (Restated) |
| (Loss) Profit on discontinued operations | (1,993,044) | 6,564,370 |

An analysis of the results of discontinued operations is as follows:

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ (Restated) |
| Revenue (Note 19) | 1,532,005 | 4,130,160 |
| Cost of sales | (1,045,194) | (2,882,820) |
| Other operating income (Note 20) | 576,704 | 8,410,676 |
| Other expenses (Note 21) | (17,189) | (333,477) |
| Distribution and selling expenses | (14,957) | (40,000) |
| Administrative expenses | (2,996,390) | (2,659,386) |
| Finance costs (Note 22) | (33,036) | (70,808) |
| (Loss) Profit before tax | (1,998,057) | 6,554,345 |
| Income tax credit (Note 23) | 5,013 | 10,025 |
| Profit for the year | (1,993,044) | 6,564,370 |

Net cash (used in) from discontinued operations are as follows:

| | | |
|---|---|---|
| Operating activities | (119,030) | 11,718,926 |
| Investing activities | (27,697) | 6,110,714 |
| Financing activities | 34,606 | (15,163,210) |
| Net cash flow attributable to discontinued operations | (112,121) | 2,666,430 |

## 25 DISCONTINUED OPERATIONS (cont'd)

Details of the disposal of Apphia Group and Green Electric Energy Pte Ltd in 2017 is as follows:

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Non-current assets** | | |
| Property, plant and equipment (Note 13) | 2,770,246 | – |
| **Current assets** | | |
| Inventories | 462,299 | – |
| Other receivables | 570,491 | – |
| Cash and cash equivalent | 138,934 | – |
| Total current assets | 1,171,724 | – |
| **Current liabilities** | | |
| Trade and other payable | (1,739,235) | – |
| Bank loan | (979,358) | – |
| Deferred tax liabilities (Note 17) | (205,517) | |
| Total current liabilities | (2,924,110) | – |
| Net assets derecognised | 1,017,860 | – |
| **Gain on disposal** | | |
| Consideration received, satisfied in cash | 1,400,000 | – |
| Net assets derecognised | (1,017,860) | – |
| Non-controlling interests derecognised | (7,110) | |
| Realisation of currency translation reserve upon disposal | 170,667 | – |
| Gain on disposal | 545,697 | – |
| **Net cash inflow arising on disposal** | | |
| Cash consideration received during the year | 1,400,000 | – |
| Cash and cash equivalents disposed off | (138,934) | – |
| | 1,261,066 | – |

## 26 (LOSS) EARNINGS PER SHARE

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

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| (Loss) Profit attributable to equity holders of the Company | (4,272,114) | 4,413,961 |
| Weighted average number of shares ('000) | 1,950,619 | 1,950,619 |
| (Loss) Earnings per share - Basic (cents) | (0.22) | 0.23 |

As at December 31, 2017, the Company has no outstanding share options issued to a director of subsidiary and certain employees. The outstanding 2,080,000 share options in 2016 were anti-dilutive and therefore fully diluted (loss) earnings per share is the same as the basic (loss) earnings per share.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 27 SHARE-BASED PAYMENTS

Equity-settled share option scheme

At an Extraordinary General Meeting of the Company held on December 29, 2008, the shareholders approved the amendments to the SNF 2004 Share Option Scheme ("the Scheme"). Under the amended Scheme, the Company may grant options to executive directors and employees of the Group who have contributed to the success and development of the Group to subscribe for ordinary shares in the Company provided that the aggregate number of shares over which the Company may grant on any date, when added to the number of shares issued or issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued shares of the Company on the date preceding the grant of the options. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% of the Market Price which is defined as the average of last dealt price for the shares by reference to the official list published by the SGX-ST for the 5 consecutive days immediately preceding the offer date of such options. In the event that the options are given a discount, then the vesting period shall be two years from date of grant. If no discount is given, the vesting periods shall be one year from the date of grant.

The Scheme was administered by the Remuneration Committee.

The Scheme expired on February 16, 2014. The Company held an Extraordinary General Meeting on April 30, 2015 where the shareholders approved new employee share option scheme, name as Adventus Employee Share Option Scheme (the "New Scheme").

Details of the share options outstanding during the year are as follows:

| | Group and Company | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Number of share options | Weighted average exercise price | Number of share options | Weighted average exercise price |
| | | $ | | $ |
| Outstanding at the beginning of the year | 2,080,000 | 0.042 | 2,080,000 | 0.042 |
| Lapsed during the year | (2,080,000) | 0.042 | – | – |
| Outstanding at the end of the year | – | – | 2,080,000 | 0.042 |
| Exercisable at the end of the year | – | – | 2,080,000 | 0.042 |

In 2016, the options outstanding at the end of the year had a weighted average remaining contractual life of 5.3 years.

The fair value of share options as at the date of grant was estimated by management using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

There is no new option granted to directors and employees in 2017 and 2016.

## 28 OPERATING LEASE ARRANGEMENTS

The Group as lessee

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| Minimum lease payments under operating leases recognised as an expense in the year | 66,915 | 263,761 |

## 28 OPERATING LEASE ARRANGEMENTS (cont'd)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | $ | $ | $ | $ |
| Within one year | 27,515 | 259,329 | 11,500 | 27,600 |
| In the second to fifth year inclusive | – | 521,648 | – | 11,500 |
| More than five years | – | 533,456 | – | – |
| Total | 27,515 | 1,314,433 | 11,500 | 39,100 |

Operating lease payments represent rentals payable by the Group and Company for its certain equipment, office, workshop premises and land. Leases are negotiated and rentals are fixed for an average of 1 to 2 years. (2016 : 1 to 2 years).

## 29 SEGMENT INFORMATION

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

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

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

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

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

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

Inter-segment transfers are eliminated on consolidation.

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

# NOTES TO FINANCIAL STATEMENTS

December 31, 2017

## 29 SEGMENT INFORMATION (cont'd)

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

(a) *Segment revenues and result*

| | Advanced materials & solutions | | Property and hospitality | | Corporate | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY2017 | FY2016 | FY2017 | FY2016 | FY2017 | FY2016 | FY2017 | FY2016 | FY2017 | FY2016 |
| | S$ | S$ (Restated) | S$ | S$ (Restated) | S$ | S$ (Restated) | S$ | S$ (Restated) | S$ | S$ (Restated) |
| Continuing operations: | | | | | | | | | | |
| Total revenue | – | – | – | – | – | – | – | – | – | – |
| Segment results | (34,792) | (16,602) | (498,491) | 48,923 | (2,187,983) | (1,098,696) | (5,923) | (4,682) | (2,727,189) | (1,071,057) |
| Interest income | | | | | | | | | 20,430 | 98,159 |
| Finance costs | | | | | | | | | – | (4,038) |
| **Loss before income tax** | | | | | | | | | 2,706,759 | (976,936) |
| Income tax | | | | | | | | | 166,450 | – |
| **Loss for the year** | | | | | | | | | (2,540,309) | (976,936) |
| Discontinued operations: | | | | | | | | | | |
| Total revenue | 1,532,005 | 4,130,160 | – | – | – | – | – | – | 1,532,005 | 4,130,160 |
| Segment results | (242,814) | (428,526) | (1,722,207) | 7,022,502 | – | – | – | – | (1,965,021) | 6,593,976 |
| Interest income | | | | | | | | | – | 31,178 |
| Finance costs | | | | | | | | | (33,036) | (70,808) |
| **(Loss) Profit before income tax** | | | | | | | | | (1,998,057) | 6,554,346 |
| Income tax | | | | | | | | | 5,013 | 10,025 |
| **(Loss) Profit for the year** | | | | | | | | | (1,993,044) | 6,564,371 |

## 29 SEGMENT INFORMATION (cont'd)

(b) *Segment assets and liabilities*

| | Advanced materials & solutions | | Property and hospitality | | Corporate | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY2017 | FY2016 | FY2017 | FY2016 | FY2017 | FY2016 | FY2017 | FY2016 | FY2017 | FY2016 |
| | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ | S$ |
| Segment assets | 125,165 | 4,052,034 | 16,683,543 | 15,174,870 | 5,793,978 | 9,299,761 | – | – | 22,602,686 | 28,526,665 |
| Segment liabilities | 137,346 | 2,157,829 | 121,740 | 128,970 | 252,028 | 369,436 | 2,500 | 2,500 | 513,614 | 2,658,735 |
| Capital expenditure | 27,697 | 2,823 | 12,178,044 | – | 10,238 | 747 | – | – | 12,215,979 | 3,570 |
| Depreciation of property, plant and equipment | 93,795 | 291,681 | 2,062 | – | 2,681 | 5,577 | – | – | 98,538 | 297,258 |
| Allowance for inventory | – | 145,515 | – | – | – | – | – | – | | 145,515 |
| Provision of doubtful receivables | 515,770 | 12,695 | 1,722,207 | – | – | 952 | – | – | 2,237,977 | 13,647 |
| Gain on disposal of subsidiary | (545,697) | – | – | (8,299,800) | – | – | – | – | (545,697) | (8,299,800) |
| Loss on disposal of held-for-trading investment | – | – | – | – | – | 95,958 | – | – | – | 95,958 |

## 29 SEGMENT INFORMATION (cont'd)

| | Group 2017 | Group 2016 |
|---|---|---|
| | $ | $ |
| **Sales revenue based on location of customer** | | |
| Discontinued operations: | | |
| South Korea | 35,373 | 160,433 |
| Republic of China | 1,838 | 6,374 |
| Pakistan | 25,319 | 53,093 |
| Malaysia | 236,704 | 587,891 |
| Indonesia | 302,691 | 576,253 |
| Thailand | 42,511 | 39,629 |
| Singapore | 663,242 | 1,711,376 |
| Germany | 123,025 | 552,111 |
| Liechtenstein | – | 10,015 |
| United States of America | 14,714 | 32,199 |
| Others | 86,588 | 400,786 |
| | 1,532,005 | 4,130,160 |
| **Non-current assets based on location** | | |
| Singapore | 11,368 | 2,840,155 |
| Vietnam | 12,263,350 | – |
| | 12,274,718 | 2,840,155 |

**Information about major customers**

In 2017, $408,014 (2016 : $1,126,136) of revenue is generated from three customers (2016 : three customers) from the Advanced materials and solutions segment, which accounts for 27% (2016 : 27%) of total Group's revenue.

## 30 CAPITAL EXPENDITURE COMMITMENTS

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

| | Group 2017 | Group 2016 |
|---|---|---|
| | $ | $ |
| Construction of property, plant and equipment | 1,151,127 | – |

## 31 EVENTS AFTER THE REPORTING PERIOD

On January 5, 2018, one of the subsidiaries (the "subsidiary") entered into a joint venture agreement with two partners to acquire a Vietnam company. The subsidiary acquired 51% equity interest in the Vietnam company with purchase consideration of US$2,474,000 (equivalent to $3,280,000).

The purpose of acquiring the company is to invest in a resort project in Vietnam.

## 32 COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements as a result of the disposal of subsidiaries (Note 25). As a result, certain line items have been amended in the consolidated statement of profit or and the related notes to the financial statements.

# STATISTICS OF SHAREHOLDING

As at 15 March 2018

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

Voting Rights One vote for each ordinary share

### Shareholding Held in Hands of Public

Based on information available to the Company as at 15 March 2018, 36.08% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2018

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 3 | 0.23 | 71 | 0.00 |
| 100 - 1,000 | 63 | 4.87 | 37,287 | 0.00 |
| 1,001 - 10,000 | 152 | 11.75 | 894,200 | 0.05 |
| 10,001 - 1,000,000 | 972 | 75.11 | 194,631,735 | 9.98 |
| 1,000,001 AND ABOVE | 104 | 8.04 | 1,755,056,038 | 89.97 |
| **TOTAL** | **1,294** | **100.00** | **1,950,619,331** | **100.00** |

# STATISTICS OF SHAREHOLDING

As at 15 March 2018

## TWENTY LARGEST SHAREHOLDERS

| No. | Shareholder's Name | Number of Shares Held | % |
|---|---|---|---|
| 1 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 931,190,703 | 47.74 |
| 2 | CITIBANK NOMINEES SINGAPORE PTE LTD | 252,265,772 | 12.93 |
| 3 | RAFFLES NOMINEES (PTE) LTD | 96,819,967 | 4.96 |
| 4 | CHIN BAY CHING | 82,942,256 | 4.25 |
| 5 | KOH KAH BENG (XU JIAMING) | 35,280,100 | 1.81 |
| 6 | KWA KAY HOW | 31,844,500 | 1.63 |
| 7 | DBS NOMINEES PTE LTD | 30,922,100 | 1.59 |
| 8 | OCBC SECURITIES PRIVATE LTD | 19,803,000 | 1.02 |
| 9 | TAN LYE SENG | 12,785,100 | 0.66 |
| 10 | ONG YUEH NGOH (HUANG YUE'E) | 9,315,900 | 0.48 |
| 11 | PHILLIP SECURITIES PTE LTD | 9,056,600 | 0.46 |
| 12 | SHEN CHEE TONG STEVEN | 9,050,000 | 0.46 |
| 13 | OCBC NOMINEES SINGAPORE PTE LTD | 7,208,300 | 0.37 |
| 14 | CHOI BOON WAI | 7,084,000 | 0.36 |
| 15 | CHUA KOON BENG | 7,000,000 | 0.36 |
| 16 | OH CHEE KEAT | 6,300,000 | 0.32 |
| 17 | CHER AH KOW | 5,940,000 | 0.30 |
| 18 | WONG POH HWA @ KWAI SENG | 5,900,000 | 0.30 |
| 19 | PEY YEW HONG | 5,810,200 | 0.30 |
| 20 | NAI LEE HUAT | 5,801,000 | 0.30 |
| | **TOTAL** | **1,572,319,498** | **80.60** |

## Substantial Shareholders

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| Chin Bay Ching | 1,244,605,131 | 63.81 | – | – |

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Bay Hotel at 50 Telok Blangah Road Singapore 098828 on Friday, 27 April 2018 at 9.30 a.m. for the following purposes:-

## ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2017 and the Directors' Statement and Independent Auditor's Report thereon. **[Resolution 1]**

2. To re-elect Mr Chin Bay Ching, who is retiring pursuant to Article 95 of the Articles of Association of the Company. **[Resolution 2]**

   Mr Chin Bay Ching, upon re-election as Director of the Company, shall remain as the Chairman and Executive Director of the Company and the member of the Nominating Committee.
   (See Explanatory Note 1)

3. To re-elect Mr Wong Loke Tan, who is retiring pursuant to Article 96 of the Articles of Association of the Company. **[Resolution 3]**

   Mr Wong Loke Tan, upon re-election as Director of the Company, shall remain as the Chairman of the Remuneration Committee and the member of the Audit and Nominating Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**").
   (See Explanatory Note 2)

4. To re-elect Mr Chin Rui Xiang, who is retiring pursuant to Article 96 of the Articles of Association of the Company. **[Resolution 4]**

   Mr Chin Rui Xiang, upon re-election as Director of the Company, shall remain as the Executive Director of the Company.
   (See Explanatory Note 3)

5. To approve Directors' fees of S$115,000 for the financial year ended 31 December 2017 (S$125,000 for the financial year ended 31 December 2016). **[Resolution 5]**

6. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications;

8. Authority to allot and issue shares up to 100 per cent (100%) of issued shares

   That pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to issue and allot new shares in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, PROVIDED ALWAYS that

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

   (ii) (subject to such manner of calculation as may be prescribed by the Rules of Catalist), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company at the time this Resolution is passed, after adjusting for:-

      (a) new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

      (b) any subsequent consolidation or subdivision of shares; and

   (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **[Resolution 7]**
   (See Explanatory Note 4)

9. Authority to grant options and to issue shares under the Adventus Employee Share Option Scheme

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Adventus Employee Share Option Scheme (the "**Scheme**") and to issue such shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of shares issued and issuable in respect of all options granted or to be granted under the Scheme, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time.
   (See Explanatory Note 5) **[Resolution 8]**

**By Order of the Board**

Lee Bee Fong
Company Secretary
12 April 2018
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

**EXPLANATORY NOTES:**

1. In relation to **Resolution 2** proposed in item 2 above, Mr Chin Bay Ching is an Executive Director and controlling shareholder of the Company. Mr Chin Bay Ching is also the father of the Executive Director, Mr Chin Rui Xiang. Apart from that, there is no relationship (including immediate family relationships) between Mr Chin Bay Ching and with the other Directors, the Company or its 10% shareholders. The detailed information on Mr Chin Bay Ching is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2017.

2. In relation to **Resolution 3** proposed in item 3 above, there is no relationship (including immediate family relationships) between Mr Wong Loke Tan and with the other Directors, the Company or its 10% shareholders and the detailed information on Mr Wong Loke Tan is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2017.

3. In relation to **Resolution 4** proposed in item 4 above, Mr Chin Rui Xiang is the son of the Executive Director and controlling shareholder of the Company, Mr Chin Bay Ching. Apart from that, there is no relationship (including immediate family relationships) between Mr Chin Rui Xiang and with the other Directors, the Company or its 10% shareholders. The detailed information on Mr Chin Rui Xiang is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2017.

**4.** **Resolution 7**, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, to grant options and to issue shares in the Company. The number of shares which the Directors may issue under this Resolution would not exceed 100% of the total number of issued share (excluding treasury shares and subsidiary holdings, if any) of the Company at the time of passing this Resolution. For issue of shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares to be issued shall not exceed 50% of the total number of issued share (excluding treasury shares and subsidiary holdings, if any) of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

**5.** **Resolution 8**, if passed, will empower the Directors from the date of the resolution is passed or to be granted until the next Annual General Meeting, to issue shares pursuant to the exercise of options granted under the Scheme. The maximum number of new shares to be issued under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) the Company from time to time. Any shares issued pursuant to this authority will not form part of the mandate sought under **Resolution7**.

**Notes:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 52 Telok Blangah Road, #04-01 Telok Blangah House, Singapore 098829 not less than 48 hours before the time appointed for the Meeting.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) 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, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) 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 or service providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) 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.

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# ADVENTUS HOLDINGS LIMITED

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

## PROXY FORM
## ANNUAL GENERAL MEETING

**IMPORTANT**

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

*I/We ______________________________ *NRIC/Passport No. ______________

of ______________________________________________ (Address)

being *a member/members of ADVENTUS HOLDINGS LIMITED (the "**Company**"), hereby appoint

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |

or failing *him/her/them, the Chairman of the meeting as *my/our proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Bay Hotel at 50 Telok Blangah Road Singapore 098828 on Friday, 27 April 2018 at 9.30 a.m., and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Annual General Meeting.

NOTE: Each resolution at the Annual General Meeting will be voted on by way of a poll.

☐ Please tick here if more than two (2) proxies will be appointed (Please refer to note 2). This is only applicable for intermediaries such as banks and capital markets service license holders which provide custodial services.

| No. | Resolutions Relating To: | For | Against |
|---|---|---|---|
| | **ORDINARY BUSINESS** | | |
| 1. | Adoption of Directors' Statement and Financial Statements | | |
| 2. | Re-election of Mr Chin Bay Ching | | |
| 3. | Re-election of Mr Wong Loke Tan | | |
| 4. | Re-election of Mr Chin Rui Xiang | | |
| 5. | Approval of Directors' Fees | | |
| 6. | Re-appointment of Auditors | | |
| | **SPECIAL BUSINESS** | | |
| 7. | Authority to Directors to allot and issue new shares | | |
| 8. | Authority to Directors to grant options and to issue shares under the Adventus Employee Share Option Scheme | | |

**Note:** Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the **Notice of Annual General Meeting** for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ______________ 2018

| Register | Number of Shares Held |
|---|---|
| CDP Register | |
| Register of Members | |

_______________________________

Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

** Delete accordingly*

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

***IMPORTANT NOTES TO PROXY FORM :***

Notes:

1. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he 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 the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 52 Telok Blangah Road, #04-01 Telok Blangah House, Singapore 098829 not less than 48 hours before the time appointed for holding the meeting.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2018.

Affix
postage
stamp here

**ADVENTUS HOLDINGS LIMITED**
52 Telok Blangah Road
#04-01 Telok Blangah House
Singapore 098829

Adventus

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