

VERLINVEST ASIA PTE. LTD.

(Registration No: 201437681G)

Statement by Directors and Financial Statements

Year Ended 31 December 2020

RSM Chio Lim LLP

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Business Advisors to Growing Businesses

Statement by Directors and Financial Statements

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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 2020.

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
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.

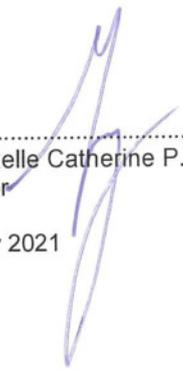
At the end of the reporting year, there were no unissued shares under option.

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

29 July 2021



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

**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 2020, 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 2020 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)

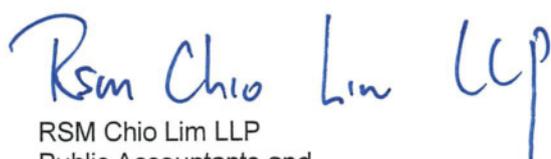
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If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



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 July 2021

VERLINVEST ASIA PTE. LTD.

**Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2020**

	<u>Notes</u>	<u>2020</u> US\$	<u>2019</u> US\$
Revenue	4	230,000	–
Other income and gains	5	214,537	156,014
Administrative expenses	6	(2,993,068)	(3,192,013)
Other losses	5	–	(55,244)
Finance costs		(6,458)	(141,024)
Loss before tax		<u>(2,554,989)</u>	<u>(3,232,267)</u>
Income tax expense	8	(110)	(140)
Loss for the year, representing total comprehensive loss		<u>(2,555,099)</u>	<u>(3,232,407)</u>

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

VERLINVEST ASIA PTE. LTD.

Statements of Financial Position
As at 31 December 2020

	<u>Notes</u>	<u>2020</u> US\$	<u>2019</u> US\$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	9	27,971	80,849
Right-of-use assets	10	43,304	188,293
Investment in a subsidiary	11	86,512,456	84,712,456
Investments in associates	12	107,049,881	107,049,881
Financial assets at FVTPL	13	210,000	–
Total non-current assets		<u>193,843,612</u>	<u>192,031,479</u>
<u>Current assets</u>			
Other receivables	14	73,042	87,192
Other assets	15	70,801	81,126
Cash and cash equivalents	16	1,635,955	2,899,069
Total current assets		<u>1,779,798</u>	<u>3,067,387</u>
Total assets		<u>195,623,410</u>	<u>195,098,866</u>
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	17	217,258,456	213,288,456
Accumulated losses		(22,753,926)	(20,198,827)
Total equity		<u>194,504,530</u>	<u>193,089,629</u>
<u>Non-current liability</u>			
Lease liabilities, non-current	18	–	47,257
Total non-current liability		<u>–</u>	<u>47,257</u>
<u>Current liabilities</u>			
Other payables	19	1,070,644	1,804,930
Lease liabilities, current	18	48,236	157,050
Total current liabilities		<u>1,118,880</u>	<u>1,961,980</u>
Total liabilities		<u>1,118,880</u>	<u>2,009,237</u>
Total equity and liabilities		<u>195,623,410</u>	<u>195,098,866</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 2020**

	<u>Total equity</u> US\$	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$
Current year:			
Opening balance at 1 January 2020	193,089,629	213,288,456	(20,198,827)
Movements in equity:			
Issue of share capital (Note 17)	3,970,000	3,970,000	–
Total comprehensive loss for the year	(2,555,099)	–	(2,555,099)
Closing balance at 31 December 2020	<u>194,504,530</u>	<u>217,258,456</u>	<u>(22,753,926)</u>
Previous year:			
Opening balance at 1 January 2019	76,398,580	93,365,000	(16,966,420)
Movements in equity:			
Issue of share capital (Note 17)	119,923,456	119,923,456	–
Total comprehensive loss for the year	(3,232,407)	–	(3,232,407)
Closing balance at 31 December 2019	<u>193,089,629</u>	<u>213,288,456</u>	<u>(20,198,827)</u>

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

VERLINVEST ASIA PTE. LTD.

Statement of Cash Flows
Year Ended 31 December 2020

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Cash flows from operating activities</u>		
Loss before tax	(2,554,989)	(3,232,267)
Adjustments for:		
Depreciation of plant and equipment	60,567	49,046
Depreciation of right-of-use assets	142,462	145,882
Interest expense	6,458	141,024
Dividend income from associates	(146,988)	(147,618)
Loss on disposal of plant and equipment	–	172
Foreign exchange adjustment unrealised gains	(10,337)	–
Operating cash flows before changes in working capital	(2,502,827)	(3,043,761)
Other receivables	(28,096)	4,144
Other assets	10,325	(8,789)
Other payables	(721,922)	(6,464,232)
Net cash flows from operations	(3,242,520)	(9,512,638)
Income tax paid	(110)	(140)
Net cash flows used in operating activities	(3,242,630)	(9,512,778)
<u>Cash flows from investing activity</u>		
Disposal of plant and equipment	–	1,705
Purchase of plant and equipment	(7,689)	(3,716)
Net movements in amounts due to subsidiary	(29,335)	–
Investment in subsidiary	(1,800,000)	–
Investment in associates	–	(24,207,350)
Dividends income from associates	146,988	147,618
Addition in financial assets at FVTPL	(210,000)	–
Net cash flows used in investing activity	(1,900,036)	(24,061,743)
<u>Cash flows from financing activities</u>		
Issue of shares	3,970,000	35,211,000
Net movements in amounts due to parent company	59,217	(3,509,554)
Interest paid	(235)	(126,799)
Lease liabilities – principal portion paid	(149,430)	(144,093)
Net cash flows from financing activities	3,879,552	31,430,554
Net decrease in cash and cash equivalents	(1,263,114)	(2,143,967)
Cash and cash equivalents, beginning balance	2,899,069	5,043,036
Cash and cash equivalents, ending balance (Note 16)	1,635,955	2,899,069

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

Notes to the Financial Statements
31 December 2020

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 directors have the power to amend and reissue the financial statements.

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.

Uncertainties relating to the Covid-19 pandemic:

The Covid-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the company's business, including its relationships with its existing and future customers, suppliers and employees. The pandemic had and will continue to have an adverse effect on the company's financial position, financial performance, cash flows and prospects for the foreseeable future. The extent to which the company will be impacted by the pandemic remains uncertain. Management will continue to closely monitor the further economic development and its impact.

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.

1. General (cont'd)

Basis of presentation

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.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Distinct goods or services in a series – For distinct goods or services in a series such as routine or recurring service contracts where the promise under the contract is for a specified quantity of goods or services that meets the over time criteria or is a stand-ready or single continuous service and if the nature of each good or service is distinct, substantially the same and has the same pattern of transfer or each time increment is distinct, then revenue is recognised at the amount that the entity has the right to bill a fixed amount for each unit of goods or service provided.

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.

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.

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

2A. Significant accounting policies (cont'd)

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).

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.

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

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

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. The useful lives are as follows:

Office – 3 years

Leases of lessee

A lease 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 right-of-use asset 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-of-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. An interest expense is recognised on the lease liability (included in finance costs). For 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, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

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.

In the reporting entity's separate financial statements, 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.

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

2A. Significant accounting policies (cont'd)

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.

Carrying amounts 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).

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.

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

2A. Significant accounting policies (cont'd)

Financial instruments (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. 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"): A debt asset instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
3. Financial asset that is an equity investment measured at FVTOCI: On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
4. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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 Bpolicies and other explanatory information (cont'd)

2B. 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.

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.

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

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. In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	<u>2020</u> US\$	<u>2019</u> US\$
Advisory income – subsidiary	230,000	–

3C. Key management compensation

	<u>2020</u> US\$	<u>2019</u> US\$
Salaries and other short-term employee benefit	850,794	1,101,770

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

	<u>2020</u> US\$	<u>2019</u> US\$
Remuneration of directors of the company	839,263	1,090,536
Fees to directors of the company	11,531	11,234

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>2020</u> US\$	<u>2019</u> US\$
<u>Other receivables / (other payables):</u>		
At beginning of the year – net debit / (credit)	74,279	(3,435,275)
Interest expense	–	(126,799)
Amounts paid out and settlement of liabilities on behalf of related party	(59,217)	3,636,353
At end of the year – net debit	15,062	74,279

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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>2020</u>	<u>2019</u>
	US\$	US\$
Presented in the statement of financial position as follows:		
Other receivables (Note 14)	15,062	86,643
Other payables (Note 19)	–	(12,364)
At end of the year – net debit	<u>15,062</u>	<u>74,279</u>

	Subsidiary	
	<u>2020</u>	<u>2019</u>
	US\$	US\$
<u>Other receivables</u>		
At beginning of the year	–	–
Amounts paid out and settlement of liabilities on behalf of related party	29,335	–
At end of the year (Note 14)	<u>29,335</u>	<u>–</u>

4. Revenue

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Advisory income (Note 3B)	<u>230,000</u>	<u>–</u>

Revenue is related to advisory services provided to the subsidiary and is recognised over time.

5. Other income and gains and (other losses)

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Dividend income from associates	146,988	147,618
Foreign exchange gains / (losses)	7,265	(55,072)
Loss on disposal of plant and equipment	–	(172)
Others	60,284	8,396
Net	<u>214,537</u>	<u>100,770</u>
Presented in profit or loss as:		
Other income and gains	214,537	156,014
Other losses	–	(55,244)
Net	<u>214,537</u>	<u>100,770</u>

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6. Other expenses

The major components include the following:

	<u>2020</u> US\$	<u>2019</u> US\$
Employee benefits expense (Note 7)	1,987,486	1,430,199
Professional fees	502,542	744,291
Depreciation of plant and equipment	60,567	49,046
Depreciation of right-of-use assets	142,462	145,882
Travel expenses	108,414	607,516
	<u>1,987,486</u>	<u>607,516</u>

7. Employee benefits expense

	<u>2020</u> US\$	<u>2019</u> US\$
Short term employee benefits expense	1,824,582	1,315,488
Contributions to defined contribution plan	21,859	29,186
Director's fees	11,531	11,234
Other benefits	129,514	74,291
Total employee benefits expense	<u>1,987,486</u>	<u>1,430,199</u>

8. Income tax

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

	<u>2020</u> US\$	<u>2019</u> US\$
Current tax expense	-	-
Under adjustments in respect of prior periods	110	140
Total income tax expense	<u>110</u>	<u>140</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 % (2019: 17.0 %) to loss before income tax as a result of the following differences:

	<u>2020</u> US\$	<u>2019</u> US\$
Loss before tax	<u>(2,554,989)</u>	<u>(3,232,267)</u>
Income tax benefit at the above rate	(434,348)	(549,485)
Non-deductible expenses	434,348	549,485
Under adjustment to tax in respect of prior periods	110	140
Total income tax expense	<u>110</u>	<u>140</u>

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

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9. Plant and equipment

	<u>Leasehold improvements</u> US\$	<u>Plant and equipment</u> US\$	<u>Total</u> US\$
<u>Cost:</u>			
At 1 January 2019	290,990	53,755	344,745
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>
Additions	–	7,689	7,689
At 31 December 2020	<u>290,990</u>	<u>60,656</u>	<u>351,646</u>
<u>Accumulated depreciation:</u>			
At 1 January 2019	178,601	38,088	216,689
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>
Depreciation for the year	53,084	7,483	60,567
At 31 December 2020	<u>273,296</u>	<u>50,379</u>	<u>323,675</u>
<u>Net book value:</u>			
At 1 January 2019	<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>
At 31 December 2020	<u>17,694</u>	<u>10,277</u>	<u>27,971</u>

The depreciation expenses is included in administrative expenses.

10. Right-of-use assets

	<u>Office</u> US\$
<u>Cost:</u>	
At 1 January 2019 and 31 December 2019	334,175
Foreign exchange adjustments	6,071
At 31 December 2020	<u>340,246</u>
<u>Accumulated depreciation:</u>	
At 1 January 2019	–
Depreciation for the year	145,882
At 31 December 2019	<u>145,882</u>
Depreciation for the year	142,462
Foreign exchange adjustments	8,598
At 31 December 2020	<u>296,942</u>
<u>Carrying value</u>	
At 1 January 2019	<u>334,175</u>
At 31 December 2019	<u>188,293</u>
At 31 December 2020	<u>43,304</u>

The depreciation expense is charged to administrative expenses.

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10. Right-of-use assets (cont'd)

For the underlying assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required annually.

Certain right-of-use assets are under lease agreements (see Note 18). Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	<u>Office</u>
Number of right-of use assets	1
Remaining term – range (months)	<u>5</u>

11. Investment in a subsidiary

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Movements during the year. At cost:</u>		
At beginning of the year	84,712,456	–
Additions	<u>1,800,000</u>	<u>84,712,456</u>
At end of the year	<u>86,512,456</u>	<u>84,712,456</u>
<u>Total cost comprising:</u>		
Unquoted equity at cost	<u>86,512,456</u>	<u>84,712,456</u>
Total at cost	<u>86,512,456</u>	<u>84,712,456</u>
Net book value of subsidiary	<u>89,569,029</u>	<u>90,454,144</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>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> %	<u>2019</u> %
Verlinvest Asia (HK) Limited ^(a) Hong Kong Investment holding company (Tony Kam & Co.)	86,512,456	84,712,456	100	100

(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 16B.

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12. Investments in associates

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Movements in carrying value:</u>		
At beginning of the year	107,049,881	82,842,531
Additions	–	24,207,350
At end of the year	<u>107,049,881</u>	<u>107,049,881</u>

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>2020</u> US\$	<u>2019</u> US\$	<u>2020</u> %	<u>2019</u> %
Drums Food International Private Limited ⁽¹⁾ India Manufacturing of Greek yoghurt and Greek yoghurt products (BSR & Co. LLP)	29,051,736	29,051,736	48.13	51.31
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	32,989,536	25.47	24.83
Sula Vineyards Private Limited ⁽¹⁾ India Manufacturer, importer and distributor of wine (M/s. Walker Chandio & Co. LLP)	45,008,609	45,008,609	23.45	23.45

⁽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.

13. Financial assets at FVTPL

	<u>2020</u> US\$	<u>2019</u> US\$
Investments at FVTPL	<u>210,000</u>	<u>–</u>
<u>Movements during the year:</u>		
At beginning of the year	–	–
Addition	<u>210,000</u>	<u>–</u>
At end of the year	<u>210,000</u>	<u>–</u>

13. Financial assets at FVTPL (cont'd)

The information gives a summary of the significant region concentration within the investment portfolio including Level 1, 2 and 3 hierarchy.

	<u>Level</u>	<u>2020</u> \$	<u>2019</u> \$
<u>Unquoted funds</u>			
India	3	210,000	—
		<u>210,000</u>	<u>—</u>

The fair value is based on the net asset value of the investee fund. The shares or units of the above investee fund (which are unlisted open-ended investment funds) are not traded in an active market. The net asset value is from the audited or unaudited reports of the investment manager of the investee fund. This is the redemption price based on the net asset value of the shares or units held at the end of the reporting year. Investments are classified within level 3 of the fair value hierarchy because they trade infrequently and therefore have little or no readily available pricing. As a practical expedient the fair value of the investment is regarded as fair value at Level 3.

14. Other receivables

	<u>2020</u> US\$	<u>2019</u> US\$
Outside parties	28,645	549
Parent company (Note 3)	15,062	86,643
Subsidiary (Note 3)	29,335	—
Total other receivables	<u>73,042</u>	<u>87,192</u>

The other receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of expected 12 month credit losses. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. At the end of the reporting year a loss allowance is recognised at an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition including the impact of the Covid-19 pandemic. No loss allowance was necessary.

15. Other assets

	<u>2020</u> US\$	<u>2019</u> US\$
Deposits	50,509	49,814
Prepayments	20,292	31,312
	<u>70,801</u>	<u>81,126</u>

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16. Cash and cash equivalents

	<u>2020</u> US\$	<u>2019</u> US\$
Not restricted in use	1,635,955	2,899,068

The interest earning balances are not significant.

16A. Reconciliation of liabilities arising from financing activities:

	<u>2019</u> US\$	<u>Cash flows</u> US\$	<u>Non-cash</u> <u>changes</u> US\$	<u>2020</u> US\$
Lease liabilities	204,307	(149,430)	(6,641) ^(a)	48,236
	<u>204,307</u>	<u>(149,430)</u>	<u>(6,641)</u>	<u>48,236</u>
	<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 ^(b)	204,307
	<u>–</u>	<u>(144,093)</u>	<u>348,400</u>	<u>204,307</u>

(a) Accretion of interest and foreign exchange adjustments

(b) Acquisition and accretion of interest

16B. Non-cash transactions:

On 13 December 2019, 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.

17. Share capital

	<u>Number of</u> <u>shares issued</u>	<u>Share</u> <u>Capital</u> US\$
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2019	93,365,000	93,365,000
Issue of shares at US\$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>
Issue of shares at US\$1 each	3,970,000	3,970,000
Balance at end of the year 31 December 2020	<u>217,258,456</u>	<u>217,258,456</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.

17. Share capital (cont'd)

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.

18. Lease liabilities

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

	<u>2020</u> US\$	<u>2019</u> US\$
Lease liabilities, current	48,236	157,050
Lease liabilities, non-current	–	47,257
	<u>48,236</u>	<u>204,307</u>

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

	<u>2020</u> US\$	<u>2019</u> US\$
At beginning of the year	204,307	334,175
Accretion of interest	6,223	14,225
Lease liabilities – principal portion paid	(149,430)	(144,093)
Foreign exchange adjustments	(12,864)	–
At end of the year	<u>48,236</u>	<u>204,307</u>

Leases for right-of-use assets – the reporting entity has a lease relating to the office. Other information about the leasing activities relating to the right-of-use assets are summarised as follows: the leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owner; with remaining terms of less than 1 year; there are no variable payments linked to an index; there are no options to purchase the underlying leased assets outright at the end of the lease; there are no options to extend the leases for further terms.

The lease liabilities above does not include 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.

18. Lease liabilities (cont'd)

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.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default. A summary of the maturity analysis of lease liabilities is disclosed in Note 20E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use-assets are disclosed in Note 10.

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% (2019: 5.33%).

19. Other payables

	<u>2020</u> US\$	<u>2019</u> US\$
Parent company (Note 3)	–	12,364
Accrued liabilities	1,045,337	1,640,260
Others	25,307	152,306
Total other payables	<u>1,070,644</u>	<u>1,804,930</u>

20. Financial instruments: information on financial risks

20A. 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>2020</u> US\$	<u>2019</u> US\$
<u>Financial assets:</u>		
Financial assets at amortised cost	1,708,997	2,986,261
Financial assets at FVTPL	210,000	–
At end of the year	<u>1,918,997</u>	<u>2,986,261</u>

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

20A. Classification of financial assets and liabilities (cont'd)

	<u>2020</u> US\$	<u>2019</u> US\$
<u>Financial liability:</u>		
Financial liabilities at amortised cost	1,118,880	2,009,237
At end of the year	<u>1,118,880</u>	<u>2,009,237</u>

Further quantitative disclosures are included throughout these financial statements.

20B. 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.

20C. 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.

20D. Credit risk on financial assets

Financial assets are potentially subjected 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.

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

20D. Credit risk on financial assets (cont'd)

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 16 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.

20E. 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 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. The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	Less than <u>1 year</u> US\$	<u>1 – 3 years</u> US\$	<u>Total</u> US\$
<u>2020:</u>			
Gross lease liabilities	48,236	–	48,236
Trade and other payables	1,070,644	–	1,070,644
At end of the year	<u>1,118,880</u>	<u>–</u>	<u>1,118,880</u>
<u>2019:</u>			
Gross lease liabilities	157,050	47,257	204,307
Trade and other payables	1,804,930	–	1,804,930
At end of the year	<u>1,961,980</u>	<u>47,257</u>	<u>2,009,237</u>

20F. 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.

20G. 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.

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

20G. Foreign currency 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>2020</u>			
<u>Financial assets:</u>			
Cash and cash equivalents	1,149,026	92,220	1,241,246
Trade and other receivables	36,660	24,306	60,966
Total financial assets	<u>1,185,686</u>	<u>116,526</u>	<u>1,302,212</u>
<u>Financial liability:</u>			
Trade and other payables	980,430	77,307	1,057,737
Total financial liability	<u>980,430</u>	<u>77,307</u>	<u>1,057,737</u>
Net financial assets at end of year	<u>205,256</u>	<u>39,219</u>	<u>244,475</u>
<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>

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

Sensitivity analysis:

	<u>2020</u> US\$	<u>2019</u> US\$
A hypothetical 10% strengthening in the exchange rate of the functional currency US\$ against the Singapore Dollar with all other variables held constant would have an adverse effect on pre-tax loss of	(20,526)	(103,918)
A hypothetical 10% strengthening in the exchange rate of the functional currency US\$ against the Euro with all other variables held constant would have an (adverse) / favourable effect on pre-tax loss of	<u>(3,922)</u>	<u>1,344</u>

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

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

20G. Foreign currency risks (cont'd)

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year.

21. Changes and adoption of financial reporting standards

For the current reporting period 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 1 and 8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting
FRS 116	Covid-19 Related Rent Concessions - Amendment to (effective from 30 June 2020)

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	Classification of Liabilities as Current or Non-current – Amendments to FRS 1	1 Jan 2023
FRS 16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to FRS 16	1 Jan 2022