



VERLINVEST ASIA PTE. LTD.

(Registration No: 201437681G)

Statement by Directors and Financial Statements

Year Ended 31 December 2019

RSM Chio Lim LLP

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Wilkie Edge, Singapore 228095

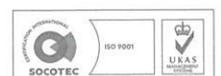
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Statement by Directors and Financial Statements

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VERLINVEST ASIA PTE. LTD.

Statement by Directors

The directors of the company are pleased to present the financial statements of the company for the reporting year ended 31 December 2019.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Ms. Axelle Catherine P. Henry
Mr. Thiolon Raphael Claude Jean (Appointed on 1 October 2019)
Mr. Yuelin T. Yang

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act").

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

VERLINVEST ASIA PTE. LTD.

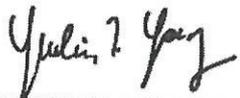
6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors



.....
Ms. Axelle Catherine P. Henry
Director



.....
Mr. Yuelin T. Yang
Director

9 October 2020



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**Independent Auditor's Report to the Member of
VERLINVEST ASIA PTE. LTD.**

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Verlinvest Asia Pte. Ltd., which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

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

Basis for opinion

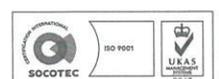
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with 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.

Other information

Management is responsible for the other information. The other information comprises the statement by directors 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 Member of
VERLINVEST ASIA PTE. LTD.**

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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 the financial reporting standards, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company'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 company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Member of
VERLINVEST ASIA PTE. LTD.**

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

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 company 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.

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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chow Khen Seng.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

9 October 2020

VERLINVEST ASIA PTE. LTD.

Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2019

	<u>Notes</u>	<u>2019</u> US\$	<u>2018</u> US\$
Dividend income	4	147,618	252,924
Other income and gains	5	8,396	82,037
Employee benefits expense	7	(1,430,199)	(9,524,609)
Other losses	5	(55,244)	(64,702)
Finance costs		(141,024)	(47,326)
Other expenses	6	(1,761,814)	(1,291,067)
Loss before tax		<u>(3,232,267)</u>	<u>(10,592,743)</u>
Income tax expense	8	(140)	(11)
Total comprehensive loss		<u>(3,232,407)</u>	<u>(10,592,754)</u>

The accompanying notes form an integral part of these financial statements.

VERLINVEST ASIA PTE. LTD.

Statements of Financial Position
As at 31 December 2019

	<u>Notes</u>	<u>2019</u> US\$	<u>2018</u> US\$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	9	80,849	128,056
Right-of-use assets	10	188,293	–
Investment in subsidiary	11	84,712,456	–
Investments in associates	12	<u>107,049,881</u>	<u>82,842,531</u>
Total non-current assets		<u>192,031,479</u>	<u>82,970,587</u>
<u>Current assets</u>			
Other receivables	13	87,192	4,693
Other assets	14	81,126	72,337
Cash and cash equivalents	15	<u>2,899,069</u>	<u>5,043,036</u>
Total current assets		<u>3,067,387</u>	<u>5,120,066</u>
Total assets		<u>195,098,866</u>	<u>88,090,653</u>
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	16	213,288,456	93,365,000
Accumulated losses		<u>(20,198,827)</u>	<u>(16,966,420)</u>
Total equity		<u>193,089,629</u>	<u>76,398,580</u>
<u>Non-current liability</u>			
Lease liabilities, non-current	17	<u>47,257</u>	<u>–</u>
Total non-current liability		<u>47,257</u>	<u>–</u>
<u>Current liabilities</u>			
Trade and other payables	18	1,804,930	11,692,073
Lease liabilities, current	17	<u>157,050</u>	<u>–</u>
Total current liabilities		<u>1,961,980</u>	<u>11,692,073</u>
Total liabilities		<u>2,009,237</u>	<u>11,692,073</u>
Total equity and liabilities		<u>195,098,866</u>	<u>88,090,653</u>

The accompanying notes form an integral part of these financial statements.

VERLINVEST ASIA PTE. LTD.

**Statements of Changes in Equity
As at 31 December 2019**

	<u>Total equity</u> US\$	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$
Current year:			
Opening balance at 1 January 2019	76,398,580	93,365,000	(16,966,420)
Movements in equity:			
Issue of share capital (Note 16)	119,923,456	119,923,456	–
Total comprehensive loss for the year	<u>(3,232,407)</u>	<u>–</u>	<u>(3,232,407)</u>
Closing balance at 31 December 2019	<u><u>193,089,629</u></u>	<u><u>213,288,456</u></u>	<u><u>(20,198,827)</u></u>
Previous year:			
Opening balance at 1 January 2018	30,146,334	36,520,000	(6,373,666)
Movements in equity:			
Issue of share capital (Note 16)	56,845,000	56,845,000	–
Total comprehensive loss for the year	<u>(10,592,754)</u>	<u>–</u>	<u>(10,592,754)</u>
Closing balance at 31 December 2018	<u><u>76,398,580</u></u>	<u><u>93,365,000</u></u>	<u><u>(16,966,420)</u></u>

The accompanying notes form an integral part of these financial statements.

VERLINVEST ASIA PTE. LTD.

Statement of Cash Flows
Year Ended 31 December 2019

	<u>2019</u> US\$	<u>2018</u> US\$
<u>Cash flows from operating activities</u>		
Loss before tax	(3,232,267)	(10,592,743)
Adjustments for:		
Depreciation of plant and equipment	49,046	85,294
Depreciation of right-of-use assets	145,882	–
Interest expense	141,024	47,326
Dividend income from associates	(147,618)	(252,924)
Loss on disposal of plant and equipment	172	1,184
Operating cash flows before changes in working capital	<u>(3,043,761)</u>	<u>(10,711,863)</u>
Other receivables	4,144	(3,869)
Other assets	(8,789)	(40,025)
Other payables	<u>(6,464,232)</u>	<u>7,493,109</u>
Net cash flows from operations	<u>(9,512,638)</u>	<u>(3,262,648)</u>
Income tax paid	<u>(140)</u>	<u>(11)</u>
Net cash flows used in operating activities	<u>(9,512,778)</u>	<u>(3,262,659)</u>
<u>Cash flows from investing activity</u>		
Disposal of plant and equipment	1,705	–
Purchase of plant and equipment	(3,716)	(172,059)
Acquisition of associates	(24,207,350)	(52,737,294)
Dividends income from associates	<u>147,618</u>	<u>252,924</u>
Net cash flows used in investing activity	<u>(24,061,743)</u>	<u>(52,656,429)</u>
<u>Cash flows from financing activities</u>		
Issue of shares	35,211,000	56,845,000
Net movements in amounts due to parent company	(3,509,554)	3,435,275
Interest paid	(141,024)	(47,326)
Lease liabilities – principal portion paid	<u>(129,868)</u>	<u>–</u>
Net cash flows from financing activities	<u>31,430,554</u>	<u>60,232,949</u>
Net (decrease) / increase in cash and cash equivalents	(2,143,967)	4,313,861
Cash and cash equivalents, beginning balance	<u>5,043,036</u>	<u>729,175</u>
Cash and cash equivalents, ending balance (Note 15)	<u>2,899,069</u>	<u>5,043,036</u>

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2019

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in United States dollars.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

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

The registered office is: 163 Penang Road, #04-04 Winsland House II, Singapore 238463. The company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS") and the related interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of presentation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Other income

Dividend from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the United States dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for leasehold improvements and certain leased assets, the shorter lease term). The annual rates of depreciation are as follows:

Leasehold improvements	–	33.3%
Plant and equipment	–	33.3%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment.

Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-to-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term and an interest expense on the recognised lease liability (included in finance costs). Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard whereby the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Subsidiary

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity. An investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

The consolidated financial statements have not been presented as the reporting entity is a wholly owned subsidiary. The address of the parent company presenting the group financial statements is: Verlinvest SA, Place Eugène Flagey 18, 1050 Brussels, Belgium.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

The equity accounted financial statements have not been presented as the reporting entity is a wholly owned subsidiary. The address of the parent company presenting the group financial statements is: Verlinvest SA, Place Eugène Flagey 18, 1050 Brussels, Belgium.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include bank and cash balances, on demand deposits and any highly liquid debt asset instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Measurement of impairment of subsidiary or associate:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the specific class of assets at the end of the reporting year affected by the assumption are disclosed in Notes 11 and 12 respectively.

Determination of functional currency:

Judgement is required to determine the functional currency of the reporting entity. Management considers economic environment in which the reporting entity operates and factors such as the currency that mainly influences sales prices for goods and services; the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of an entity's functional currency.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

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3. Related party relationships and transactions (cont'd)

3A. Members of a group:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
Verlinvest Group S.A.	Ultimate parent company	Belgium
Verlinvest SA	Parent company	Belgium

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. The transactions were not significant.

3C. Key management compensation

	<u>2019</u> US\$	<u>2018</u> US\$
Salaries and other short-term employee benefit	<u>1,101,770</u>	<u>5,564,196</u>

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	<u>2019</u> US\$	<u>2018</u> US\$
Remuneration of directors of the company	1,090,536	5,526,515
Fees to directors of the company	<u>11,234</u>	<u>37,681</u>

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and or executives of those related corporations.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	<u>Parent company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$
<u>Other receivables / (other payables):</u>		
At beginning of the year	(3,435,275)	-
Loan from parent company (Note 18)	-	(3,400,000)
Interest expense	(126,799)	(47,326)
Amounts paid out and settlement of liabilities on behalf of related party	<u>3,636,353</u>	<u>12,051</u>
At end of the year – net debit / (credit)	<u>74,279</u>	<u>(3,435,275)</u>

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3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties (cont'd):

	Parent company	
	<u>2019</u>	<u>2018</u>
	US\$	US\$
Presented in the statement of financial position as follows:		
Other receivables (Note 13)	86,643	–
Other payables (Note 18)	<u>(12,364)</u>	<u>(3,435,275)</u>
At end of the year – net debit / (credit)	<u>74,279</u>	<u>(3,435,275)</u>

4. Dividend income

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Dividend income from associates	<u>147,618</u>	<u>252,924</u>

5. Other income and gains and (other losses)

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Foreign exchange losses	(55,072)	(63,518)
Loss on disposal of plant and equipment	(172)	(1,184)
Others	8,396	82,037
Net	<u>(46,848)</u>	<u>17,335</u>
Presented in profit or loss as:		
Other income and gains	8,396	82,037
Other losses	<u>(55,244)</u>	<u>(64,702)</u>
Net	<u>(46,848)</u>	<u>17,335</u>

6. Other expenses

The major components include the following:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Professional fees	744,291	403,603
Depreciation of plant and equipment	49,046	85,294
Depreciation of right-of-use assets	145,882	–
Rental expenses	–	136,679
Travel expenses	<u>607,516</u>	<u>489,892</u>

7. Employee benefits expense

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Short term employee benefits expense	1,315,488	9,275,805
Contributions to defined contribution plan	29,186	30,213
Director's fees	11,234	37,681
Other benefits	<u>74,291</u>	<u>180,910</u>
Total employee benefits expense	<u>1,430,199</u>	<u>9,524,609</u>

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8. Income tax

8A. Components of tax expense recognised in profit or loss include:

	<u>2019</u> US\$	<u>2018</u> US\$
Current tax expense	–	–
Under adjustments in respect of prior periods	140	11
Total income tax expense	<u>140</u>	<u>11</u>

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0 % (2018: 17.0 %) to loss before income tax as a result of the following differences:

	<u>2019</u> US\$	<u>2018</u> US\$
Loss before tax	<u>(3,232,267)</u>	<u>(10,592,743)</u>
Income tax benefit at the above rate	(549,485)	(1,800,766)
Non-deductible expenses	549,485	1,800,766
Under adjustment to tax in respect of prior periods	140	11
Total income tax expense	<u>140</u>	<u>11</u>

There are no income tax consequences of dividends to owner of the company.

9. Plant and equipment

	<u>Leasehold</u> <u>improvements</u> US\$	<u>Plant and</u> <u>equipment</u> US\$	<u>Total</u> US\$
<u>Cost:</u>			
At 1 January 2018	131,739	42,239	173,978
Additions	159,251	12,808	172,059
Disposals	–	(1,292)	(1,292)
At 31 December 2018	<u>290,990</u>	<u>53,755</u>	<u>344,745</u>
Additions	–	3,716	3,716
Disposals	–	(4,504)	(4,504)
At 31 December 2019	<u>290,990</u>	<u>52,967</u>	<u>343,957</u>
<u>Accumulated depreciation:</u>			
At 1 January 2018	103,939	27,564	131,503
Depreciation for the year	74,662	10,632	85,294
Disposals	–	(108)	(108)
At 31 December 2018	<u>178,601</u>	<u>38,088</u>	<u>216,689</u>
Depreciation for the year	41,611	7,435	49,046
Disposals	–	(2,627)	(2,627)
At 31 December 2019	<u>220,212</u>	<u>42,896</u>	<u>263,108</u>
<u>Net book value:</u>			
At 1 January 2018	<u>27,800</u>	<u>14,675</u>	<u>42,475</u>
At 31 December 2018	<u>112,389</u>	<u>15,667</u>	<u>128,056</u>
At 31 December 2019	<u>70,778</u>	<u>10,071</u>	<u>80,849</u>

Depreciation is included in other expenses.

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10. Right-of-use assets

	<u>Office</u> US\$
<u>Cost:</u>	
At 1 January 2019	–
Adoption of FRS 116 (Note 17)	334,175
At 1 January 2019 and 31 December 2019 (restated)	<u>334,175</u>
<u>Accumulated depreciation:</u>	
At 1 January 2019	–
Depreciation for the year	145,882
At 31 December 2019	<u>145,882</u>
<u>Carrying value</u>	
At 1 January 2019 (restated)	334,175
At 31 December 2019	<u>188,293</u>

The right-of-use assets are depreciated over the lease terms and the depreciation expense is charged to other expenses.

Operating lease payments are for rentals payable for office premises. The lease is negotiated for a term of three years, there is no option to purchase or for extension; there are no variable payments linked to an index.

Management has elected to measure right-of-use assets at the amount of the lease liability on adoption (adjusted for any lease prepayments or accrued lease expenses, onerous lease provisions, and leased assets which have subsequently been sub-leased).

11. Investment in subsidiary

	<u>2019</u> US\$	<u>2018</u> US\$
<u>Movements during the year. At cost:</u>		
At beginning of the year	–	–
Additions	84,712,456	–
At end of the year	<u>84,712,456</u>	<u>–</u>
<u>Total cost comprising:</u>		
Unquoted equity at cost	84,712,456	–
Total at cost	<u>84,712,456</u>	<u>–</u>
Net book value of subsidiary	<u>90,454,144</u>	<u>84,457,523</u>

The subsidiary held by the company is listed below:

<u>Name of subsidiary, country of incorporation, place of operations and principal activities (and independent auditor)</u>	<u>Cost in books of company</u>		<u>Effective percentage of equity held by company</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	US\$	US\$	%	%
Verlinvest Asia (HK) Limited ^(a) Hong Kong Investment holding company (Tony Kam & Co.)	84,712,456	–	100	–

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11. Investment in subsidiary (cont'd)

(a) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. The name is indicated above.

On 13 December 2019, Verlinvest SA transferred all shares in Verlinvest Asia (HK) Limited for a consideration of US\$84,712,456. A total of 84,712,456 ordinary shares of no par value were issued in exchange for the transfer of 10,000,000 ordinary shares in Verlinvest Asia (HK) Limited, from Verlinvest SA. Also see Note 15B.

The consolidated financial statements have not been presented as the reporting entity is a wholly owned subsidiary. The address of the parent company presenting the group financial statements is: Verlinvest SA, Place Eugène Flagey 18, 1050 Brussels, Belgium.

12. Investments in associates

	<u>2019</u> US\$	<u>2018</u> US\$
<u>Movements in carrying value:</u>		
At beginning of the year	82,842,531	14,460,608
Additions	24,207,350	52,795,724
Transfer from Investments at FVTOCI	–	15,644,629
Foreign exchange adjustment	–	(58,430)
At end of the year	<u>107,049,881</u>	<u>82,842,531</u>

During the year, the company acquired additional interest in Drums Food International Private Limited and Veeba Food Services Private Limited for a consideration of US\$24,207,350.

The listing of and information on the associates is given below:

<u>Name of associates, country of incorporation, place of operations and principal activities (and independent auditor)</u>	<u>Cost in books of company</u>		<u>Effective percentage of equity held by company</u>	
	<u>2019</u> US\$	<u>2018</u> US\$	<u>2019</u> %	<u>2018</u> %
Drums Food International Private Limited ⁽¹⁾ India Manufacturing of Greek yoghurt and Greek yoghurt products (BSR & Co. LLP)	29,051,736	16,161,968	46.44	48.38
Veeba Food Services Private Limited ⁽¹⁾ India Manufacturing, marketing and formulating ambient sauces, emulsions, dressings and other condiments (S.R. Batliboi & Co. LLP)	32,989,536	21,671,954	24.83	22.36
Sula Vineyards Private Limited ⁽¹⁾ India Manufacturer, importer and distributor of wine (M/s. Walker Chandiook & Co. LLP)	45,008,609	45,008,609	23.45	23.51

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12. Investments in associates (cont'd)

(1) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. The name is indicated above.

The equity accounted financial statements have not been presented as the reporting entity is a wholly owned subsidiary. The address of the parent company presenting the group financial statements is: Verlinvest SA, Place Eugène Flagey 18, 1050 Brussels, Belgium.

13. Other receivables

	<u>2019</u> US\$	<u>2018</u> US\$
Outside parties	549	4,693
Parent company (Note 3)	86,643	–
Total other receivables	<u>87,192</u>	<u>4,693</u>

14. Other assets

	<u>2019</u> US\$	<u>2018</u> US\$
Deposits	49,814	38,923
Prepayments	31,312	33,414
	<u>81,126</u>	<u>72,337</u>

15. Cash and cash equivalents

	<u>2019</u> US\$	<u>2018</u> US\$
Not restricted in use	<u>2,899,068</u>	<u>5,043,036</u>

The interest earning balances are not significant.

15A. Reconciliation of liabilities arising from financing activities:

	<u>2018</u> US\$	<u>Cash flows</u> US\$	<u>Non-cash</u> <u>changes</u> US\$	<u>2019</u> US\$
Lease liabilities	–	(144,093)	348,400	204,307
Total liabilities arising from financing activities	<u>–</u>	<u>(144,093)</u>	<u>348,400</u>	<u>204,307</u>

15B. Non-cash transactions:

A total of 84,712,456 ordinary shares of no par value were issued in exchange for the transfer of 10,000,000 ordinary shares in Verlinvest Asia (HK) Limited, from Verlinvest SA. Also see Note 11.

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16. Share capital

	<u>Number of shares issued</u>	<u>Share Capital US\$</u>
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2018	36,520,000	36,520,000
Issue of shares at U\$1 each	56,845,000	56,845,000
Balance at end of the year 31 December 2018	<u>93,365,000</u>	<u>93,365,000</u>
Issue of shares at U\$1 each	119,923,456	119,923,456
Balance at end of the year 31 December 2019	<u>213,288,456</u>	<u>213,288,456</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The company has no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

17. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2019 US\$</u>	<u>2018 US\$</u>
Lease liabilities, current	157,050	-
Lease liabilities, non-current	47,257	-
	<u>204,307</u>	<u>-</u>

Movements of lease liabilities for the reporting year are as follows:

	<u>2019 US\$</u>
At beginning of the year	334,175
Accretion of interest	14,225
Lease liabilities – principal portion paid	<u>(144,093)</u>
At end of the year	<u>204,307</u>

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the year ended 31 December 2018 are presented.

17. Lease liabilities (cont'd)

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets. The right-of-use asset is disclosed in Note 10.

Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options; residual value guarantees; and leases not yet commenced to which the lessee is committed. The variable lease payments based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was 5.33% per year. The finance leases, the right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard.

Reconciliation of lease commitments and lease liability at the date of initial application:

	US\$
Operating lease commitments at 31 December 2018	488,697
Discounted using incremental borrowing rate	<u>(154,522)</u>
Operating lease liabilities recognised at 1 January 2019	<u>334,175</u>

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is as follows:

	<u>Minimum payments</u> US\$	<u>Finance charges</u> US\$	<u>Present value</u> US\$
Minimum lease payments payable:			
Due within one year	163,422	(6,371)	157,051
Due within 1 to 3 years	<u>47,526</u>	<u>(270)</u>	<u>47,256</u>
Total	<u>210,948</u>	<u>(6,641)</u>	<u>204,307</u>

Total cash outflows for leases for the year ended 31 December 2019 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above. At reporting year date there were no commitments on leases which had not yet commenced.

The total for lease liabilities and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is reasonable approximation of the carrying amount. The fair value of the finance leases was estimated by discounting the future cash flows payable under the terms of the finance leases using the year-end interest rate of 5.33% applicable to similar finance leases (Level 3).

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18. Other payables

	<u>2019</u> US\$	<u>2018</u> US\$
Loan from parent company (Note 3)	–	3,435,275
Parent company (Note 3)	12,364	–
Accrued liabilities	1,640,260	8,218,869
Others	152,306	37,929
Total other payables	<u>1,804,930</u>	<u>11,692,073</u>

Loan from parent company is at 1.5% per year. There is no fixed term for repayment. The carrying amount is a reasonable approximation of fair value (level 3).

19. Financial instruments: information on financial risks

19A. Classification of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2019</u> US\$	<u>2018</u> US\$
<u>Financial assets:</u>		
Financial assets at amortised cost	2,986,261	5,047,729
At end of the year	<u>2,986,261</u>	<u>5,047,729</u>
<u>Financial liability:</u>		
Financial liabilities at amortised cost	1,804,930	11,692,073
At end of the year	<u>1,804,930</u>	<u>11,692,073</u>

Further quantitative disclosures are included throughout these financial statements.

19B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

19C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

19. Financial instruments: information on financial risks (cont'd)

19D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables.

On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 15 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

19E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The average credit period taken to settle trade payables is about 30 days (2018: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

19F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The interest from financial assets including cash balances is not significant.

19G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

19. Financial instruments: information on financial risks (cont'd)

Analysis of amounts denominated in non-functional currency:

	<u>Singapore</u> <u>dollars</u> US\$	<u>Euro</u> US\$	<u>Total</u> US\$
<u>2019</u>			
<u>Financial assets:</u>			
Cash and cash equivalents	2,791,365	2,401	2,793,766
Trade and other receivables	549	15,759	16,308
Total financial assets	<u>2,791,914</u>	<u>18,160</u>	<u>2,810,074</u>
<u>Financial liability:</u>			
Trade and other payables	1,752,731	31,597	1,784,328
Total financial liability	<u>1,752,731</u>	<u>31,597</u>	<u>1,784,328</u>
Net financial assets / (liabilities) at end of year	<u>1,039,183</u>	<u>(13,437)</u>	<u>1,025,746</u>
<u>2018</u>			
<u>Financial assets:</u>			
Cash and cash equivalents	4,545,473	18,203	4,563,676
Trade and other receivables	4,693	-	4,693
Total financial assets	<u>4,550,166</u>	<u>18,203</u>	<u>4,568,369</u>
<u>Financial liability:</u>			
Trade and other payables	1,082,694	7,157,557	8,240,251
Total financial liability	<u>1,082,694</u>	<u>7,157,557</u>	<u>8,240,251</u>
Net financial assets / (liabilities) at end of year	<u>3,467,472</u>	<u>(7,139,354)</u>	<u>(3,671,882)</u>

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	<u>2019</u> US\$	<u>2018</u> US\$
A hypothetical 10% strengthening in the exchange rate of the functional currency US\$ against the S\$ with all other variables held constant would have a (adverse) / favourable effect on pre-tax loss of	(103,918)	(346,747)
A hypothetical 10% strengthening in the exchange rate of the functional currency US\$ against the EUR with all other variables held constant would have an favourable effect on pre-tax loss of	<u>1,344</u>	<u>713,935</u>

20. Events after the end of the reporting year

The Covid-19 pandemic and the aftermath of the pandemic has caused and will continue to cause disruptions for the foreseeable future to and create uncertainty surrounding the reporting entity's business, including affecting its relationships with its existing and future customers, suppliers and employees, which could have an adverse effect on its business, financial results and operations. There is significant uncertainty around the medium to long term impact of Covid-19. Economic forecasts are continually changing, government supports for businesses are evolving and assets held by other entities may have material uncertainties and / or disclaimers regarding the impact of Covid-19.

20. Events after the end of the reporting year (cont'd)

These uncertainties give rise to difficulties in making an accurate assessment by management of the future impacts on the reporting entity. Management will continue to closely monitor the further economic development and its impact. It is however reasonably possible that Covid-19 pandemic will have an adverse impact on the reporting entity's revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts.

21. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 116	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)

22. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1 and 8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting	1 Jan 2020
FRS 116	Amendment to FRS 116: COVID-19 Related Rent Concessions	1 Jun 2020

VERLINVEST ASIA PTE. LTD.

**The Accompanying Supplementary Statement of Profit or Loss and Other
Comprehensive Income Has Been Prepared for Management Purposes Only
and Does Not Form Part of the Audited Financial Statements**

VERLINVEST ASIA PTE. LTD.

**Supplementary Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2019**

	<u>2019</u> US\$	<u>2018</u> US\$
Dividend income	147,618	252,924
Other income and gains	8,396	82,037
Employee benefits expense	(1,430,199)	(9,524,609)
Other losses	(55,244)	(64,702)
Finance costs	(141,024)	(47,326)
Other expenses	(1,761,814)	(1,291,067)
Loss before tax	<u>(3,232,267)</u>	<u>(10,592,743)</u>
Income tax expense	(140)	(11)
Total comprehensive loss	<u><u>(3,232,407)</u></u>	<u><u>(10,592,754)</u></u>

Not part of audited financial statement

VERLINVEST ASIA PTE. LTD.

**Supplementary Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2019**

	<u>2019</u> US\$	<u>2018</u> US\$
Other expenses		
Professional fees	744,291	403,603
Rental expenses	–	136,679
Telecomm	61,988	83,743
Travel expenses	607,516	489,892
Depreciation	194,928	85,294
Audit fees	12,508	9,525
Others	140,583	82,331
	<u>1,761,814</u>	<u>1,291,067</u>
	<u>2019</u> US\$	<u>2018</u> US\$
Other income and gains and (other losses)		
Foreign exchange losses	(55,072)	(63,518)
Loss on disposal	(172)	(1,184)
Others	8,396	82,037
Net	<u>(46,848)</u>	<u>17,335</u>
Presented in profit or loss as:		
Other income and gains	(55,244)	82,037
Other losses	8,396	(64,702)
Net	<u>(46,848)</u>	<u>17,335</u>
	<u>2019</u> US\$	<u>2018</u> US\$
Employee benefits expense		
Short term employee benefits expense	1,315,488	9,275,805
Contributions to defined contribution plan	29,186	30,213
Director's fees	11,234	37,681
Other benefits	74,291	180,910
Total employee benefits expense	<u>1,430,199</u>	<u>9,524,609</u>
	<u>2019</u> US\$	<u>2018</u> US\$
Finance costs		
Interest expense	126,799	47,326
Accretion of interest	14,225	–
	<u>141,024</u>	<u>47,326</u>

Not part of audited financial statements