



RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019**

NLA DFK ASSURANCE PAC
Chartered Accountants
Singapore

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019**

Contents	Page
Directors' statement	1
Independent auditor's report	3
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Directors' statement
for the financial year ended 31 December 2019

The directors are pleased to present their statement to the member together with the audited financial statements of RSR Holding Pte. Ltd. (the "Company") for the financial year ended 31 December 2019.

1. Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Company set out on pages 6 to 35 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

David Michael Heaney
Jason Miles Bougourd
Chang Lip Kee @ David Chang

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the 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.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50, the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations.

5. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Directors' statement (continued)
for the financial year ended 31 December 2019


6. Auditor

NLA DFK Assurance PAC has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors



.....
David Michael Heaney
Director



.....
Jason Miles Bougourd
Director

30 NOV 2020

**Independent auditor's report to the member of
RSR HOLDING PTE. LTD.**

Company Registration No. 200716317M

Report on the Audit of the Financial Statements*Opinion*

We have audited the accompanying financial statements of RSR Holding Pte. Ltd. (the "Company"), as set out on pages 6 to 35, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 financial 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 Directors' Statement as set out on pages 1 to 2.

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
RSR HOLDING PTE. LTD. (continued)**
Company Registration No. 200716317M

Responsibility of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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
RSR HOLDING PTE. LTD. (continued)**
Company Registration No. 200716317M

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- (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.



Public Accountants and
Chartered Accountants
Singapore

30 November 2020

Engagement director: Low Xiachao

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Statement of financial position
as at 31 December 2019

	Note	2019 US\$	2018 US\$ (Note 19)
ASSETS			
Current assets			
Cash and cash equivalents	4	11,079,992	993,586
Other receivables	5	95,342,108	95,133,930
Prepayments		44,867	3,569
Investment securities	6	5,000,000	-
		<u>111,466,967</u>	<u>96,131,085</u>
Non-current assets			
Other receivables	5	11,246,965	4,818,874
Investments in subsidiaries	7	25,307,113	25,307,113
Investment securities	6	7,550,696	7,835,268
Investments in joint ventures	8	23,304,496	17,655,971
		<u>67,409,270</u>	<u>55,617,226</u>
Total assets		<u>178,876,237</u>	<u>151,748,311</u>
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	9	8,164,698	8,137,042
Non-current liabilities			
Other payables	9	93,116,424	65,814,187
Total liabilities		<u>101,281,122</u>	<u>73,951,229</u>
Equity			
Share capital	10	68	68
Fair value adjustment reserve	11	(844,060)	(561,506)
Retained earnings		78,439,107	78,358,520
		<u>77,595,115</u>	<u>77,797,082</u>
Total liabilities and equity		<u>178,876,237</u>	<u>151,748,311</u>

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Statement of comprehensive income
for the financial year ended 31 December 2019

	Note	2019 US\$	2018 US\$
Dividend income		8,150,000	1,400,000
Interest income		659,119	741,461
Investment securities			
- Fair value loss transferred from equity on disposal		-	(426,487)
- Loss on disposal		-	(129,647)
Loss on foreign exchange, net		(70,443)	(194,839)
Provision of impairment loss on other receivables	14(a)(i)	(7,517,903)	(3,007,000)
Write-back of impairment loss on other receivables	14(a)(i)	-	3,071,000
Impairment loss on investment in joint venture	8	-	(25,340,000)
Professional fees		(344,326)	(562,663)
Other expenses		(42,113)	(62,456)
Interest expense on loan from a related party		(753,747)	(625,154)
Profit/(loss) before income tax		80,587	(25,135,785)
Income tax	12	-	-
Profit/(loss) for the financial year		80,587	(25,135,785)
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value loss on equity instruments at fair value through other comprehensive income	6	(310,009)	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value gain/(loss) on debt instruments at fair value through other comprehensive income	6	27,455	(218,807)
Fair value loss reclassified to profit or loss on disposal of debt securities at fair value through other comprehensive income		-	426,487
Other comprehensive (loss)/income, net of tax		(282,554)	207,680
Total comprehensive loss for the financial year		(201,967)	(24,928,105)

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Statement of changes in equity
for the financial year ended 31 December 2019

	Share capital US\$	Fair value adjustment reserve US\$	Retained earnings US\$	Total US\$
At 1 January 2019	68	(561,506)	78,358,520	77,797,082
Profit for the financial year	-	-	80,587	80,587
Other comprehensive income:				
Fair value loss on equity instruments at fair value through other comprehensive income	-	(310,009)	-	(310,009)
Fair value gain on debt instruments at fair value through other comprehensive income	-	27,455	-	27,455
Total comprehensive loss for the financial year	-	(282,554)	80,587	(201,967)
At 31 December 2019	68	(844,060)	78,439,107	77,595,115
At 1 January 2018	68	(769,186)	103,494,305	102,725,187
Loss for the financial year	-	-	(25,135,785)	(25,135,785)
Other comprehensive income:				
Fair value loss on equity instruments at fair value through other comprehensive income	-	(218,807)	-	(218,807)
Fair value gain reclassified to profit or loss on disposal of debt securities	-	426,487	-	426,487
Total comprehensive loss for the financial year	-	207,680	(25,135,785)	(24,928,105)
At 31 December 2018	68	(561,506)	78,358,520	77,797,082

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Statement of cash flows
for the financial year ended 31 December 2019

	Note	2019 US\$	2018 US\$
Cash flows from operating activities			
Profit/(loss) before income tax		80,587	(25,135,785)
Adjustments for:			
Dividend income		(8,150,000)	(1,400,000)
Write-back of impairment loss on other receivables		-	(3,071,000)
Provision of impairment loss on other receivables		7,517,903	3,007,000
Impairment loss on investment in joint ventures		-	25,340,000
Investment securities			
- Fair value gain transferred from equity on disposal		-	426,487
- Gain on disposal		-	129,647
Interest income		(659,119)	(741,461)
Interest expense		753,747	625,154
Operating cash flows before movements in working capital		(456,882)	(819,958)
Change in working capital:			
Prepayments		(41,298)	6,398
Accrued operating expenses		27,656	(25,864)
Cash used in operations		(470,524)	(839,424)
Interest received		377,395	511,511
Net cash used in operating activities		(93,129)	(327,913)
Cash flows from investing activities			
Other receivables		(13,870,430)	(15,625,684)
Acquisition of interest in joint ventures		(5,648,525)	-
Dividend received		8,150,000	1,400,000
Purchases of investment securities	6	(5,000,000)	(3,129,750)
Proceeds from disposal of investment securities		-	6,844,694
Net cash used in investing activities		(16,368,955)	(10,510,740)
Cash flows from financing activity			
Other payables, representing net cash from financing activity		26,548,490	5,059,014
Net increase/(decrease) in cash and cash equivalents		10,086,406	(5,779,639)
Cash and cash equivalents at beginning of financial year		993,586	6,773,225
Cash and cash equivalents at end of financial year	4	11,079,992	993,586

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1. General

RSR Holding Pte. Ltd. (the “Company”) is a limited liability company incorporated and domiciled in Singapore with its registered office at 61 Robinson Road #19-02, Robinson Centre, Singapore 068893.

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

The Company’s immediate and ultimate holding company is Sirius Consultancies - F.Z.E., which is incorporated in United Arab Emirates.

The principal activities of the subsidiaries and joint ventures are disclosed in Note 7 and Note 8 respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar (“US\$”) which is the Company’s functional currency. All financial information presented are denominated in United States dollar unless otherwise stated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

The Company has not adopted the following Standards that have been issued but not yet effective:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 1 and FRS 8 <i>Definition of Material</i>	1 January 2020
Amendments to FRS 103 <i>Definition of a Business</i>	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to FRS 116 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
FRS 117 <i>Insurance Contracts</i>	1 January 2021
Amendments to FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to FRS 16: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSS 2018-2020	1 January 2022
- Amendment to FRS 101 <i>First-Time Adoption of Financial Reporting Standards</i>	
- Amendment to FRS 109 <i>Financial Instruments</i>	
- Amendment to Illustrative Examples Accompanying FRS 116 <i>Leases</i>	
- Amendment to FRS 41 <i>Agriculture</i>	
Amendments to FRS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and fixed deposit which are subject to an insignificant risk of changes in value.

2.5 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

(b) Financial liabilities (continued)

Derecognition

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

(c) Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (i) currently has a legally enforceable right to set off the recognised amounts; and
- (ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(d) Current / Non-current classification of borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

2.6 Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.6 Impairment of financial assets (continued)

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 Impairment of non-financial assets

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

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

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.8 Exemption from consolidation

Consolidated financial statements of the Company and its subsidiaries are not prepared and the equity method of accounting to its investments in joint ventures are not applied as the Company is a wholly owned subsidiary of Sirius Consultancies – F.Z.E., which prepares consolidated financial statements available for public use. The consolidated financial statements of Sirius Consultancies – F.Z.E. are available at the registered office SM-Office F1-264C Ajman Free Zone, Ajman, United Arab Emirates. Accordingly, the Company is exempted from the preparation of the consolidated financial statements in accordance of FRS110 *Consolidated Financial Statements*, and this set of financial statements represents the Company's separate financial statements.

2.9 Investments in subsidiaries

Subsidiaries are entities controlled by the Company. Investments in subsidiaries are stated in the Company's statement of financial position at cost less any accumulated impairment loss.

2.10 Investments in joint ventures

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified as a joint venture to the extent that the joint arrangement provides the Company with rights to the net assets of the arrangement.

In the Company's separate statement of financial position, investments in joint ventures are stated at cost less any accumulated impairment losses.

2.11 Provisions

Provisions are recognised when the Company has 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.12 Share capital

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

2.13 Revenue

(a) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.14 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

(b) Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.14 Taxes (continued)

(b) Deferred tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.15 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.16 Foreign currency transactions and balances

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

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.17 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

The management is of the opinion that there are no significant judgements made in applying the accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rate. The Company uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Company's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. Expected credit loss rate is based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The key assumptions and inputs used are disclosed in Note 14(a).

(b) Impairment of investment in subsidiaries and joint ventures

The management follows the guidance of FRS 36 *Impairment of Assets*, in determining whether investment in subsidiaries and joint ventures are impaired requires assumption to be made regarding the duration and extent to which the fair value of an investment is less than costs and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The carrying amount of investment in subsidiaries and joint ventures are disclosed in Note 7 and 8 respectively.

4. Cash and cash equivalents

	2019 US\$	2018 US\$
Cash at banks	5,362,547	993,586
Fixed deposit	5,717,445	-
	<u>11,079,992</u>	<u>993,586</u>

Fixed deposit yield interest income at an interest rate of 1.60% per annum and has a tenure of 14 days.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

5. Other receivables

	2019 US\$	2018 US\$
<u>Current</u>		
Other receivables		
- Holding company	46,855	37,871
- Subsidiaries	100,562,554	86,678,100
- A related party	2,192	2,193
- A non-related party	1,123,410	1,146,418
	101,735,011	87,864,582
Less: Allowance for expected credit losses (Note 14(a)(i))		
- Subsidiaries	(6,392,903)	(3,007,000)
Net other receivables	95,342,108	84,857,582
Loans		
- A subsidiary	-	10,276,348
	95,342,108	95,133,930
<u>Non-current</u>		
Loans		
- A subsidiary	14,439,774	3,897,537
- A non-related party	939,191	921,337
	15,378,965	4,818,874
Less: Allowance for expected credit losses (Note 14(a)(i))		
- A subsidiary	(4,132,000)	-
	11,246,965	4,818,874

Other receivables (current) are unsecured, non-interest bearing and are recoverable on demand.

Loans (non-current) are unsecured and the interest rate and repayment terms are as follows:

<u>Loans to</u>	<u>Amount</u>		<u>Interest rate per annum</u>		<u>Repayment terms</u>
	2019 US\$	2018 US\$	2019	2018	
A subsidiary:					
- Loan I	6,004,237	5,776,348	4%	4%	Not later than 6 December 2024 (2018: 6 December 2019)
- Loan II	4,500,000	4,500,000	-	-	Not later than 10 November 2024 (2018: 10 November 2019)
- Loan III	3,935,537	3,897,537	1%	1%	Not later than 27 May 2023 (2018: 27 May 2023)
A non-related party	939,191	921,337	2%	2%	Not later than 27 May 2023 (2018: 27 May 2023)
	15,378,965	15,095,222			

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

6. Investment securities

	2019 US\$	2018 US\$
<u>Current</u>		
Financial asset at fair value through other comprehensive income		
<u>Quoted funds</u>		
Beginning of financial year	-	-
Additions	5,000,000	-
End of financial year	<u>5,000,000</u>	<u>-</u>
<u>Non-current</u>		
Financial asset at fair value through other comprehensive income		
<u>Quoted equity shares</u>		
Beginning of financial year	573,000	616,000
Fair value loss	(175,940)	(43,000)
End of financial year	<u>397,060</u>	<u>573,000</u>
<u>Quoted debt securities</u>		
Beginning of financial year	513,801	7,103,014
Additions	-	513,750
Disposals	-	(7,042,881)
Interest income	357,462	426,833
Interest received	(359,480)	(480,935)
Fair value gain/(loss)	27,455	(5,980)
End of financial year	<u>539,238</u>	<u>513,801</u>
<u>Quoted funds</u>		
Beginning of financial year	6,748,467	4,880,331
Additions	-	2,000,000
Fair value loss	(134,069)	(131,864)
End of financial year	<u>6,614,398</u>	<u>6,748,467</u>
Total	<u>7,550,696</u>	<u>7,835,268</u>

The Company has elected to measure these quoted equity shares and quoted funds at fair value through other comprehensive income due to the Company's intention to hold these equity shares and quoted funds for long-term appreciation. Accordingly, these are classified as non-current assets except for the quoted funds amounting to US\$5,000,000 that has been classified as current as it was disposed of on 8 January 2020.

Quoted debt securities have interest rates of between 4.250% to 4.375% (2018: 4.250% to 4.375%) per annum and have maturity dates ranging from 20 April 2024 to 19 June 2024 (2018: 29 March 2019 to 19 June 2024). Accordingly, these are classified as non-current assets.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

7. Investments in subsidiaries

	2019 US\$	2018 US\$
Unquoted equity shares, at cost	61,829,276	61,829,276
Less: Allowance for impairment loss	(36,522,163)	(36,522,163)
	25,307,113	25,307,113

In the previous financial year ended 31 December 2018, the Company increased its investment in subsidiary, Aspect Consultancies-F.Z.E by converting a non-trade receivable from an indirect subsidiary, BYK Otel Isletmeleri Yatirim ve Turizm Sirkeri of US\$24,662,350.

Details of the subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation and business</u>	<u>Principal activity</u>	<u>Proportion of ownership interest</u>	
			2019 %	2018 %
<i>Held by the Company</i>				
Gulf Drilling Supply FZE	Dubai, United Arab Emirates	Trading in workshop hardware and tools and well drilling equipment	100	100
Lider Electronics FZE	Jebel Air Free Zone, Dubai, United Arab Emirates	Trading in industrial gas, rubber, oilfield chemicals, construction chemicals, petrochemicals, computer equipment requisites, computer and data processing requisites, electronic appliances spare parts, telephones and telecommunications equipment, mobile phones, wires and cables and computer software	100	100
Albus Trading FZE ("Albus")	Ajman, United Arab Emirates	General trading import and export	100	100
Aspect Consultancies-F.Z.E. ("Aspect")	Ajman, United Arab Emirates	Management consultancy and investment holding	100	100
<i>Held through Albus</i>				
Star CP MMC	Republic of Azerbaijan	Production and sale of concrete materials	95	95
SMK OOO	Russia	Construction and assembly works	80	80
<i>Held through Aspect</i>				
Yalikavak Holding Limited	Malta	Investment holding	100	100
Levist Holding Limited	Malta	Investment holding	100	100

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

8. Investments in joint ventures

	2019 US\$	2018 US\$
Unquoted equity shares, at cost	97,440,333	91,791,808
Less: Allowance for impairment loss	(74,135,837)	(74,135,837)
	<u>23,304,496</u>	<u>17,655,971</u>

Equity shares with a carrying amount of US\$23,304,496 (2018: US\$17,655,971) were pledged to a bank to secure banking facilities for a joint venture.

During the financial year ended 31 December 2019, the Company increased its investment in Levist Emlak Gelistirme Otelcilik Ve Turizm A.S. by capital injection of US\$5,648,525. As at 31 December 2019, the capital are not registered with the relevant authority.

Movement in allowance for impairment loss is as follows:

	2019 US\$	2018 US\$
At beginning of financial year	74,135,837	48,795,837
Allowance made	-	25,340,000
At end of financial year	<u>74,135,837</u>	<u>74,135,837</u>

In the previous financial year 2018, allowance for impairment loss was made for the investments in joint ventures as the joint ventures have incurred substantial losses as at 31 December 2018 due to overall geographical market conditions.

Details of the joint ventures are as follows:

<u>Name of joint ventures</u>	<u>Country of incorporation and operation</u>	<u>Principal activity</u>	<u>Proportion of ownership interest</u>	
			2019	2018
Palmalı Otelcilik Turizm Ve Acentelik Limited Sirketi	Turkey	Domestic and overseas management, build hotels and tourism facilities related to entertainment and vacation	50%	50%
Levist Emlak Gelistirme Otelcilik Ve Turizm A.S.	Turkey	Domestic and overseas tourism management and investment activities, build or participate in hotels, restaurants and tourism facilities related to entertainment and vacation	50%	50%

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

9. Other payables

	2019 US\$	2018 US\$
<u>Current</u>		
Other payables		
- A subsidiary	50,272	50,272
- A shareholder of holding company	8,055,249	8,055,249
	8,105,521	8,105,521
Accrued operating expenses	59,177	31,521
	8,164,698	8,137,042
<u>Non-current</u>		
Loan from a related party	93,116,424	65,814,187

Other payables are unsecured, non-interest bearing and are repayable on demand.

Loan from a related party is unsecured, bear interest at 1% (2018: 1%) per annum and is repayable no later than 22 October 2023 (2018: 22 October 2020). Accordingly, the amount is classified as non-current liabilities (2018: non-current liabilities).

10. Share capital

	2019 US\$	2018 US\$
<u>Issued and fully paid</u>		
100 (2018: 100) ordinary shares at beginning and end of financial year	68	68

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

11. Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of investment securities until they are disposed or impaired.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

12. Income tax

The reconciliation between income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate were as follows:

	2019 US\$	2018 US\$
Profit/(loss) before income tax	<u>80,587</u>	<u>(25,135,785)</u>
Income tax using the statutory tax rate of 17% (2018: 17%)	13,700	(4,273,083)
Effects of		
- Non-taxable items	(1,497,550)	(886,118)
- Non-deductible items	<u>1,483,850</u>	<u>5,159,201</u>
	<u>-</u>	<u>-</u>

13. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place on terms agreed between the parties during the financial year.

	2019 US\$	2018 US\$
With subsidiaries		
- Dividend income	8,150,000	1,400,000
- Interest income	265,889	272,421
With related parties		
- Interest income	-	24,353
- Interest expense	<u>753,747</u>	<u>625,154</u>

The related parties are:

- (a) entities in which the shareholder of the holding company is also the shareholder of the entity; and
- (b) the shareholder of the holding company is also the shareholder of the holding company of the entity.

The Company uses the office premise of a related party on a rent-free basis during the current and prior financial years.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

14. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk, interest rate risk, and equity price risk).

The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial years, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

As at 31 December 2019, the carrying amounts of other receivables and cash and cash equivalents (2018: other receivables and cash and cash equivalents), represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its borrowers of loan receivables to make payments when due. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Expected Credit Losses

The Company manages credit loss based on Expected Credit Losses ("ECL") model.

(i) Other receivables

The Company applies general approach on all other financial instruments and recognise a 12-month ECL on initial recognition, which are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

14. Financial risk management (continued)

(a) Credit risk (continued)

Expected Credit Losses (continued)

(i) Other receivables (continued)

The movement of the 12-month ECL are as follows:

Pertains to other receivables

	Non-credit impaired	Credit impaired	Total
	US\$	US\$	US\$
2019			
Balance at 1 January	3,007,000	-	3,007,000
ECL allowance recognised during the year	2,209,000	1,176,903	3,385,903
Balance at 31 December (Note 5)	5,216,000	1,176,903	6,392,903
2018			
Balance at 1 January	3,071,000	-	3,071,000
ECL allowance recognised during the financial year	3,007,000	-	3,007,000
Write-back of ECL during the financial year	(3,071,000)	-	(3,071,000)
Balance at 31 December (Note 5)	3,007,000	-	3,007,000

Pertains to loans

	Non-credit impaired	
	2019	2018
	US\$	US\$
Balance at 1 January	-	-
ECL allowance recognised during the year	4,132,000	-
Balance at 31 December (Note 5)	4,132,000	-

The Company assessed and determined other receivables to be credit impaired, as there is observable data to conclude that the borrower is unlikely to pay its credit obligation as the borrower had been placed under liquidation. Whereas for the ECL allowance (non-credit impaired) is made based on probability-weighted outcome, estimated by the management, with input from probability of default from external credit agency, taking into account the credit enhancement, if any.

In monitoring credit risks, the Company also considers events such as significant adverse changes in financial condition and operating results of the counterparties and determines that significant increase in credit risk occurs when there are changes in the risk that the specific counterparties will default on the payment.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

14. Financial risk management (continued)

(a) Credit risk (continued)

Expected Credit Losses (continued)

(ii) Cash and bank balances

Bank deposits are with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. ECL on cash and cash equivalents are immaterial.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount US\$	Contractual cash flows US\$	One year or less US\$	Two to five years US\$	Over five years US\$
2019					
<u>Financial assets</u>					
Cash and cash equivalents	11,079,992	11,079,992	11,079,992	-	-
Other receivables	106,589,073	107,873,698	95,619,639	12,254,059	-
Investment securities	539,238	608,078	23,258	584,820	-
Total undiscounted financial assets	118,208,303	119,561,768	106,722,889	12,838,879	-
<u>Financial liabilities</u>					
Other payables	101,281,122	104,712,631	9,067,597	95,645,034	-
Total undiscounted financial liabilities	101,281,122	104,712,631	9,067,597	95,645,034	-
Total net undiscounted financial assets/ (liabilities)	16,927,181	14,849,137	97,655,292	(82,806,155)	-

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

14. Financial risk management (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Carrying amount US\$	Contractual cash flows US\$	One year or less US\$	Two to five years US\$	Over five years US\$
2018					
<u>Financial assets</u>					
Cash and cash equivalents	993,586	993,586	993,586	-	-
Other receivables	99,952,804	100,439,784	94,261,324	6,178,460	-
Investment securities	513,801	626,784	22,157	88,630	515,997
Total undiscounted financial assets	101,460,191	102,060,154	95,277,067	6,267,090	515,997
<u>Financial liabilities</u>					
Other payables	73,951,229	75,114,615	8,779,456	66,335,159	-
Total undiscounted financial liabilities	73,951,229	75,114,615	8,779,456	66,335,159	-
Total net undiscounted financial assets/ (liabilities)	27,508,962	26,945,539	86,497,611	(60,068,069)	515,997

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, fund price risk and foreign currency risk will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from cash and cash equivalents, loans to subsidiary and non-related parties, loan from a related party and investment in debt securities.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the financial year.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

14. Financial risk management (continued)

(c) Market risk (continued)

(ii) Equity price risk

The Company is exposed to equity price risks arising from its investments in quoted funds. These investments are held for strategic rather than trading purposes. The Company does not actively trade investment securities.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of investment securities, if the price had been 5% higher/lower while all other variables were held constant:

- the Company's net profit for the financial year ended 31 December 2019 would have been unaffected as the investment securities are classified as fair value through other comprehensive income and were not impaired; and
- the Company's other comprehensive income would increase/decrease by US\$600,573 (2018: US\$366,073).

(iii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency of the Company, primarily United Arab Emirates Dirham (AED), Euro (EUR), Sterling Pound (GBP), Renminbi (RMB) and Turkish Lira (TRY).

The Company's currency exposures to the EUR, RMB, GBP, TRY and AED at the end of the reporting period were as follows:

	AED US\$	EUR US\$	GBP US\$	RMB US\$	TRY US\$
2019					
<u>Financial assets</u>					
Cash and cash equivalents	28	78,420	36	9	5
Other receivables	-	3,032,510	-	-	-
Investment securities	-	397,060	-	-	-
	<u>28</u>	<u>3,507,990</u>	<u>36</u>	<u>9</u>	<u>5</u>
Net currency exposures	<u>28</u>	<u>3,507,990</u>	<u>36</u>	<u>9</u>	<u>5</u>

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

14. Financial risk management (continued)

(c) Market risk (continued)

(iii) Foreign currency risk (continued)

	AED US\$	EUR US\$	GBP US\$	RMB US\$	TRY US\$
2018					
<u>Financial assets</u>					
Cash and cash equivalents	1,547	54,293	3,008	9	5
Other receivables	-	3,094,618	-	-	-
Investment securities	-	573,000	-	-	-
	<u>1,547</u>	<u>3,721,911</u>	<u>3,008</u>	<u>9</u>	<u>5</u>
Net currency exposures	<u>1,547</u>	<u>3,721,911</u>	<u>3,008</u>	<u>9</u>	<u>5</u>

A 5% strengthening of United States dollar against the foreign currencies denominating balances as at the end of the reporting period would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss (after income tax)	
	2019 US\$	2018 US\$
Euro	145,582	154,459
Renminbi	1	1
Sterling Pound	1	125
Turkish Lira	1	1
United Arab Emirates Dirham	<u>1</u>	<u>64</u>

A 5% weakening of United States dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

15. Fair values of assets and liabilities

(a) Fair value hierarchy

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

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

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

15. Fair values of assets and liabilities (continued)

(a) Fair value hierarchy (continued)

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

(b) Assets measured at fair value

	2019	2018
	US\$	US\$
<u>Fair value hierarchy (Level 1)</u>		
<u>Financial assets</u>		
At fair value through other comprehensive income		
- Quoted equity shares (Note 6)	397,060	573,000
- Quoted debt securities (Note 6)	539,238	513,801
- Quoted funds (Note 6)	<u>11,614,398</u>	<u>6,748,467</u>

The fair values of quoted equity shares, quoted debt securities and quoted funds are derived from quoted bid prices in an active market.

(c) Assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables, other payables including subsidiary and shareholder of holding company and accrued operating expenses

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Loan from a related party

The carrying amount of this balance approximate its fair value as it is subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

16. Financial instruments by category

At the end of the reporting period, the aggregate carrying amounts of financial assets and financial liabilities were as follows:

	2019 US\$	2018 US\$
<u>Financial assets measured at amortised cost</u>		
Cash and cash equivalents	11,079,992	993,586
Other receivables	106,589,073	99,952,804
	<u>117,669,065</u>	<u>100,946,390</u>
<u>Financial assets at fair value through other comprehensive income</u>		
Investment securities	<u>12,550,696</u>	<u>7,835,268</u>
<u>Financial liabilities measured at amortised cost</u>		
Other payables	<u>101,281,122</u>	<u>73,951,229</u>

17. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2019 and 31 December 2018.

18. Contingent liability

The Company has guaranteed the contingent liabilities of the Joint Venture up to and limited to the carrying amount of its investment of US\$23,304,496 (2018: US\$17,655,971) in the Joint Venture.

RSR HOLDING PTE. LTD.
Company Registration No. 200716317M

Notes to the financial statements
for the financial year ended 31 December 2019

19. Comparatives

Certain restatements have been made to the prior year's financial statements to conform to the current year's presentation as to better reflect the nature of the balances and transactions.

	2018		
	Balances as previously reported	Reclassification	As restated
	US\$	US\$	US\$
Statement of financial position			
Other receivables (Current assets)	17,270,944	77,862,986	95,133,930
Other receivables (Non-current assets)	5,965,292	(1,146,418)	4,818,874
Investment securities (Current assets)	573,000	(573,000)	-
Investment securities (Non-current assets)	7,262,268	573,000	7,835,268
Investments in subsidiaries	102,023,681	(76,716,568)	25,307,113

20. Subsequent events

- (a) On 4 August 2020 and 30 September 2020, Levist Emlak Gelistirme Otelcilik Ve Turizm A.S. has issued and allotted an aggregated 32,000 shares with the nominal value of TRY1,000 each at TRY1,000 per share to the Company for the total amount of TRY32,000,000 (equivalent to US\$4.26 million) using the capital paid but unregistered as at 31 December 2019.
- (b) The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospect. The management expect this may has an impact to the Company's operations and its financial performance subsequent to the financial year end. Accordingly, the Company is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections. As the situation continues to evolve with significant level of uncertainty, the Company is unable to reasonably estimate the full financial impact of the COVID-19 outbreak at the date of authorisation of these financial statements.

21. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2019 were authorised for issue by the board of directors on 30 November 2020.

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