



GRAND VENTURE TECHNOLOGY LIMITED

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MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the announcements dated 24 February 2020.

The Board of Directors (the “**Board**”) of Grand Venture Technology Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) refers to the unaudited full year financial statements and dividend announcement for the financial year ended 31 December 2019 (“**FY2019**”) released on 24 February 2020 via the SGXNet (“**Unaudited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Company wishes to inform that subsequent to the release of the Unaudited Financial Statements, certain audit reclassification adjustments have been made to the Group and the Company’s FY2019 statements of financial position following the finalisation and issuance of the auditor’s report dated 27 March 2020 by the Company’s external auditors, Ernst & Young LLP (the “**Independent Auditors’ Report**”), and the related audited financial statements (the “**Audited Financial Statements**”).

The audit reclassification adjustments have no impact to the FY2019 consolidated statement of comprehensive income and consolidated statement of cash flows of the Group. Consequently, there is no impact to the net assets value of the Group and of the Company as at 31 December 2019.

The Board confirms that to the best of their knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading

The details and explanation of the reclassification adjustment are shown in the following pages.

1. An extract of the statement of financial position (for the issuer), together with a comparative unaudited result.

	Group				Company			
	Audited	Unaudited	Variance	Explanatory	Audited	Unaudited	Variance	Explanatory
	Financial	Financial			Financial	Financial		
	Statements	Statements	Statements	Statements				
As at	As at	As at	As at					
	31 Dec 2019	31 Dec 2019			31 Dec 2019	31 Dec 2019		
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	
Non-current assets								
Property, plant and equipment	30,185	21,874	8,311	1	12,938	10,424	2,514	1
Right-of-use assets	4,501	12,812	(8,311)	1	1,619	4,133	(2,514)	1
Investment in subsidiaries	-	-	-		12,085	12,085	-	
Intangible assets	2,040	2,040	-		-	-	-	
Prepayments	639	639	-		361	361	-	
Loan to subsidiaries	-	-	-		2,000	2,000	-	
Deferred tax assets	1,084	1,084	-		521	521	-	
	<u>38,449</u>	<u>38,449</u>	-		<u>29,524</u>	<u>29,524</u>	-	
Current assets								
Cash and bank balances	5,769	5,769	-		2,721	2,721	-	
Trade and other receivables	12,993	12,993	-		6,009	6,009	-	
Prepayments	698	698	-		32	32	-	
Inventories	15,696	15,696	-		5,128	5,128	-	
Loan to subsidiaries	-	-	-		4,900	4,900	-	
	<u>35,156</u>	<u>35,156</u>	-		<u>18,790</u>	<u>18,790</u>	-	
Total assets	<u>73,605</u>	<u>73,605</u>	-		<u>48,314</u>	<u>48,314</u>	-	
Current liabilities								
Trade and other payables	10,696	10,696	-		4,761	4,761	-	
Loans and borrowings	12,281	9,340	2,941	2	7,764	7,059	705	2
Lease liabilities	658	3,609	(2,951)	2, 3	27	732	(705)	2
Deferred income	188	188	-		188	188	-	
Provision for income tax	157	157	-		-	-	-	
	<u>23,980</u>	<u>23,990</u>	(10)		<u>12,740</u>	<u>12,740</u>	-	
Net current assets	<u>11,176</u>	<u>11,166</u>	10		<u>6,050</u>	<u>6,050</u>	-	
Non-current liabilities								
Shareholder loan	5,000	5,000	-		5,000	5,000	-	
Loans and borrowings	9,191	4,180	5,011	2	4,583	3,418	1,165	2
Lease liabilities	3,890	8,891	(5,001)	2, 3	1,628	2,793	(1,165)	2
Deferred income	43	43	-		43	43	-	
	<u>18,124</u>	<u>18,114</u>	10		<u>11,254</u>	<u>11,254</u>	-	
Total liabilities	<u>42,104</u>	<u>42,104</u>	-		<u>23,994</u>	<u>23,994</u>	-	
Net assets	<u>31,501</u>	<u>31,501</u>	-		<u>24,320</u>	<u>24,320</u>	-	
Equity attributable to owners of the Company								
Share capital	27,843	27,843	-		27,843	27,843	-	
Currency translation reserve	(1,012)	(1,011)	(1)	4	-	-	-	
Retained earnings/(accumulated losses)	4,670	4,669	1	4	(3,523)	(3,523)	-	
Total equity	<u>31,501</u>	<u>31,501</u>	-		<u>24,320</u>	<u>24,320</u>	-	

Explanatory Notes for the material variances:

1. The reclassification differences of S\$8.31 million at the Group level and S\$2.51 million at the Company level respectively are due to the audit reclassification of plant, machinery, equipment and motor vehicles held under finance leases ("**Finance Lease Assets**") from right-of-use assets to property, plant and equipment.

It was determined that the Group and the Company have the ownership rights to these Finance Lease Assets as the hire purchase arrangements were financing arrangements to purchase these assets.

2. The corresponding liabilities of the Finance Lease Assets discussed in Note 1 were S\$7.95 million (comprising S\$2.94 million under current liabilities and S\$5.01 million under non-current liabilities) at the Group level and S\$1.88 million (comprising S\$0.71 million under current liabilities and S\$1.17 million under non-current liabilities) at the Company level respectively are therefore reclassified from lease liabilities to loans and borrowings.
3. Reclassification of S\$0.01 million from current portion of Lease liabilities to non-current portion of lease liabilities as they are repayable after 12 months.
4. Rounding differences.

By Order of the Board

Lee Tiam Nam
Executive Chairman
27 March 2020

*This document has been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Jason Chian, Managing Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*