WORKING AS ONE

Vallianz

ANNUAL REPORT 2020

CONTENTS

CORPORATE PROFILE

Vallianz Holdings Limited ("Vallianz" and together with its subsidiaries, associate and joint venture companies, the "Group") is an established provider of offshore support vessels ("OSVs") and integrated offshore marine solutions to the oil and gas industry.

Headquartered in Singapore, Vallianz serves oil majors and national oil companies worldwide, and focuses on supporting customers' offshore oil and gas exploration and production operations. Today, the Group owns and operates a young fleet of 61 OSVs while its associate owns and operates another 9 OSVs. Vallianz covers markets in the Middle East, North Africa, Central Asia and Southeast Asia.

Vallianz is continually working to enhance its customer value-add by broadening the spectrum of its marine services and solutions to address the unique requirements of customers' offshore oil and gas field operations. The Group conceptualised and developed its flagship vessel - Rawabi Integrity, which is the world's first and only specialised offshore floating storage and supply vessel - to provide a cost-effective and productivity enhancing solution for a key customer.

Offshore marine services include:

- Vessel ownership
- Chartering
- Brokering
- Vessel management services

We have invested in industry experts to operate and manage our fleet of OSVs which include anchor handling tugs with supply capabilities, platform supply vessels, offshore floating storage and supply vessel, submersible launch barges, maintenance and accommodation vessel, utility support vessels, flat top cargo barges, accommodation work barge, towing tugs, utility vessel, liftboats and crew boat.

Besides transporting equipment and pipes, materials and supplies to support upstream activities, our vessels are also employed for anchor handling of construction barges, positioning of drilling rigs and to provide assistance in maintaining and safeguarding offshore facilities.

The Group also owns a shipyard in Indonesia (Batam) which serves as a marine base for vessel docking, repair and maintenance works. Our shipyard operations possess strong in-house fabrication and engineering capabilities.

Leveraging on its established market position in the Middle East, the Group's strategy will be to continue strengthening existing customer relationships and seeking opportunities to increase its penetration in the major and emerging offshore oil and gas markets. We will focus on delivering operational and service excellence, and broadening our range of marine assets and solutions to address customers' needs.

Vallianz is listed on the Catalist Board of the Singapore Exchange.

MISSION

To be our customers' preferred partner and strive for service excellence by ensuring safe, reliable and efficient vessel operations with a best-in-class fleet to support the offshore oil and gas industry.

VISION

To become a leading provider of offshore marine services in the global energy markets.

CORE BUSINESS

VESSEL OWNERSHIP

The Group currently owns and operates a young fleet of 61 offshore support vessels available for charter, which has an average age of approximately 6.8 years. Our associate owns and operates another 9 offshore support vessels. The Group's vessels are deployed in offshore oil and gas projects in the Middle East, North Africa, Central Asia and Southeast Asia regions. To enhance its market competitiveness, the Group will continue to assess appropriate plans to expand its range of vessels and modernise the fleet.

The Group's core business activities are in vessel ownership, chartering, brokering and the provision of complementary vessel management services in Middle East, North Africa, Central Asia and Southeast Asia.

CHARTERING

The Group charters its offshore support vessels to customers throughout various stages of their offshore oil and gas exploration, development and production projects. They are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of the oil and gas fields, towing, mooring and handling of ship anchors and transportation of supplies during the production period and the removal of rig structures at de-commissioning.

The Group's Middle Eastern customers typically employ longer term charters of up to 7 years (inclusive of 2 years extension option) for their dedicated offshore oil field installations.

COMPLEMENTARY SERVICES – VESSEL MANAGEMENT

The Group provides a suite of vessel management services for both owned vessels and third party vessels. The Group is able to manage and operate a diverse range of vessels deployed in different phases of offshore oil and gas operations. Its services include crewing, procurement, vessel repair and maintenance, and facilitating port and documentation clearance.

BROKERING

The Group also provides brokering services that match customers' requirements. This includes sourcing for vessels, arranging for assist tugs and/or harbour movements, making initial contact with vessel owners or vessel buyers, acting as an intermediary between (a) the vessel owner and the charterer for towage, time and bareboat charters and (b) the seller and buyer of vessels, and assisting with the drafting of related agreements and negotiations. The Group utilises its asset base and network of brokers and owners to identify high quality vessels to match its customers' needs, thus shortening the time required in the vessel acquisition process.

GEOGRAPHICAL PRESENCE

EXISTING AND TARGET MARKETS:

Middle East
Central Asia
Southeast Asia
Egypt

LOCAL PRESENCE:

Singapore (Headquarters)
Kingdom of Saudi Arabia
Mexico
Indonesia (Jakarta & Batam)

GLOBAL OPERATIONS

Vallianz has expanded its market reach into the Middle East, North Africa, Central Asia and Southeast Asia. The majority of our vessel charter contracts are from the Middle East market where Vallianz has developed a strong foothold, being one of the key offshore support vessel suppliers to the Kingdom of Saudi Arabia's national oil company.

With headquarters in Singapore, Vallianz has developed local presence in key geographical markets to provide fast and effective support to clients as well as to better capture business opportunities. The Group (including joint venture and associate company) has offices across Singapore, the Kingdom of Saudi Arabia, Mexico and Indonesia. Going forward, the Group will continue to focus on deepening its market penetration in the existing geographical regions and expanding its global footprint.

VALLIANZ FLEET

Fleet Operated By The Group

Offshore Floating Storage & Supply Vessel				
Name	DWT	No. of Pax	Deck Cargo Capacity	Year
Rawabi Integrity	32,174T	110 men	4,500T	2015

Pipelay/Crane/Accommodation Work Barge				
Name	Crane Capacity	No. of Pax	Dimensions (m)	Year
Swiber Triumphant	300T	300 men	100.58 x 31.70 x 7.32	2012

Submersible Launch Barge				
Name	DWT	Topside	Jacket Launch	Year
Holmen Arctic	19,000T	N/A	8,500T	2006
Holmen Atlantic	16,000T	15,000T	10,000 - 13,000T	2012
Holmen Pacific	34,400T	20,000T	15,000 - 20,000T	2012

Maintenance Accommodation Vessel				
Name	BHP	No. of Pax	Clear Deck Area	Year
Rawabi 501	5,900	166 men	1,100 sqm	2016
Rawabi 502	5,900	166 men	1,100 sqm	2019

Platform Supply Vessel (DP2)			
Name	BHP	DWT	Year
Rawabi 18	5,150	3,000	2011
Rawabi 23	6,000	3,300	2012
Rawabi 26	6,000	3,300	2013

Towing Tug			
Name	BHP	Bollard Pull	Year
USP15	1,200	12T	2014

Anchor Handling Tug Supply (DP1)			
Name	BHP	Bollard Pull	Year
Rawabi 1	5,150	63T	2011
Rawabi 2	5,150	66T	2012
Rawabi 8	5,150	62T	2012
Rawabi 11	6,400	80T	2013
Rawabi 14	6,000	70T	2013
Rawabi 15	6,000	72T	2013
Rawabi 20	6,000	68T	2014
Equitoria Kingfisher	6,000	75T	2014
Swiber Ruby	5,150	69T	2013
Swiber Sapphire	5,150	68T	2013

Anchor Handling Tug Supply (DP2)			
Name	BHP	Bollard Pull	Year
Rawabi 3	5,150	60T	2012
Rawabi 4	5,150	61T	2012
Rawabi 5	5,150	60T	2012
Rawabi 6	5,150	64T	2012
Rawabi 7	5,150	62T	2012
Rawabi 9	6,000	67T	2013
Rawabi 10	6,000	67T	2013

Rawabi 11R	6,000	71T	2014
Rawabi 12	6,000	82T	2013
Rawabi 17	6,000	82T	2013
Rawabi 28	6,000	66T	2014
Rawabi 30	6,300	82T	2020
Rawabi 31	8,200	100T	2010
Rawabi 32	8,200	100T	2011
Rawabi 35	7,200	90T	2012
Rawabi 36 (f.k.a. Vallianz Champion)	6,400	89T	2011
Rawabi 37 (f.k.a. Vallianz Swift)	7,000	104T	2011
Rawabi 201	5,300	60T	2016
Rawabi 202	5,300	60T	2016
Rawabi 320	5,150	65T	2015
Rawabi 321	5,150	65T	2015
Rawabi 322	5,150	65T	2015
Rawabi 323	5,150	65T	2015
Vallianz Supreme	7,300	101T	2012
Vallianz Commander	9,000	120T	2012
Vallianz Steadfast	9,000	120T	2012

Anchor Handling Tug Supply

Name	BHP	Bollard Pull	Year
Swiber Challenger	5,150	64T	2007
Swiber Venturer	5,150	60T	2007

Anchor Handling Tug

Name	BHP	Bollard Pull	Year
Swiber Anna	3,500	43T	2007

Utility Support Vessel

Name	BHP	Clear Deck Area	Year
Rawabi 401	3,200	160 sqm	2015
Rawabi 402	3,200	160 sqm	2016
Rawabi 403	2,400	170 sqm	2016
Rawabi 404	2,400	170 sqm	2016
Rawabi 405	3,200	140 sqm	2012
Rawabi 406	2,400	140 sqm	2017
Rawabi 407	2,400	140 sqm	2017
Rawabi 408	2,400	140 sqm	2017
Rawabi 409	2,400	140 sqm	2018
Rawabi 410	2,400	140 sqm	2018
Rawabi 411	2,400	140 sqm	2018
Rawabi 412	2,400	140 sqm	2018
Rawabi 413	2,400	140 sqm	2018
Rawabi 414	2,400	140 sqm	2020

Utility Vessel

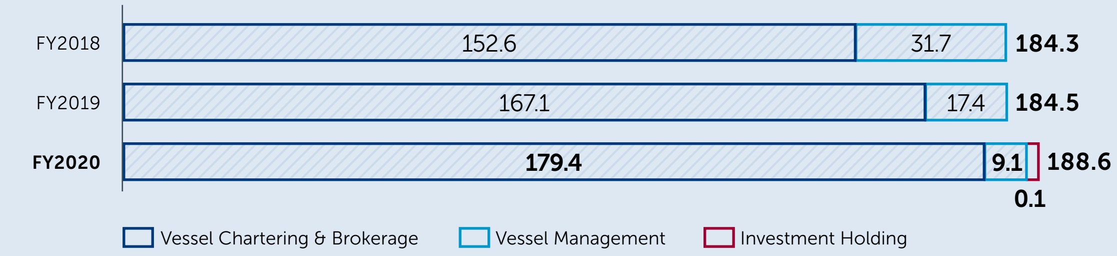
Name	BHP	Bollard Pull	Year
Vallianz 99	2,500	30T	1998

Flat Top Cargo Barge

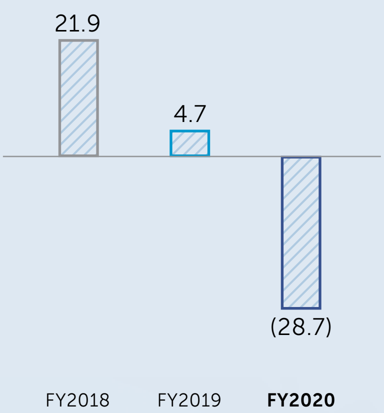
Name	Dimensions (ft)	Year
Vallianz 281	282 x 90 x 18	2014
Vallianz 282	282 x 90 x 18	2014
Vallianz 331	330 x 100 x 20	2014
USP10	180 x 56 x 12	2008
Kreuz 281	282 x 90 x 18	2008

FINANCIAL HIGHLIGHTS

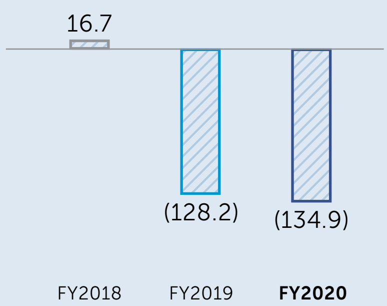
REVENUE
(US$ Million)



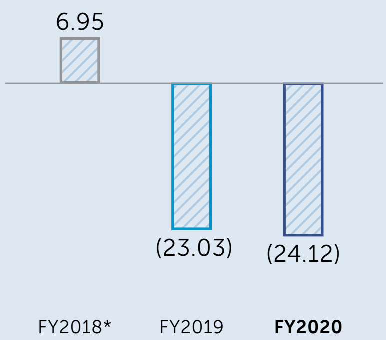
OPERATING PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL EXPENSES
(US$ Million)



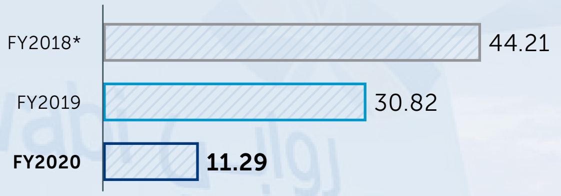
NET PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(US$ Million)



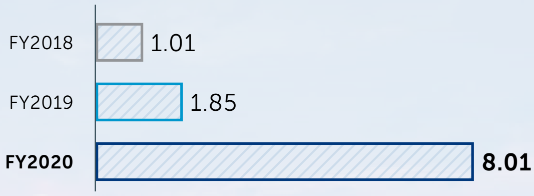
EARNINGS / (LOSS) PER SHARE
(US Cents)



NET ASSET VALUE PER SHARE
(US Cents)



NET GEARING RATIO
(Times)



* On 24 January 2019, the Company completed a share consolidation exercise to consolidate every thirty (30) existing ordinary shares into one (1) ordinary share. The weighted average number of ordinary shares and total number of shares issued for FY2018 have been restated for the purpose of the calculation of earnings per share and net asset value per share.

CHAIRMAN'S MESSAGE

> "The Group will continue to strengthen our network in the Middle East to prepare for a recovery in offshore activities when the time comes."

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the annual report of Vallianz Holdings Limited for FY2020.

At the beginning of year 2020, the offshore oil and gas industry was on a path of gradual recovery before the unfortunate turn of events when the novel coronavirus spiraled into a global pandemic and started taking a devastating toll on human lives, communities and economies around the world.

Demand for crude oil trickled as lockdown measures by governments worldwide to contain the spread of Covid-19 limited travel and reduced business activities. This unprecedented decline in worldwide oil consumption sent crude oil prices plummeting to a low in April 2020. The Organization of Petroleum Exporting Countries (OPEC) and its allies have reacted by cutting crude oil production to support oil prices and reduce the build-up of inventories caused by the Covid-19 pandemic. In the wake of deepening market uncertainty, exploration and production companies have been reducing activities and deferring projects as they cut their planned expenditures and investments. This, in turn, is adversely affecting the demand for oilfield services in the supply chain.

Consequent to the deterioration in operating conditions, there has been further downward pressure on the offshore support vessel market which required the Group to undertake significant asset impairments during FY2020. Following an evaluation of our vessels and recoverability of prepayments, we made an impairment of property, plant and equipment and prepayments totalling US$74.0 million. Together with a compensation for late delivery of vessels and fair value loss on derivative financial instruments, the Group recognised exceptional items of US$103.6 million in aggregate for FY2020.

These exceptional items, combined with the impact of softer gross profit margin and higher finance costs, led to a net loss attributable to owners of the Company of US$134.9 million in FY2020 even though the Group kept its revenue steady.

CHAIRMAN'S MESSAGE

US$
413
MIL

Chartering Services Order Book as at 31 March 2020

Notwithstanding the challenging operating environment, the Group's revenue in FY2020 edged up to US$188.6 million from US$184.5 million in FY2019. This was driven mainly by higher revenue from our core chartering and brokerage business which benefited from incremental revenue contribution from new vessel charter contracts.

CHARTERING AND BROKERAGE BUSINESS BUOYED BY OPERATIONS IN MIDDLE EAST

Amid a highly competitive landscape for offshore support vessel providers, the Group still chalked up an increase in revenue from chartering and brokerage services to US$179.4 million in FY2020 from US$167.1 million in FY2019. This performance was buoyed primarily by the Group's long term vessel charter contracts with a leading national oil company in the Middle East ("NOC").

During FY2020, we deployed another two vessels to the NOC customer under long term contracts that stretch over a duration of five years, with the NOC having the option to extend the charters for another two years. These new charter contracts and the incremental revenue from vessel charters that commenced in FY2019, contributed to the growth in revenue of our chartering and brokerage business in FY2020.

As at 31 March 2020, the Group's chartering services order book had total value of approximately US$413 million which comprises mainly long-term charter contracts that stretch up to 2026 inclusive of extension options of up to 2 years.

OUTLOOK REMAINS DIFFICULT; BUILD ON NETWORK AND COMPETENCIES TO PREPARE FOR UPTURN

While the easing of lockdown measures, and gradual but uncertain reopening of economies may provide a lift to oil consumption, the global oil and gas industry may continue to witness demanding business conditions in the foreseeable future. With the pandemic staging a comeback in many parts of the world, governments could re-impose lockdowns that may impede any potential recovery in global oil demand.

According to World Bank's June 2020 Global Economic Prospects, the global economy is likely to see its deepest recession in eight decades with the World Bank forecasting a 5.2% contraction in global GDP in 2020. The International Monetary Fund (IMF) has also projected the global economy to contract by 4.9% in 2020 in its World Economic Outlook Update that was released in June 2020. In its monthly report released in August 2020, OPEC is forecasting global oil demand to fall by 9.1 million barrels per day (bpd) to 90.6 million bpd in 2020 when compared to 2019.

As a result of the oil demand destruction and production cuts, coupled with the deepening global economic recession, we expect the operating environment for companies in the offshore support vessel segment to remain volatile and challenging. Heightened competition within the offshore support vessel industry will also continue to depress vessel utilisation and charter rates. As such, the Group is adopting a cautious view of its prospects for the financial year ending 31 March 2021.

On a more positive note, the Group still has a chartering services order book of approximately US$413 million that will stretch over the coming years and provide a source of recurring revenue streams. In fact, recent articles have reported that the NOC customer plans to keep oil production steady though it is expecting to lower capital expenditure in 2020.

With the support of the Group's controlling shareholder and strategic partner, Rawabi Holding Company Limited, and our local expertise and commitment towards the NOC customer's In-Kingdom Total Value Add program requirements, the Group will continue to actively pursue tender opportunities for the NOC customer's offshore projects. We are also seeking ways to enhance our value-add to customers by widening our range of offshore support services. To this end, the Group has secured a crew management contract with the NOC whereby we will provide the crew requirements for this NOC customer. While the profit margins from this new business are not expected to be significant, the Group hopes this will lead to further expansion of its services to the NOC customer.

Looking ahead to 2021, OPEC said it expects global oil demand growth to rebound by 7.0 million bpd to 97.6 million bpd following a contraction in 2020. OPEC said its 2021 forecast assumes that Covid-19 will be largely contained globally, with no further major disruptions to the global economy.

While the current pandemic may affect the progress of offshore oil and gas projects in the pipeline, we will continue to strengthen our network in the Middle East region during this slowdown to prepare the Group for a recovery in offshore activities when the time comes. At the same time, as we pursue our business development plans, we are also keeping a close watch on operational costs and continually working to enhance the Group's operational efficiency.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, customers, vendors, business partners, bankers, and associates for their continued trust and support of Vallianz.

I also wish to extend our deepest appreciation to our management team and staff who have continued to work tirelessly and contribute immensely to Vallianz during these unprecedented challenging times. Our people's well-being is of utmost importance and we will continue to ensure safe management measures are in place to provide a safe working environment for all.

Our directors and management team would also like to offer prayers and sympathy to the people whose lives and livelihoods have been affected by the Covid-19 pandemic. It is our deepest hope that a vaccine will be available soon so that the world can begin to heal from the devastating impact of this virus.

SHEIKH ABDULAZIZ ALI ALTURKI
Non-Executive Chairman

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For FY2020, the Group recorded stable revenue of around US$188.6 million as compared to US$184.5 million in FY2019.

The Group's core vessel chartering and brokerage services business registered higher revenue of US$179.4 million in FY2020, up 7.4% from US$167.1 million in FY2019. This was attributed mainly to the full-year contribution from new vessel charter contracts that commenced in FY2019 and the start of new vessel charters during FY2020 with the Group's key customer in the Middle East. However, this increase was offset by a lower contribution from the Group's vessel management services business which registered revenue of US$9.1 million, down 47.7% from US$17.4 million in FY2019 due to lower volume of vessel management projects.

As a result, the chartering and brokerage services business accounted for 95% of Group revenue in FY2020 compared to 91% of Group revenue in FY2019. The remaining 5% of revenue was derived mainly from the provision of vessel management services.

As announced by the Company on 16 April 2020, the Group's controlling shareholder Rawabi Holding Company Ltd ("RHC") had assigned its 50% economic rights in Rawabi Vallianz International Company Ltd ("RVIC"), which is the Group's 50%-owned joint venture company in the Middle East, to Vallianz Investment Capital Pte Ltd ("VIC") with effect from 1 October 2019. Prior to 1 October 2019, the Group paid chartering fees to RVIC for the vessels that RVIC leases to the Group. These chartering fees essentially covered the financing obligations of RVIC comprising principal and interest payments, and were categorized as cost of sales in the Group's profit and loss statement.

Since RVIC is being treated as a wholly-owned subsidiary following the assignment of the 50% economic rights in RVIC by RHC to the Company with effect from 1 October 2019, the Group has consolidated RVIC's financial results. This better reflects the operating gross profit margin of the chartering and brokerage business, where the cost of sales will reflect the depreciation of the Group's vessels instead of accounting for the financing obligations of RVIC as cost of sales.

As a result, gross profit margin of the chartering and brokerage services increased to 22% in FY2020 from 12% in FY2019. However, due to a gross loss of the vessel management services and absence of higher margin engineering services in FY2020, the Group's gross profit margin narrowed to 12.5% as compared to 17.9% in FY2019. As such, the Group recorded a decline of 28.5% in gross profit to US$23.6 million in FY2020 from US$33.0 million in FY2019.

Other income in FY2020 declined to US$0.6 million from US$1.3 million in FY2019, due mainly to absence of insurance claims of US$1.1 million recorded in FY2019.

Administrative expenses in FY2020 decreased 6.8% to US$10.9 million from US$11.7 million in FY2019, attributed mainly to lower rental costs, share-based payment expense and professional fees. Other operating expenses in FY2020 edged up to US$2.1 million as compared to US$1.9 million in FY2019.

Finance costs increased to US$40.1 million in FY2020 from US$16.4 million in FY2019 due to the provision for distribution for perpetual capital securities and the consolidation of RVIC financial results with effect from 1 October 2019. The Group recorded a profit of US$0.2 million from its share of results of associate and joint ventures in FY2020, attributable mainly to RVIC before the consolidation of its financial results with effect from 1 October 2019.

In light of the prevailing challenges and prolonged downturn in the offshore and marine market, the Group conducted an in-depth evaluation of its vessels and the recoverability of prepayments. As a result of this evaluation, the Group recorded impairments to property, plant and equipment of US$53.1 million and prepayments written-off of US$20.9 million in FY2020. There was also a compensation for late delivery of vessels of US$26.2 million and fair value loss on derivative financial instruments of US$3.4 million. In total, the Group recorded exceptional items of US$103.6 million in FY2020.

As a result of the exceptional items, higher finance cost and lower gross profit in FY2020, the Group posted a net loss attributable to owners of the Company of US$134.9 million compared to a net loss of US$128.2 million in FY2019.

STATEMENT OF FINANCIAL POSITION

Trade receivables decreased to US$35.6 million as at 31 March 2020 from US$42.4 million as at 31 March 2019 due mainly to the Group's efforts in the collection of outstanding trade receivables. Other receivables decreased to US$23.7 million as at 31 March 2020 from US$161.7 million as at 31 March 2019 due mainly to prepayments written off of US$20.9 million and the set-off of the amount owing from RVIC to RVOS as part of the payment consideration arising from the acquisition of vessels by RVOS from RVIC pursuant to a restructuring exercise.

During the second half of FY2020, the Group undertook a restructuring exercise whereby RVOS acquired all the vessels from RVIC based on market valuation of these vessels ("restructuring exercise"). RVOS funded the acquisition partly through new bank borrowings secured on the vessels and partly from the set-off of amount owing from RVIC to RVOS.

Property, plant and equipment increased to US$816.7 million as at 31 March 2020 from US$237.4 million as at 31 March 2019, due mainly to the acquisition of vessels by RVOS from RVIC as part of the restructuring exercise.

Investment in joint ventures decreased to nil in FY2020 from US$65.4 million, due mainly to the reclassification of investment in joint venture to subsidiary following the assignment of RHC's 50% economic rights in RVIC to the Company.

The Group's total current and non-current borrowings include term loans, working lines and finance lease. As at 31 March 2020, the total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, increased to US$743.8 million from US$304.3 million as at 31 March 2019. This was due mainly to new bank borrowings obtained by RVOS to partly fund the acquisition of all the vessels from RVIC as part of the restructuring exercise. The new bank borrowings of RVOS are secured on these vessels and are fully guaranteed by RHC at no cost to the Group. The proceeds paid to RVIC had been utilised by RVIC to fully repay its bank borrowings.

The average repayment for bank borrowings of the Group is about 10 years, which is significantly shorter than the useful lives of the vessels which are typically approximately 25 years. The current portion of the vessel borrowings are recorded as current liabilities, whilst the vessels are recorded as non-current assets. This mismatch is one of the main reasons resulting in the net current liabilities position of US$241.0 million of the Group as at 31 March 2020.

As at the end of the reporting period, the Group has breached the financial covenants imposed by two financial institutions for credit lines provided to its subsidiaries. The breaches are the failure to maintain the minimum sum in the Debt Servicing Reserve Account and certain financial ratios. The Company has secured a waiver for the breaches from one of the financial institutions as at 31 March 2020. The non-current portion of the term loan owed to the other financial institution amounting to US$14.6 million has been reclassified as current liabilities as at 31 March 2020 because the Group does not have the unconditional right to defer settlement of the non-current term loan.

As disclosed in its announcement on 14 November 2019, the Company is currently in discussions with certain of its bankers on further debt restructuring. Such debt restructuring includes the restructuring of the existing Framework Agreement that was entered into by the Company with certain lenders on 10 March 2017 on repayment terms and loan covenants.

As at the date of this report, the Company has not been served with any notices of any event of default for any of its loans.

The Group's trade payables decreased to US$58.2 million as at 31 March 2020 from US$65.8 million as at 31 March 2019 due mainly to higher repayment to suppliers as a result of faster collection from customers.

Other payables increased to US$43.3 million as at 31 March 2020 from US$24.5 million as at 31 March 2019, due mainly to higher accruals as a result of late receipts of invoices from vendors and provision for cumulative distribution for perpetual capital securities which was not provided for previously.

Equity attributable to owners of the Company decreased to US$63.2 million as at 31 March 2020 from US$172.4 million as at 31 March 2019. On a per share basis, the Group's net asset value as at 31 March 2020 stood at 11.29 US cents based on issued capital of 559,354,000 shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group generated net cash from operating activities of US$64.5 million during FY2020. Net cash used in investing activities of US$42.6 million for FY2020 was attributed mainly to purchase of property, plant and equipment of US$52.4 million, partially offset by acquisition of subsidiary amounting to US$8.1 million and proceeds from disposal of property, plant and equipment of US$1.7 million. Net cash generated from financing activities in FY2020 amounted to US$0.1 million. This was derived mainly from advances from shareholder of US$25.4 million and proceeds from new bank loans of US$71.1 million, offset partially by repayment of existing term loans of US$48.0 million and payment of interest of US$30.9 million. As a result, the Group's cash and cash equivalents increased to US$30.4 million as at 31 March 2020 from US$8.4 million as at 31 March 2019.

BOARD OF DIRECTORS

SHEIKH ABDULAZIZ ALI ALTURKI MR DARREN YEO MR LING YONG WAH

SHEIKH ABDULAZIZ ALI ALTURKI
Non-Executive Chairman

Sheikh Abdulaziz Ali AlTurki was appointed to the Vallianz Board in June 2018 and is the Non-Executive Chairman. He is Chairman of Rawabi Holding Group of Companies, a leading industrial player in Saudi Arabia that has a focus on oilfield services, contracting and industrial services and offshore services.

Sheikh AlTurki is a prominent and seasoned businessman with solid experience in building successful businesses in Saudi Arabia and the Gulf Region.

Sheikh AlTurki is a founding partner of Nesma & Partners, a main contributor to Saudi Arabia's industrial and infrastructure sectors since 1981 with reliable, multidimensional construction and electromechanical services in the Kingdom.

Sheikh AlTurki chairs many local and international boards such as Gulf Union Cooperative Insurance Company in Saudi Arabia, The Gulf Union Holding Company in the Kingdom of Bahrain.

Aside from serving as the Chairman of different companies, Sheikh AlTurki served as a board member of Saudi Arabia's Eastern Province Chamber of Commerce from 1990 to 1998 and the Eastern Province Council from 2000 to 2008. He was a member of the International Board of Advisors of the Lebanese American University (LAU) Beirut, Lebanon from 2002 to 2008 and a member of the University's Board of Trustees from 2008 to 2013.

Sheikh AlTurki is considered a public figure recognized for the various philanthropic works. He is the founder and Chairman of the Annual Charity Run Committee, The Saudi Non-Communicable Disease Alliance, the Saudi Cancer Foundation, the Saudi Diabetes and Endocrine Association and the Saudi Foundation for Promoting Organ Donation. Sheikh AlTurki is a founding board member of the Charitable Society for the Care of Orphans (Benaa) since its inception in 2008 and a board member of Husn AlJewar Organization in the Kingdom pf Bahrain since 2008. He is the Honorary President of the European Asian Society for Surgical Oncology (EUASSO) and sits on the board of several other non-profit committees and societies.

He is also the Honorary President of Cancer Patients Friend Committee in Alexandria, Egypt and has organized many activities to shed light on the positive impact of Saudi charitable organizations in the Gulf region and abroad.

In recognition of his community service activities, Sheikh AlTurki was honoured by HRH Prince Mohammed bin Fahad Award for Charity Works in 2006, HH Sheikh Eisa bin Ali AlKhalifa Pioneers in Volunteering Works Award in 2014 and Man of Year Award for supporting Cancer Patients from the International Health Center and Disease Control, Ohio, USA in 2014. In addition to the International Diabetes Federation Award as a National Hero in fighting the spread of Diabetes in the Kingdom for over 30 years in 2015.

Sheikh AlTurki holds a Bachelor's degree in Business Administration and a Master's degree in International Business from George Washington University, USA. In 2012 he received an Honorary Doctorate in "Humane Letters" from the Lebanese American University, Beirut, Lebanon.

MR BOTE DE VRIES

MR YEO JEU NAM

MR CHONG CHEE KEONG CHRIS

MR DARREN YEO

Executive Vice Chairman

Mr Darren Yeo was appointed to the Vallianz Board in December 2012 and is the Executive Vice Chairman. As Vice Chairman, Mr Yeo plays a key role in charting Vallianz's long term strategy. Mr Yeo brings with him over 25 years of industry experience under his belt. He graduated from the National University of Singapore with a Bachelor of Engineering degree and holds a diploma in Marketing from the Singapore Institute of Management.

MR LING YONG WAH

Executive Director and CEO

Mr Ling Yong Wah was appointed to the Vallianz Board in March 2014 and is the CEO of the Company. As CEO, Mr Ling leads in driving the corporate and strategic directions of Vallianz. He has nearly 30 years of business and management experience and has held various roles including board seats in companies listed on the Singapore Exchange and the Hong Kong Stock Exchange. Mr Ling is a member of the Institute of Chartered Accountants of England and Wales.

MR BOTE DE VRIES

Non-Executive
Lead Independent Director

Mr Bote de Vries was appointed to the Board of Directors on 6 September 2010 and brings to Vallianz more than 20 years of international asset finance experience in the shipping transport industry. Apart from Mr de Vries' appointment on Vallianz's Board, he is also a managing director of Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board positions with Golden Close Ltd, a Dutch Investment Fund for seagoing vessels (NBZ), NNPC (P&I Club) and Northern Ocean Limited. Mr de Vries participated in various international conferences on shipping related issues like Mareforum. Mr de Vries graduated from the University of Leiden with a Bachelor of Biology degree and a Masters in Law.

MR YEO JEU NAM

Non-Executive
Independent Director

Mr Yeo Jeu Nam has more than 30 years of consultancy experience and was appointed as Non-Executive Independent Director of the Company on 21 August 2008. Mr Yeo also sits on the board of Frencken Group Limited as an Independent Director. Before founding Radiance Consulting Pte. Ltd., which Mr Yeo was the Managing Director, Mr Yeo headed the Strategy and Transformation practice as well as the HR Consulting practice at Ernst & Young Consultants Pte. Ltd. for more than 12 years, as its Senior Consulting Partner. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice. He graduated from the National University of Singapore with a Bachelor of Arts and a Bachelor of Social Sciences and is also an alumnus of INSEAD.

MR CHONG CHEE KEONG CHRIS

Non-Executive
Independent Director

Mr Chong Chee Keong Chris has been in private practice for 24 years since graduating from the National University of Singapore in 1994 with Honours. He is the founding partner of boutique corporate finance & commercial law practice CHRISCHONG & CT HO LLP (established since 1999) and is instrumental in developing the firm's good standing in Singapore. He advises clients in asset financing, trade, securitisations and has in-depth knowledge of the Singapore real estate market.

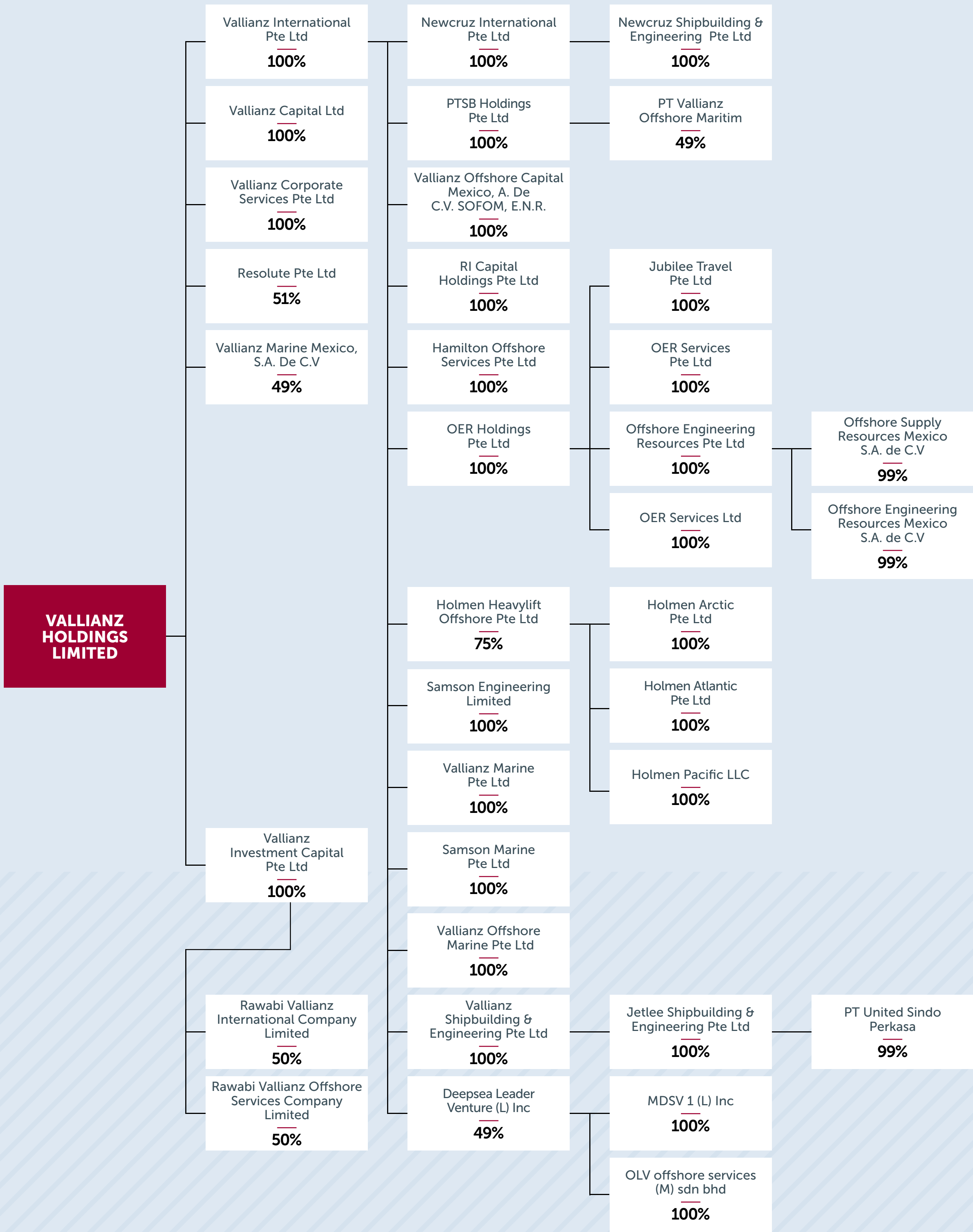
CORPORATE SOCIAL RESPONSIBILITY

2020 marks the 9th year of Vallianz partnering with Care Corner Senior Services Ltd ("CCSS"). CCSS operates a total of six Senior Activity Centres – five in Toa Payoh and one in Woodlands.

Over the years, Vallianz had organised annual Lunar New Year dinner for the Seniors of CCSS and Valiianz staff. However, in the year 2020, due to the COVID-19 pandemic, Vallianz was unfortunately unable to organize the annual Chinese New Year dinner with the elderlies of Care Corner. In this difficult time, Vallianz is even more committed to ensure that the elderlies of Care Corner continues to be well taken care of.

Vallianz continues to support the daily hot meals program, ensuring that elderlies of Care Corner have access to nutritious and delicious food. Food hampers containing essential items had been distributed to the elderlies as a token of support and provide them ease during this uncertain period. Mooncakes were distributed to the elderlies during the Mid-Autumn Festival. The Vallianz team hopes that with these gestures, the residents of Care Corner will be able to enjoy the festivals in the comfort of their own homes.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

SHEIKH ABDULAZIZ ALI ALTURKI
Non-Executive Chairman

MR DARREN YEO
Executive Vice Chairman

MR LING YONG WAH
Executive Director and CEO

MR BOTE DE VRIES
Non-Executive Lead Independent Director

MR YEO JEU NAM
Non-Executive Independent Director

MR CHONG CHEE KEONG CHRIS
Non-Executive Independent Director

COMPANY SECRETARIES

Ms Chong Pei Wen
Mr Tony Seah Han Tong

AUDIT COMMITTEE

Mr Bote de Vries (Chairman)
Mr Yeo Jeu Nam
Mr Chong Chee Keong Chris

REMUNERATION COMMITTEE

Mr Yeo Jeu Nam (Chairman)
Mr Bote de Vries
Mr Chong Chee Keong Chris

NOMINATING COMMITTEE

Mr Chong Chee Keong Chris (Chairman)
Mr Bote de Vries
Mr Yeo Jeu Nam

SHARE REGISTRAR

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

CONTINUING SPONSOR

Provenance Capital Pte. Ltd.
96 Robinson Road
#13-01 SIF Building
Singapore 068899

AUDITORS

Nexia TS Public Accounting Corporation
80 Robinson Road, #25-00,
Singapore 068898

Partner-in-charge: Loh Ji Kin
(From financial period ended 31 March 2020)

INVESTOR RELATIONS CONSULTANT

Octant Consulting
7500A Beach Road
The Plaza #04-329
Singapore 199591
Tel: (65) 6296 3583

VALLIANZ HOLDINGS LIMITED (REGISTERED OFFICE)

Company Registration No. 199206945E
3A International Business Park
#01-13 Icon@IBP
Singapore 609935
Tel: (65) 6911 6200
Fax: (65) 6659 1292
www.vallianzholdings.com

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "**Board**") of Vallianz Holdings Limited (the "**Company**" and together with its subsidiaries, the "Group") are committed to maintaining high standards of corporate governance and place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value. The Company recognizes the importance of good corporate governance is imperative for sustained growth and investor confidence.

This statement outlines the Company's corporate governance processes and activities that were in place, with specific reference to the Code of Corporate Governance 2018 (the "**Code**") and the disclosure guide (the "**Guide**") developed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Group is generally in compliance with the principles and provisions as set out in the Code and the Guide. Where there are deviations from the Code, the Board has considered alternative practices adopted by the Group are sufficient to meet the underlying objectives of the Code. Appropriate explanations have been provided in the relevant sections where there are deviations.

Principle 1: The Board's Conduct of Affairs
The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Sheikh Abdulaziz Ali AlTurki	Non-Independent Non-Executive Chairman
Yeo Chee Neng	Executive Director, Vice Chairman
Ling Yong Wah	Chief Executive Officer and Executive Director
Bote de Vries	Lead Independent Non-Executive Director
Yeo Jeu Nam	Independent Non-Executive Director
Chong Chee Keong Chris	Independent Non-Executive Director

The Board's primary role, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

- reviewing and setting the strategic directions and broad policies, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and monitoring the organisational performance towards them;

- approving the Group's investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposals of assets and making decisions in the interest of the Group, interested person transactions of a material nature, convening of shareholders' meetings and major funding proposals;

- establishing and reviewing the adequacy and integrity of the Company's framework of risk management systems, internal controls and financial reporting systems to safeguard the shareholders' interest and the Company's assets;

- identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

- consider sustainability issues such as environmental and social factors as part of its strategic plans;

- ensuring the Group's compliance with relevant laws, regulations, policies, directives, guidelines, internal codes of conduct and obligations to shareholders; and

- setting the Group's values and standards of conduct and assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group.

CORPORATE GOVERNANCE STATEMENT

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interest of the Company, so as to enhance the long term value of the Group to its shareholders. Each Director is aware of the requirements in respect of his disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. Where a potential conflict of interest arises, the Director concerned will recuse himself from discussions and decisions involving the issue of conflict and refrains from exercising any influence over other members of the Board in respect of the issue.

Upon the appointment of a new director, the Company will provide a formal letter to the new director, setting out his duties and obligations. Appropriate orientation programmes and briefings are conducted for all new directors appointed to the Board to familiarize them with Company's business, board processes, internal controls and governance practices. The Company will also arrange for first-time directors to attend relevant training in relation to the roles and responsibilities for a director of a listed company and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of the directors will be arranged and funded by the Company.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attend appropriate courses and seminars that will be arranged and funded by the Company. The external auditors, during their presentation of the audit plan annually, will update the Directors on the new or revised financial reporting standards. Regular updates on developments and amendments to the Companies Act, corporate governance and listing rules are circulated by the Sponsor and the Company Secretary to the Board. In addition, the Executive Directors constantly update Board members on business and strategic developments of the Group and overview of industry trends at regular scheduled meetings and *ad hoc* Board meetings.

To facilitate effective management and assist the Board in discharging its responsibilities, the Board has established various board committees, namely, Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

Each Board Committee functions within clearly defined terms of references and operating procedures, which are reviewed and updated by the Board from time to time. The terms of reference of the respective Board Committees are set out in this report. These Board Committees have the authority to review and examine particular issues and to report to the Board their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board, which will take into consideration the overall interest of the Company. The effectiveness of each Board Committee will also be constantly reviewed by the Board.

The Board has adopted a set of internal guidelines on matters requiring its approval. Matters which are specifically reserved for the Board's decision include those involving corporate policies, plans and budgets, material acquisitions and disposals of assets, corporate strategy, financial restructuring, share issuances, dividend and other returns to shareholders, major financial decisions such as investment and divestment proposals, expenditure beyond a prescribed amount as well as interested person transactions.

The Group's interested person transactions and the internal audit procedures are reviewed by the AC and reported to the Board.

The Board meets on a regular basis and as and when necessary to address any specific significant matters that may arise. While the Board considers directors' attendance at Board meetings to be important, it should not be the main criteria to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provisions of guidance and advice on various matters relating to the Group.

During the financial year, the number of meetings held and attendance of each member of the Board and Board Committees' meeting are as follows:

	Board	**AC**	**NC**	**RC**
Number of meetings held	4	5	1	1
Directors / Members	**Number of meetings attended**			
Sheikh Abdulaziz Ali AlTurki	4	4*	1*	1*
Yeo Chee Neng	4	4*	1*	1*
Ling Yong Wah	4	5*	1*	1*
Bote de Vries	4	5	1	1
Yeo Jeu Nam	4	5	1	1
Chong Chee Keong Chris	4	5	1	1

Note:

* Attended by invitation

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board with quarterly accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary. Directors may request to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and corporate governance practices.

The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened whenever circumstances require. The Constitution of the Company provides for Board and Board Committee meetings to be held by way of telephonic and videoconferencing.

The Board has separate and independent access to Management, the Company Secretary and external advisers (where necessary), at the Company's expenses. Directors can request for further explanations, briefings or information on any aspects the Group's business issues from the Management. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this Report, the Board comprises two (2) Executive Directors, one (1) Non-Executive Director and three (3) Non-Executive Independent Directors. The Non-Executive Independent Directors make up half of the Board.

Name of Directors	**Board of Directors**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Sheikh Abdulaziz Ali AlTurki	Non-Executive Director (Chairman)	–	–	–
Yeo Chee Neng	Executive Director (Vice Chairman)	–	–	–
Ling Yong Wah	Executive Director (CEO)	–	–	–
Bote de Vries	Non-Executive Lead Independent Director	Chairman	Member	Member
Yeo Jeu Nam	Non-Executive Independent Director	Member	Member	Chairman
Chong Chee Keong Chris	Non-Executive Independent Director	Member	Chairman	Member

CORPORATE GOVERNANCE STATEMENT

Although the Chairman is not independent and the Independent Directors of the Company do not make up majority of the Board, the Board and NC are satisfied that the Board has an appropriate level of independence and diversity to enable it to make decisions in the best interests of the Group. With the Non-Executive Independent Directors making up half of the Board, it provides an independent element on the Board capable of exercising objective judgment and no individual or group is able to dominate the Board's decision making process.

The Group has a majority of four (4) out of six (6) directors on the Board who are non-executive Directors and thus, comply with Provision 2.3 of the Code.

The NC has reviewed the size and composition of the Board and Board Committees and is of the view that the current Board composition provides diversity and has the appropriate mix of expertise and experience. The Company does not have a Board diversity policy but it consists of professionals from various disciplines. Notwithstanding that, the NC may consider appointing new director(s) in the future to enhance the core competencies and governance review of the Board. Additionally, during the financial year, the Group undertook a review of the roles and responsibilities of the Board Committee. Accordingly, a re-constitution of the NC was effected on 27 May 2019.

The Board collectively possesses the necessary core competencies such as accounting, finance, business, investment, industry knowledge and strategic planning experience. Each director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The Board considers that the present Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations.

All Directors other than the managing director (or any Director holding an equivalent appointment) are subject to retirement and re-election at least once every three (3) years in accordance with the Company's Constitution. The independence of each Non-Executive Independent Director is reviewed annually by the NC in accordance with the Code. The NC adopts the Code's definition of what constitutes an Independent Director in its review.

The criteria for independence are determined based on the definition provided in the Code and also the following criteria:

(a) The Board will assess the independence of directors regularly. For the avoidance of doubt, only Non-Executive Independent Directors (that is, a director who is not a member of management) can be considered independent.

(b) The Board will endeavour to consider all of the circumstances relevant to a director in determining whether the director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

(c) Amongst the circumstances considered by the Board will be a range of factors, including that a director:

    (i) is not being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;

    (ii) do not have an immediate family member (being a spouse, child, adopted child, brother, sister and parent) who is, or has been in any of the past three (3) financial years, employed by the Company or of its related corporations and whose remuneration is determined by the RC;

    (iii) is not a director for an aggregate period of more than nine (9) years from the date of appointment (whether before or after listing), otherwise be subject to rigorous review in accordance with the guidelines of the Code.

    (iv) is not directly associated with a substantial shareholder of the Company.

(d) Each director is responsible to notify the Chairman and the Company Secretary about any external positions, appointments or arrangements that could result in the director not being "independent".

The Code sets out guidelines that the independence of any director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to rigorous review. The NC is charged with the responsibility of monitoring and determining if a director remains independent in accordance with the guidelines and salient factors under the Code.

As at the date of this Annual Report, Mr. Yeo Jeu Nam ("**Mr. Yeo**") and Mr. Bote de Vries ("**Mr. de Vries**") have served the Board beyond nine (9) years from the date of their first appointment. The Board has conducted a rigorous review of the performance of Mr. Yeo and Mr. de Vries based on a set of criteria and agreed that Mr. Yeo and Mr. de Vries had participated, deliberated and expressed their view independently at all times, presenting objective and constructive challenges to the assumptions and viewpoints by Management. The Board considers that Mr. Yeo and Mr. de Vries bring invaluable expertise, experience and knowledge to the Board. The Board also trust that Mr. Yeo and Mr. de Vries who are familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees and their independence of character and judgement were not in any way affected or impaired by the length of service. The Board is satisfied with Mr. Yeo and Mr. de Vries's continued independence of character and judgement and determined that Mr. Yeo and Mr. de Vries remained independent to discharge their duties objectively.

To date, none of the Non-Executive Independent Directors of the Company has been appointed as a director of the Company's principal subsidiaries. The Board and the Management are of the view that the current board structures in the principal subsidiaries are already well organised and constituted.

The Non-Executive Independent Directors met among themselves without the presence of the Management at least once a year to discuss the matters in relation to the corporate development of the Group to ensure effective and independent review of the Management and provide feedback to the Board and/or Chairman as appropriate.

The profile of each of the directors is set out on pages 14 and 15 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Sheikh Abdulaziz Ali AlTurki ("**Sheikh AlTurki**") as Chairman of the Group assumed the leadership role and responsibilities as the Chairman of the Group while Mr. Ling Yong Wah ("**Mr. Ling**"), as the CEO, assumes executive responsibilities for the Group's performances and business.

The overall role of the Chairman is to lead and ensure the effectiveness of the Board which includes:-

- promoting a culture of openness and debate at the Board;
- facilitating the effective contribution of all directors;
- encouraging constructive relations between the Board and Management as well as between the executive directors and independent directors;
- promoting high standards of corporate governance with full support of the Board, the Management and the Company Secretaries; and
- ensuring effective communication with shareholders.

There is a clear division of responsibilities of Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and CEO are not related.

CORPORATE GOVERNANCE STATEMENT

As the Company CEO, Mr. Ling will lead Management in setting strategies, objectives and missions and is responsible for the daily management and operations of the Group. The role of Mr. Ling also includes scheduling and controlling the quality, quantity and timeliness of information supplied to the Board.

At the annual general meeting ("**AGM**") and other shareholder meetings, both Chairman and CEO play a pivotal role in fostering constructive dialogue between shareholders, the Board and Management as well as between Board members, and promote high standards of corporate governance.

The CEO's performance and remuneration will be reviewed annually by the NC and the RC, whose members comprise of all Non-Executive Independent Directors of the Company. As such, the strong independent element on the Board ensures decisions are not based on a considerable concentration of power in a single individual. With the existence of various Board Committees with power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

In accordance with Provision 3.3 of the Code, the Company has appointed Mr. de Vries as the Non-Executive Lead Independent Director on 14 November 2018. Led by the Non-Executive Lead Independent Director, the independent directors will meet periodically without the presence of the other directors, and the Non-Executive Lead Independent Director will provide feedback to the Chairman after such meetings.

The Non-Executive Lead Independent Director will be available to the shareholders where their concerns cannot be resolved through the normal channels to the Chairman or CEO, or where such contact is not possible or inappropriate.

Principle 4: Board Membership
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises Mr. Chong Chee Keong Chris ("**Mr. Chong**"), Mr. Yeo and Mr. de Vries. The three (3) members of the NC are Non-Executive Independent Directors. Mr. Chong is the Chairman of the NC with effect from 27 May 2019.

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the performance and contribution of each individual director.

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

- making recommendations to the Board on the structure, size and composition of the Board and Board Committees (including skills, qualifications, experience and diversity), taking into account the balance between Executive and Non-Executive Directors and between Independent and Non-Independent Directors;

- nominating directors (including Non-Executive Independent Directors) taking into consideration each director's contribution and performance;

- determining annually whether or not a director is independent;

- deciding whether or not a director is able to and has been adequately carrying out his duties as a director;

- proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board;

- reviewing board succession plans for directors, in particular, the appointment and/or replacement of the Chairman, CEO and key management of the Group; and

- reviewing training and professional development programmes for the Board.

New directors are appointed by way of a Board Resolution or at Board of Directors' Meetings, after the NC has reviewed the resume of the proposed Director, conducted appropriate interviews and recommended the appointment to the Board. In its search and selection process for new directors, other than through formal search, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

*Annual Review of Director's Independence in the financial year ended 31 March 2020 ("**FY2020**")*

It is mandatory for the NC to review annually whether a director is independent based on the guidelines of the Code's definition of what constitutes an Independent Director as mentioned under Principle 2 above. Each Independent Director is responsible for notifying the NC Chairman and the Company Secretary on any external positions, appointments or arrangements which may affect his independence status.

The NC had reviewed the independence of each of the Independent Directors in accordance with the Code and based on each of the Director's declaration of independence. The NC is of the view that the three (3) Non-Executive Independent Directors are independent. None of the Non-Executive Independent Directors have any relationship including immediate family relationship with the other Directors, the Company or its substantial shareholders.

Directors' Time Commitments & Multiple Board Representations

As explained in Principle 1 above, the Directors are provided a formal letter detailing their duties and responsibilities to the Company.

The NC is aware that some of the Directors hold multiple directorships as each of them are required to disclose their other directorships to the Board, upon appointment and cessation. Therefore, the NC will from time to time, evaluate their performance to ensure that each Director is able to carry out his duties effectively, taking into consideration his other board representation and principal commitments.

The primary consideration in deciding on the capacity of directors including but not limited to the time and attention that a Director may contribute for meetings, site visits and other training requirements, taking into account the Director's profession and involvement in consulting or committee work, his other board representation in non-profit organisations, if any. Other consideration also includes the ability and integrity of Directors to avoid potential conflict of interests while serving multiple board representations.

The NC had reviewed, taking into account the individual performance assessment and their actual conduct on the Board and concluded that each Director had adequately carried out their duties as a Director of the Company and spent sufficient time and attention on the Company's affairs despite having multiple board representations and principal commitments.

The NC believes that putting a maximum limit on the number of directorships a director can hold is arbitrary, given that time requirement for each directorship varies and thus should not be prescriptive. The NC considers that the multiple board representations held presently by some Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the experience and knowledge of the Board.

Recommendation of Appointment and Re-appointment of Directors

The NC is responsible for reviewing and recommending all appointment and re-appointment of directors to the Board. All directors other than the managing director (or any director holding an equivalent appointment) are subject to retirement in accordance with the provisions of the Company's Constitution whereby one third of the directors are required to retire (or if their number is not a multiple of three (3), the number nearest to but not greater than one third) and subject themselves for re-election by shareholders at every AGM. However, pursuant to Rule 720(4) of the Catalist Rules, all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation at the AGM.

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

At the forthcoming AGM, the following directors will be subject to retirement pursuant to Article 105 of the Company's Constitution and all Directors, being eligible have offered themselves for re-election as director:

1. Mr. Yeo Jeu Nam

2. Mr. Chong Chee Keong Chris

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

The Board does not encourage the appointment of alternate director. No alternate director is appointed to the Board.

Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will review the succession planning of the Board and senior management and seek to refresh Board membership as and when it may be necessary.

All directors are required to declare their board representations, as at the date of this Report. The date of appointment and last re-election of each director to the Board together with their directorships in other listed companies and principal commitments, both current and those held over in the preceding three years are as follows:

Sheikh Abdulaziz Ali AlTurki – Non-Executive Director (Chairman)

Date of appointment	28 June 2018
Date of last re-election	26 July 2018
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Chairman of Rawabi Holding Group of Companies Non-Executive Chairman of Vallianz Holdings Ltd Chairman of Gulf Union Cooperative Insurance Company

Mr. Yeo Chee Neng – Executive Director (Vice Chairman)

Date of appointment	1 December 2012
Date of last re-election	31 July 2019
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Executive Vice Chairman of Vallianz Holdings Limited

Mr. Ling Yong Wah – Executive Director and Chief Executive Officer

Date of appointment	17 March 2014
Date of last re-election / re-appointment	31 July 2019
Board Committee(s) served on	None
Present Directorships in other listed companies	Lead Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Executive Director and CEO of Vallianz Holdings Limited

Mr. Bote de Vries – Non-Executive Lead Independent Director

Date of appointment	6 September 2010
Date of last re-election	31 July 2019
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Managing Director of Finamar B.V Non-Executive board positions:- Golden Close Ltd NNPC (P&I Club) Northern Ocean Limited

Mr. Yeo Jeu Nam – Non-Executive Independent Director

Date of appointment	21 August 2008
Date of last re-election	26 July 2018
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Non-Executive Director of Vallianz Holdings Limited

Mr. Chong Chee Keong Chris – Non-Executive Independent Director

Date of appointment	28 February 2018
Date of last re-election	26 July 2018
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Partner of CHRISCHONG & CT HO LLP

Principle 5: Board Performance
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Group implemented the Board-approved evaluation process and performance criteria to assess the performance of the Board as a whole.

At the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of the Board and Board Committees as a whole. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter the results are presented to the NC for their review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

A review of the Board's performance is undertaken collectively by the Board annually and informally on a continuous basis by the NC with input from the other Board members. Renewals or replacement of Board members, when it occurs, do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the Company and its business.

The performance of the individual directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria include short and long term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature, commitment of time for meetings and contribution to the proper guidance of the Company.

The Company did not engage any external facilitator for the evaluation process during FY2020. Where necessary, the NC will consider such an engagement.

The NC is satisfied that the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company. The NC will review the appropriateness of the current Board size from time to time, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board Committee meetings, and any other duties). The Board as a whole has also met the performance evaluation criteria and objectives during the financial year.

Principle 6: Procedures for Developing Remuneration Policies
The Board has a formal and transparent procedure for developing policies for director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises Mr. Yeo, Mr. de Vries and Mr. Chong. The three (3) members of the RC are Non-Executive Independent Directors. Mr. Yeo is the Chairman of the RC.

CORPORATE GOVERNANCE STATEMENT

The RC is responsible for:

(a) recommending to the Board a framework of remuneration for the Non-Executive and Executive Director, CEO and key executives;

(b) determining specific remuneration packages for each director as well as for the key management personnel;

(c) reviewing all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, and other benefit in-kind;

(d) reviewing and recommending to the Board the terms of renewal of service contracts including the suitable compensation commitments in the event of early termination;

(e) retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties satisfactorily; and

(f) considering the various disclosure requirements for directors' remuneration particularly those required by regulatory bodies such as SGX-ST and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and the relevant interested parties.

The RC's recommendations are made in consultation with the Chief Executive Officer and Executive Directors and submitted for endorsement by the Board.

No director or member of the RC is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

RC reviews the specific remuneration package for the Executive Directors or senior management for recommendation to the Board. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and senior management staff.

In determining remuneration packages of Executive Directors and senior management, the RC will ensure that the Executive Directors and senior management are adequately but not excessively rewarded. In consultation with the Board, the RC will consider amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC will also review the Company's obligations arising in the event of termination of the Executive Directors' and executive officers' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

In reviewing and recommending the remuneration of Non-Executive Directors, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. The RC will ensure that the Non-Executive Directors are not over compensated to the extent that their independence may be compromised.

The RC from time to time and where necessary will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. No external remuneration consultants were appointed for the financial year under review.

Principle 7: Level and Mix of Remuneration
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate directors and key management personnel of the required experience and expertise to run the Company successfully.

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

In determining the remuneration system for the Directors and key management personnel, the RC may seek advice from human resource consultants and senior practitioners in order to obtain comparable information on the market and the industry. The annual review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind, taking into consideration the long-term interests of the Group.

The RC will also take into account the performance of the Group as well as that of the Executive Directors and key management personnel, aligning their interests with those of Shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. It ensures that remuneration package is appropriate to attract, retain and motivate the Executive Directors and key management personnel to provide good stewardship of the Group and successfully manage the Group for the long term.

The Company had entered into an employment contract with Mr. Ling and Mr. Yeo Chee Neng, whereby the employment contract will be terminated by either party, giving not less than three (3) months' notice to the other. The employment contract covers the terms of employment and specifically their salaries and bonuses.

The Non-Executive and Independent Directors receive directors' fees for their effort and time spent, responsibilities and level of contribution to the Board and Board Committees, which are subject to the shareholders' approval at AGMs.

There is no contractual provision under the present remuneration structure that allows the Company to reclaim variable incentive components of remuneration from the Chief Executive Officer, Executive Directors and Key Executive Officers. However, in alignment with the current regulatory standards, the variable incentives of the Chief Executive Officer, Executive Directors and Key Executive Officers may be clawed back in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company.

Principle 8: Disclosure on Remuneration
The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Given the competitive environment the Company is operating in, the Company will not disclose amounts and the breakdown of each individual Director as the Company believes that disclosure may be prejudicial to its business interests. The Company believes that disclosing remuneration in bands and a breakdown in percentage terms paid to the Directors provide sufficient overview of the remuneration of Directors.

CORPORATE GOVERNANCE STATEMENT

The following table shows a breakdown of the annual remuneration (in percentage terms) of directors for the financial year under review:

Remuneration Band and Name of Directors	Salary[1] %	Performance Incentives[2]/ Bonus[3] %	Directors' Fees %	Others Benefits %	Total %
S$500,001 to S$750,000					
Yeo Chee Neng	88	–	4	8	100
S$250,001 to S$500,000					
Ling Yong Wah	91	–	7	2	100
S$250,000 and below					
Sheikh Abdulaziz Ali AlTurki	–	–	100	–	100
Bote de Vries	–	–	100	–	100
Yeo Jeu Nam	–	–	100	–	100
Chong Chee Keong Chris	–	–	100	–	100

Notes:

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

(2) Performance incentives refer to long term cash incentive plan and long term performance driven award.

(3) Bonus is short term cash incentive plan and is a sum of money given in addition to the usual compensation, normally for outstanding performance and service for certain year.

To maintain confidentiality of staff remuneration matters and for competitive reason, the names of the key executives of the Group, the aggregate total remuneration paid of top 6 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the 6 key executives of the Company (who are not directors or the CEO) for the financial year under review:

Key Management Personnel

Remuneration Band	No. of Executives	Base/ Fixed Salary %	Variables or Bonuses %	Share-Based %	Total %
S$150,001 to S$250,000	5	97	2	1	100
S$150,000 and below	1	100	–	–	100

The Company has no employee who is an immediate family member of a Director or CEO and whose remuneration exceeded S$100,000 during the FY2020.

Share Option Scheme and Performance Share Plan

The Vallianz ESOS and Vallianz PSP have expired on 1 December 2018 and 23 August 2020 respectively and there are no outstanding unexercised Vallianz ESOS or Vallianz PSP granted previously.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard shareholders' interests of the Company and its shareholders.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The senior management regularly assesses and reviews the Group's business and operational environment to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as appropriate measures to control and mitigate these risks.

Financial, operational, compliance and information technology checklists were also prepared by the Management, CEO, and respective heads of divisions, to assist the AC and Board to review the adequacy of the risk management and internal control systems, which include all the operational matters, regulatory compliances and guidance and financial risk. The checklists have been reviewed and confirmed by the Board.

With the presence of the Management who meets regularly, the Board is able to receive the feedback and response on the risk and legal issues which will affect the Company in terms of operational risk, on timely basis. Assurance from the CEO and Finance Director were also obtained to confirm that the financial records of the Company were properly maintained, the financial statements of the Company give a true and fair view of the Company's operations and finances.

The Board also received assurance from the CEO and key management personnel of the Group who are responsible, that the risk management and the internal control systems, save for the Interested Persons Transactions ("**IPTs**") lapses as mentioned below, of the Group were adequate and effective as at 31 March 2020.

In addition, the external auditors will highlight and report to the AC at the AC meetings, of any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the external auditors are reported to the AC. The senior management will follow up on these recommendations to ensure that Management has implemented them on a timely and appropriate manner and reports to the AC on quarterly basis.

The Group has appointed Baker Tilly TFW LLP as internal auditors and their role includes the following:

1. assess and evaluate the adequacy of applicable operational internal controls;

2. assess and evaluate the efficiency of business process;

3. evaluate compliance with applicable policies and procedures, as well as regulatory requirements;

4. identify possible opportunities for process and internal control improvement; and

5. compile a report on findings and recommendations to highlight controls deficiencies and compliance gaps.

IPT Review

The Company had announced on 24 July 2019 certain IPTs which the Company had not disclosed or complied with under Chapter 9 of the Catalist Rules ("Non-Compliant IPTs"). On 30 August 2019, the Company announced, *inter alia*, that it was undertaking an IPT Review to identify any further Non-Compliant IPTs. On 6 March 2020, the Company announced the summary of findings of the Internal Auditor Report dated 2 March 2020.

Arising from the IPT Review, the Internal Auditor observed that a key internal control weakness is the failure to implement procedures to properly identify potential transactions as IPTs before they are entered into to ensure that the IPTs are carried out on normal commercial basis and are not prejudicial to the interests of the Company and its minority stakeholders and to report these IPTs.

The Group has since then adopted the below proposed remedial actions:

(i) The Company has assigned a designated staff at each EAR to be responsible to (i) identify and document the potential IPTs; (ii) inform the Finance Team (at Corporate Office) of the proposed IPTs; (iii) work with the Finance Team to ensure that IPT procedures are adhered to as set out in the IPT general mandate; and (iv) obtain relevant approvals from authorised personnel for the IPTs in accordance with the authorisation limits as set out in the IPT general mandate, prior to carrying out the IPTs with the interested person.

(ii) The Company will assign an Executive Officer as the Head of Compliance to oversee the designated staff at each EAR and to ensure familiarity, compliance and accurate reporting of the IPTs under Chapter 9 of the Catalist Rules.

(iii) Copies of the IPT general mandates to be made available to the relevant staff at the EARs to familiarize themselves with the procedures for identifying, seeking approval, documenting and reporting IPTs as set out in the IPT general mandates. The Head of Compliance will provide guidance to these staff at the EARs, whenever required.

(iv) The Head of Compliance will maintain a register of all the EARs of the Group and will update any changes immediately; and will review the register regularly, at least on a quarterly basis. The Audit Committee will review the register of the EARs on a quarterly basis.

(v) The Head of Compliance will also maintain a register of interested persons as defined in the Catalist Rules. These include the Directors and their associates, CEO and Controlling Shareholders and their associates. The Head of Compliance will update any changes immediately and will review the register regularly, at least on a quarterly basis. In this regard, the Head of Compliance will proactively seek written confirmation from each of the Directors, CEO and Controlling Shareholders on a quarterly basis on their respective list of interested persons. The Audit Committee will review the register of the interested persons on a quarterly basis.

(vi) All IPTs will be recorded in the IPT Register by the Finance Team as set out in the IPT general mandates. The Finance Director will review the IPTs recorded in the IPT Register on a monthly basis to ensure that the IPTs are in compliance with the review procedures set out in the IPT general mandates.

Based on the internal controls established and maintained by the Company, and the reviews performed by the Management, AC and the Board, the Board, with the concurrence with the AC, save for the lapses on the internal controls for Non-Compliant IPTs mentioned above, is of the opinion that the risk management and internal control systems that the Group has put in place to address financial, operational, compliance and information technology risks, are adequate as at 31 March 2020.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, internal and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

IPT Circular

Arising from the IPT Review, the Company is currently working with its professional advisers to prepare a circular to shareholders ("**IPT Circular**") to, *inter alia*, set out details of the Non-Compliant IPTs and to seek Shareholders' ratification for certain of the past Non-Compliant IPTs and approval for new IPTs with the Interested Persons including a proposed adoption of an IPT General Mandate with the Holmen group of companies ("**Holmen IPT Mandate**"), Holmen advances and proposed entry into shareholder's advances with RHC. Barring unforeseen circumstances, the Company envisages to hold the EGM for the above transactions in the 4th quarter of calendar year 2020.

In the interest of time and as the Company expects recurrent transactions with the Rawabi group to continue in the ordinary course of business, the Company will be seeking renewal of the existing Rawabi IPT Mandate at the forthcoming AGM, which if approved, will enable the existing Rawabi IPT Mandate to continue in force until the conclusion of the next AGM of the Company.

As part of the IPT Review, the Company will also be reviewing the existing IPT procedures and processes for the Rawabi IPT Mandate to fine-tune and align these procedures and processes with the Holmen IPT Mandate, consistent with the proposed remedial actions adopted by the Company as set out above. Accordingly, the Company will also propose adoption of a new Rawabi IPT Mandate at the EGM, which if approved, will supersede the existing Rawabi IPT Mandate last renewed at the AGM.

Principle 10: Audit Committee
The Board has an Audit Committee which discharges its duties objectively.

The AC comprises Mr. de Vries, Mr. Yeo and Mr. Chong. The three (3) members of the AC are Non-Executive Independent Directors. Mr. de Vries is the Chairman of the AC.

Mr. de Vries and Mr. Yeo have recent and relevant accounting or financial management expertise or experience. The Board is of the view that all the AC members are suitably qualified to discharge the AC's responsibilities.

The Audit Committee has written terms of reference and its key functions are to:

- review with the Company's external auditor their audit plan, their evaluation of the system of internal accounting controls in the course of the external audit, their letter to the Management and the Management's response and results of the Company's audit conducted by internal and external auditors;
- review the reports of the Company's external auditor as well as the independence and objectivity of the external auditor;
- review the co-operation given by the Company's officers to the external auditors;
- review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations which has or is likely to have a material adverse impact on the Group's operating results or financial position and the Management's response;
- make recommendations to the Board on the proposal to the Shareholders on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of the external auditors;
- review the financial results announcements and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- review the significant reporting issues and judgements so as to ensure integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

- review the material internal control procedures, comprising financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

- approve the Group's internal audit plans;

- monitor the implication of outstanding internal control weaknesses highlighted by the internal and external auditors;

- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual (including any entrusted loans that may be provided to interested persons prior to such loans being entered into to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include but are not limited to the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and the Shareholders);

- review and consider transactions in which there may be potential conflicts of interests between the Group and the interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the Shareholders in relation to such transactions as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;

- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if there are material findings, to be immediately announced via SGXNET;

- review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Directors;

- review the effectiveness of the Company's internal audit function, if applicable;

- undertake such other reviews and projects as may be requested by the Board, and report to the Board its finding from time to time on matters arising and requiring the attention of the AC;

- undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time;

- review the assurance from the CEO and Finance Director on the financial records and financial statements; and

- review at least annually the adequacy and effectivenes of the company's internal controls and risk managements systems;

- review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

- review the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Board.

CORPORATE GOVERNANCE STATEMENT

The AC has the explicit authority to conduct or authorise investigations into any matters within its terms of reference and has full access to and co-operation by the Management. The AC has full discretion to invite any other directors or Executive Director to attend its meetings and to ensure that adequate resources are available to enable the AC to discharge its function properly. As at the date of this Annual Report, the AC has met with the external auditors separately without the presence of Management to review any area of audit concern. Ad-hoc AC meetings may be carried out from time to time, as circumstances require.

The Company has implemented a whistle blowing policy which will provide well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The AC will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The AC conducted an evaluation of the relevant competency of Nexia TS Public Accounting Corporation ("**Nexia**") for the provision of external audit and were satisfied with the results from the evaluation of relevant competence services. The Company had, on 9 June 2020, appointed Nexia as the auditors in place of Deloitte & Touche LLP. The aggregate amount of fees paid and payable by the Group to the external auditors for the audit services amounted to S$220,000 for FY2020. There is no material non-audit service provided by the external auditors for the financial year. As such, in the AC's opinion, the external auditors remain independent. Accordingly, the AC recommended the re-appointment of Nexia at the forthcoming AGM.

The Group has appointed different auditors for its Singapore and overseas subsidiaries during the financial year under review.

The Board and the AC have reviewed that the appointment of different auditors for its subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716 of the Catalist Rules in relation to its independent auditors.

In order to ensure that the AC is able to fulfill its responsibilities, Management provides the Board members with management reports. In addition, all relevant information on material events and transactions are circulated to AC as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board/AC meetings to answer queries and provide detailed insights into their areas of operations. The AC are kept informed by Management on the status of on-going activities between Board meetings. Where a decision has to be made before a Board meeting, a directors' resolution is done in accordance with the Constitution of the Company and the AC is provided with all necessary information to enable it to make informed decisions.

The AC has full access to and co-operation by the Management and has been given resources to enable the AC to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC has been provided with the phone numbers and email particulars of the Company's senior management and Company Secretary to facilitate access.

As at the date of this Annual Report, none of the former partners or directors of the Company's existing auditing firm has been appointed as a member of the AC.

The Company had appointed Baker Tilly TFW LLP ("**Baker Tilly**") as internal auditors on 23 December 2013. On an annual basis, the Company's internal auditors will prepare an audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. These include operational, financial and compliance and information technology controls. The internal auditors will follow up these recommendations to ensure that Management has implemented them on a timely and appropriate manner and reports to the AC yearly.

Baker Tilly is the Singapore member firm of Baker Tilly International network. Baker Tilly is currently appointed as the outsourced internal auditor for a number of listed companies on the stock exchange of Singapore. The Governance and Risk team is experienced and well-staffed, comprising of professionals with relevant qualifications such as Chartered Accountant of Singapore and Certified Internal Auditor, amongst others.

The internal auditors' primary line of reporting is to the Chairman of the AC. Procedures are in place for internal auditors to report independently their findings and recommendations to the AC. The AC will review the internal audit plan to ensure that the scope of the internal auditor's plan is adequate and covers the reviewing of the significant internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems. Audits were carried out on all significant business functions of the Group and all internal audit findings and reports are submitted to the AC for deliberation with copies of these reports extended to the rest of the Board and the relevant key management executives. The internal auditor's summary of findings and recommendations are discussed at the AC meetings on a half-yearly/yearly basis.

The AC is satisfied that the internal audit is adequately resourced and has appropriate standing within the Group. The AC will also meet with internal auditors at least once a year without the presence of the Management.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

Principle 11: Shareholder Rights and Conduct of General Meetings
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights, and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report of the Company and notice of AGM. At the AGM, shareholders will be treated fairly and equitably, given the opportunity, to voice their views and to direct questions within reason, regarding the Group to the Directors.

The Board encourages shareholders to participate in and vote at general meetings. Shareholders are informed on a timely basis of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders.

Any notice of a general meeting of shareholders is issued at least fourteen (14) days before the scheduled date of such meeting in accordance to the nature of the business to be transacted at the meeting. Shareholders at such meetings are invited to put forth any questions they may have on the motions to be discussed and decided upon or on any other reasonable subject related to the business of the Group. The Company's Constitution also allow any shareholder to appoint not more than two (2) proxies during his absence, to attend and vote on his behalf at the general meetings.

All the Directors would attend the general meetings of shareholders unless of exigencies, and the external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Appropriate key management executives are also present at general meetings to respond, if necessary, to operational questions from shareholders. As at the date of this Annual Report, all the Directors have attended and/or participated the AGM and Extraordinary General Meeting ("**EGM**") held on 31 July 2019 and 9 June 2020 respectively. The Company's external auditors were also present at the annual general meetings to assist the Board in addressing any relevant queries from shareholders.

In addition, pursuant to Section 181(1C) of the Companies Act, a shareholder who is a custodial institutions or relevant intermediary entitled to attend the general meetings and vote is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

CORPORATE GOVERNANCE STATEMENT

Separate resolutions on each distinct issue are tabled at general meetings. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation or circular in respect of the proposed resolution. A proxy form is sent with the notice of general meeting to the shareholders. The resolutions will be put to vote by poll and an announcement of the results showing the number of votes cast for and against each resolution and the respective percentages for general meetings will be made subsequent to the meeting.

At the AGM of the Company held on 31 July 2019, the Company put all resolutions tabled to vote by poll. The voting results of all votes cast in respect of each resolution and the respective percentages were displayed at the meeting and announced in a timely manner via SGXNET after the meeting.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company will not implement voting in absentia by mail, email or fax. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and Management are prepared and confirmed as true record of the proceedings of the general meetings. The minutes of the general meetings will be published on the Company's corporate website within 30 days of the date of the meeting.

As at the date of this report, the Company does not have a formal dividend policy in place. However, the Company, in determining the form, frequency and amount of future dividends on the Company's shares in any particular year, will take into account, among other things, the level of cash and retained earnings, the result of operations, the capital expenditure requirements, the expansion and/or investment plans and other factors that the Company's Directors may deem appropriate.

In considering dividend payments for the future financial years, the Directors will take into account the current desire to maintain and potentially increase dividend level subject to the objective of maximizing shareholder value over the longer term and the factors stated in the paragraph above.

No dividend was declared and paid for the financial year 31 March 2020 as the Group was loss-making. In addition, with reference to the perpetual capital securities of US$22.5 million issued by the Company in 2014, in the event that the Company would like to declare dividends to ordinary shareholders, the Company would be required to first declare and pay all accumulated distributions (currently at a rate of 7.0% per annum) to the holder of the perpetual capital securities before the Company can declare dividends to ordinary shareholders.

Principle 12: Engagement with Shareholders
The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

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

The Company does not practice selective disclosure. In line with the continuing obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders would be equally informed of all major developments and/ or transactions impacting the Group.

Half yearly and yearly results of the Company will be published through the SGXNET, news releases and the Company's website. All information on the Company's new initiatives will be first disseminated via SGXNET. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the year prescribed by the SGX-ST and are available on the Company's website.

The Company is supported by external consultant firm in promoting communication with shareholders and analysts. Contact information of the external investor relations team is made available on the Company's website.

Principle 13: Engagement with Stakeholders
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Group has made efforts to seek the opinions of many stakeholders either through informal or formal means by evaluating the needs and expectations of key stakeholder groups which are significant to the Group's value creation strategy and strive to build mutually beneficial relationships.

The Group has identified diverse stakeholder groups based on their level of influence in the business and also regularly engage and consult all stakeholder groups for any feedback and suggestions. Where appropriate and relevant to the business, the Company will incorporate their feedback into the Group's plans and actions.

General information on the Group such as annual reports, financial results, news releases and investor relations contacts are provided in the Company's website.

For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report which will be released by October 2020.

CORPORATE GOVERNANCE STATEMENT

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

In compliance with Rule 907 of the Catalist Rules, there were no transactions with interested persons for the financial year ended 31 March 2020 which exceeds the stipulated threshold except as disclosed below:

Name of Interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1]
Corporate Corproate services provided to the Group			
Rawabi Holding Company Limited and its subsidiaries ("**RHC Group**")	A controlling shareholder	Nil	US$1,190,175
Rental of premises to the Group			
RHC Group	A controlling shareholder	Nil	US$256,195
Provision of other Goods and Services to the Group			
RHC Group	A controlling shareholder	Nil	US$1,247,973
Ship management services provided by the Group			
Swiber Holdings Limited ("**SHL**") and its subsidiaries ("**SHL Group**")	A controlling shareholder	US$3,932,089	Not Applicable
Principal loan repayment paid for by the Group			
Holmen Heavylift Offshore Pte. Ltd. ("**HOL**") and its Subsidiaries ("**HOL Group**")[2]	Subsidiaries of VHL where SHL also holds 25% interest	US$4,555,560[3]	Not Applicable
Interest payment paid for by the Group			
HOL Group[2]	Subsidiaries of VHL where SHL also holds 25% interest	US$4,710,612[3]	Not Applicable
Corporate and ship management services provided by the Group			
HOL Group[2]	Subsidiaries of VHL where SHL also holds 25% interest	US$660,000	Not Applicable
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group			
HOL Group[2]	Subsidiaries of VHL where SHL also holds 25% interest	US$422,918	Not Applicable

Notes:

(1) Certain transactions among the Group, RVOS and RVIC

The Company had disclosed in its annual report for FY2019 chartering services provided by RVIC to the Group (more specifically RVOS) as IPTs conducted under shareholders' mandate of US$51.8 million. The Company had also disclosed similar chartering services provided by RVIC to the Group of US$29.5 million in its unaudited results for FY2020, which relates to such services provided during the first half of FY2020.

Pursuant to the IPT Review, the Internal Auditor ("VA") had agreed with the management of the Company that the provision of these chartering services are not IPTs for the following reasons:

"As RVOS and RVIC are jointly owned in the equal proportion by the Company and RHC, and the Company having acquired all of the economic benefits of RVOS, VA is of the opinion that this arrangement has benefited the Company as the charter rates paid by RVOS is less than the market rate. Furthermore, the chartering services were not trade-related and not conducted in the ordinary course of business. Hence, VA agrees with Management's views that these transactions are not IPTs."

Further, with effect from 1 October 2019, RHC had assigned its 50% economic benefits in RVIC to the Company. Accordingly, the Company had consolidated the results of RVIC as its wholly-owned subsidiary with effect from 1 October 2019. This is similar to the RVOS where RHC had assigned its 50% economic benefits to the Company with effect from 1 January 2014 and the Company had consolidated the results of RVIC as its wholly-owned subsidiary with effect from that date.

In addition, as disclosed in the unaudited results announcement of the Group for FY2020, during the second half of FY2020, the Group went through a restructuring exercise whereby RVOS acquired all the vessels from RVIC based on market valuation of these vessels and funded the acquisition partly through new bank borrowings obtained by RVOS and partly from the set-off of amount owing from RVIC to RVOS. RVOS's new bank borrowings are secured on these vessels and are fully guaranteed by RHC at no cost to the Group. RVIC then used the proceeds that it received from RVOS from the sale of the vessels to repay its bank borrowings. Following the restructuring exercise, RVIC will have no outstanding bank borrowings. Accordingly, all corporate guarantees from the Company and RHC in relation to RVIC's bank borrowings were also fully released. In addition, the outstanding corporate guarantee as at 31 March 2020 previously provided by the Company in relation to RVOS' existing bank borrowings had also been released and replaced by RHC at no cost to the Group.

As a result of the above, such transactions among the Group, RVOS and RVIC have ceased.

(2) HOL Group is 25% owned by SHL and 75% owned by the Company.

(3) The amount represents 100% of the amount which was paid for by the Company. The Company had made principal repayment and interest payment of US$4.56 million and US$4.71 million respectively for FY2020 on the bank facilities extended to HOL and its subsidiaries notwithstanding that the Company's shareholding interest in HOL is only 75%, and not 100%.

The Company's outstanding exposure of corporate guarantees in relation to outstanding bank facilities and advances to interested persons as at 31 March 2020, is set out in the table below:

Entities	**As at 31 March 2020 (US$'000)**
Company's exposure to the corporate guarantee in relation to outstanding bank facilities	
RVIC	–*
RVOS	18,667**
RPL	31,729
HOL	86,115
Advances	
From RVOS to RVIC	–*

* As set out in Note (1) above, following the restructuring exercise, RVIC will have no outstanding bank borrowings. Accordingly, all corporate guarantees from the Company and RHC in relation to RVIC's bank borrowings were also fully released.

RVIC will become temporarily inactive following the restructuring exercise and may be reactivated if and when suitable business opportunities are identified by its joint venture partners.

Both RVOS and RVIC are considered as interested persons within the meaning of Chapter 9 of the Catalist Rules and thus the acquisition of the vessels by RVOS from RVIC is deemed as an IPT. However, as these entities are jointly and equally owned by the Company and RHC, and as the Group consolidates both RVOS and RVIC as wholly-owned subsidiaries pursuant to RHC's assignment of economic benefits in RVOS and RVIC to the Company, the value at risk for the IPT is zero.

** As set out in Note (1) above, subsequent to 31 March 2020, the corporate guarantee amounting to US$18.7 million previously provided by the Company in relation to RVOS' existing bank borrowings had also been released and replaced by RHC at no cost to the Group.

As set out on pages 33 and 34 of this 2020 Annual Report under the heading "IPT Review" and "IPT Circular", arising from the IPT Review, the Company is currently preparing the IPT Circular and will provide further updates to shareholders in due course.

CORPORATE GOVERNANCE STATEMENT

MATERIAL CONTRACTS

Save for the service agreement and employment contract entered into between the Executive Directors and the Company, there was no material contract between the Company and its subsidiaries involving the interests of any director or controlling shareholders which are either still subsisting at the end of the FY2020 or, if not then subsisting, entered into since the end of previous financial year.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities. Directors, Senior Management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the year commencing one (1) month before the announcement of the Group's half yearly and yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Group are advised not to deal in the Company's securities for a short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading years. Officers are to consult with the Finance Director/ Company Secretary before trading in Company's securities and are to confirm annually that they have complied with and are not in breach of the Code. The Board is kept informed when a Director trades in the Company's securities.

NON-SPONSORSHIP FEES

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that the Company's sponsor, Provenance Capital Pte. Ltd. ("**Provenance Capital**") did not provide any non-sponsor services to the Company and no non-sponsor fees were paid by the Company to Provenance Capital during FY2020.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Vallianz Holdings Limited (the "Company") and its subsidiary corporations (collectively the "Group") for the financial year ended 31 March 2020 and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 56 to 151 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

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

AlTurki, Abdulaziz Ali A
Yeo Chee Neng
Ling Yong Wah
Bote de Vries
Yeo Jeu Nam
Chong Chee Keong Chris

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of directors		Holdings in which a director is deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
(Ordinary shares)				
AlTurki, Abdulaziz Ali A	–	–	317,560,389	317,560,389
Yeo Chee Neng	2,000,000	2,000,000	297,493	297,493
Ling Yong Wah	1,526,146	1,526,146	–	–
Bote de Vries	136,666	136,666	–	–
Yeo Jeu Nam	336,666	336,666	–	–
(Warrants)				
Ling Yong Wah	66,666	–	–	–
Yeo Jeu Nam	220,000	–	–	–

The director's interests in the shares of the Company as at 21 April 2020 are the same as those as at 31 March 2020.

As at date of this statement, the warrants have expired.

4. VALLIANZ PERFORMANCE SHARE PLAN ("PSP")

In 2010, the Company implemented the PSP in accordance with the performance share scheme approved by the shareholders on 23 August 2010. The PSP expired on 23 August 2020. PSP was implemented in order to:

(i) foster an ownership culture within the Group which aligns the interests of the participants with the interests of shareholders;

(ii) motivate the participants to achieve key financial and operational goals of the Group and/or their respective business units;

(iii) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that is commensurate with the Group's ambition to become a world class company; and

(iv) to instil loyalty and a stronger sense of identification by the participants with the long term prosperity of the Group.

4. VALLIANZ PERFORMANCE SHARE PLAN ("PSP") (CONT'D)

An executive or non-executive director of any member of the Group or a full-time employee of any member of the Group ("Eligible Person") who is selected by the Remuneration Committee is eligible to participate in the PSP. The awards represent the right of an Eligible Person to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the PSP and upon satisfying such conditions as may be imposed. The number of shares to be granted to an Eligible Person shall be determined at the absolute discretion of the Remuneration Committee, which shall consider criteria such as his rank, job performance and potential for future development, his contribution to the success and development of the Group and the extent of effort with which the performance conditions as determined by the Remuneration Committee may be achieved within the performance period.

Each award to be granted to an Eligible Person who is a non-executive director of any member of the Group shall not exceed 10% of the total number of shares available for grant of awards under the PSP. The total number of shares which may be issued and/or issuable pursuant to awards granted under the PSP on any date shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) from time to time. The PSP shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years, commencing from adoption date, provided always that the PSP may continue beyond the stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The number of share awards granted to the directors of the Company under the PSP is as follows:

Share awards participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of plan to the end of the financial year	Aggregate share awards vested since commencement of plan to the end of the financial year	Aggregate share awards outstanding as at the end of the financial year
Yeo Chee Neng	–	27,000,000	(27,000,000)	–
Ling Yong Wah	–	25,000,000	(25,000,000)	–
Yeo Jeu Nam	–	3,500,000	(3,500,000)	–
Bote de Vries	–	3,500,000	(3,500,000)	–
	–	59,000,000	(59,000,000)	–

The PSP was administered by the Remuneration Committee whose members are:

(i) Yeo Jeu Nam (Chairman)

(ii) Bote de Vries

(iii) Chong Chee Keong Chris

5. AUDIT COMMITTEE

The Audit Committee comprises three Non-Executive Directors. The members of the committee are:

Bote de Vries	(Chairman and Non-Executive Lead Independent Director)
Yeo Jeu Nam	(Non-Executive Independent Director)
Chong Chee Keong Chris	(Non-Executive Independent Director)

During the financial period, the Audit Committee held four meetings.

The functions of the Audit Committee include the following:

(a) review of the internal audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) review of the external audit plans and reports and evaluation of co-operation given by the Company's officers to the external auditors;

(c) review of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) review of the first quarter, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Group and Company;

(e) nominate the external auditors of the Group for re-appointment; and

(f) review the interested person transactions.

The Audit Committee has full access to and the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Nexia TS Public Accounting Corporation for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

6. AUDITORS

The auditors, Nexia TS Public Accounting Corporation, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Ling Yong Wah

Yeo Chee Neng

14 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vallianz Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 151.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019, were audited by another independent auditor who expressed an unmodified opinion on those statements on 10 July 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
Carrying value of vessels (Refer to Notes 2, 3 and 15 to the financial statements)	
As at 31 March 2020, the carrying amount of the Group's vessels amounted to US$770,176,000, representing 79% of the Group's total assets. During the financial year ended 31 March 2020, the Group had considered the existence of impairment indicators and assessed the recoverable amounts of vessels. The recoverable amounts were determined based on the valuation performed by independent vessel brokers which involves estimating the fair value less cost of disposal of the vessels. The valuation process involves significant judgements and estimations in the underlying assumptions to be applied. Amongst other matters, inputs and assumptions used in valuation include, but not limited to, recent transaction prices for similar vessels, adjusted for the age and conditions of the respective vessels. Accordingly, an impairment of US$53,098,000 was recognised during the financial year. We identified carrying value of vessels as a key audit matter due to significant degree of judgements and assumptions involved in determining the recoverable amounts of vessels.	In obtaining sufficient audit evidence, the following procedures were performed: • Reviewed management's impairment assessment, or management's assertion on the indicators of impairment, on non-financial assets in accordance with SFRS(I) 1-36; • Evaluated the objectivity, independence and expertise of brokers who provided the valuation of the vessels; • Critically evaluated whether the valuation methodology used to determine the recoverable amounts of vessels complies with the requirements of SFRS(I) 1-36; and • Critically evaluated the reasonableness and appropriateness of the key inputs and assumptions used in the valuation.
Assessment of the going concern basis in preparation of the financial statements (Refer to Note 3(i) to the financial statements)	
During the financial year ended 31 March 2020, the Group recorded a net loss of US$136,920,000. As at 31 March 2020, net current liabilities amounted to US$241,030,000. The Group has total borrowings of US$722,839,000, of which US$247,951,000 are repayable within one year. As disclosed in Notes 3(i) and 24 to the financial statements, the Group has breached the financial covenant under the Framework Agreement of i) minimum EBITDA/Finance Charges (Singapore Operation) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2020, to waive the breach of financial covenants up to 31 August 2020. The non-current portion of the term loan owed to the other financial institution for which a waiver letter was not obtained has been classified as current liabilities.	In obtaining sufficient audit evidence, the following procedures were performed: • Enquired on the progress of the Group's restructuring of its existing Framework Agreement; • Assessed management's assumptions used in determining the probability of obtaining the Framework Agreement with the financial institutions; • Reviewed management's evaluation of its compliance with financial covenants and its assessment of the enforceability of the waiver obtained from the financial institution;

Key Audit Matters

Assessment of the going concern basis in preparation of the financial statements (cont'd)

As disclosed in Note 24, as at date of this report, the Group has not been served with any notices of any event of default for any of its loans.

Furthermore, during the financial year ended 31 March 2020, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As disclosed in Note 33 to the financial statements, the Group has obtained from its ultimate holding company a Letter of Undertaking to treat these shareholder advances amounting to US$80,010,000 as equity.

The above constitute events or conditions which indicate the existence of material uncertainties which may cast significant doubt as to whether the Group will be able to continue as a going concern for the next 12 months.

As disclosed in Note 3(i), the directors are of the view that the Group will be able to meet their obligations in the foreseeable future due to the following:

- subsequent to the financial year end, the Group had obtained an extension of waiver up to 31 December 2020 from one of the financial institutions for the breach of financial covenants;
- the Group's restructuring of the existing Framework Agreement with the financial institutions to renegotiate on the loan repayment terms and financial covenants, of which management is confident of obtaining the agreement from the financial institutions; and
- the Group had obtained the financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to treat the shareholder advances as equity.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

Our audit performed and responses thereon

In obtaining sufficient audit evidence, the following procedures were performed: (con'd)

- Reviewed the financial capability, to the extent practicable, including publicly available information, of its ultimate holding company in providing financial support to the Group;
- Reviewed minutes of board meetings and relevant committees for any discussion of financial difficulties and future plans, including those up to the date of this report; and
- Reviewed for events after the financial year end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements.

Key Audit Matters	Our audit performed and responses thereon
Assessment of the going concern basis on preparation of the financial statements (cont'd) We identified the assessment of whether the financial statements have been prepared on a going concern basis as a key audit matter because of the management's judgements involved in determining the appropriateness of the use of going concern assumption in preparing the financial statements. In addition, given how rapidly the COVID-19 pandemic will continue to evolve after the date of this report, any post balance sheet effects that the events may have on the going concern of the Group cannot be, and have not been, incorporated into the Group's financial statements.	
Investment in Rawabi Vallianz International Company Limited ("RVIC") (Refer to Notes 19 and 43 to the financial statements) Vallianz Investment Capital Pte Ltd ("VIC"), a wholly-owned subsidiary of the Company, had on 31 March 2020 agreed with Rawabi Holding Company Limited. ("RHC"), the Company's controlling shareholder, wherein RHC will assign, with effect from 1 October 2019, its 50% economic rights in Rawabi Vallianz International Company Limited ("RVIC") to VIC. Accordingly, the management assessed that it has practical ability to control RVIC and therefore consolidated RVIC as a subsidiary corporation of the Group. Management has accounted this transaction as a step acquisition in accordance with SFRS(I) 3 Business Combination. The accounting for this transaction required judgements relating to the fair values, determined provisionally, of the identified assets acquired and liabilities assumed at the acquisition date. We identified this transaction as a key audit matter due to the significant degree of judgements involved in determining the fair values of all identifiable assets acquired and liabilities assumed.	In obtaining sufficient audit evidence, the following procedures were performed: • Reviewed and evaluated the relevant agreements between RHC and VIC to ascertain that the transaction has been accounted for at the correct effective date of the transactions; and • Reviewed the provisional identifiable assets acquired and liabilities assumed and goodwill/ bargain purchase on acquisition. The Management has engaged a third party independent valuer to perform the purchase price allocation exercise of this transaction to determine the fair value of all identifiable assets acquired and liability assumed. As at the date of this report, the purchase price allocation exercise is still ongoing. In accordance with SFRS(I) 3 Business Combination, the Group is permitted to report in its financial statements the provisional amount of goodwill and the measurement period wherein the Group is allowed to adjust the provisional amount recognised shall not exceed one year from the date of acquisition.

Key Audit Matters	Our audit performed and responses thereon
Revenue recognition (Refer to Notes 2 and 34 to the financial statements) During the financial year ended 31 March 2020, the Group's revenue from vessel chartering and brokerage and vessel management income amounted to US$179,573,000 and US$9,068,000 respectively. Revenue from vessel chartering comprises of time charter and bareboat charter. Time charter contracts are segregated into a lease component (lease of vessels) and a non-lease component (provision of other ancillary services). Other ancillary services include provision of crew and other services. The Group accounts for lease of vessels for time charter in accordance with SFRS(I) 16 Leases as lease revenue and recognised revenue on a straight-line basis over the lease term. Provision of other ancillary services is accounted for in accordance with SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15") and revenue is recognised over time on a straight-line basis over the charter period. Bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the leases. Revenue derived from vessel management income is accounted for in accordance with SFRS(I) 15, where revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers, as and when the Group satisfies its performance obligation at a point in time or over time. We identified revenue recognition as a key audit matter because revenue recognition has been identified as a significant risk in accordance with SSA 315 (revised) and because of the judgements used in applying SFRS(I) 15.	In obtaining sufficient audit evidence, the following procedures were performed: • Understood, evaluated and validated key controls over sales and receivables cycle; • Reviewed all significant contracts identified during the financial year and identified performance obligations in the contracts; • Determined the transaction price and where there are modifications to existing contracts that may lead to adjustment to revenue, reviewed any material changes to transaction price; • Evaluated management's assessment of the application of SFRS(I) 16 and SFRS(I) 15. Considered the appropriateness of the Group's revenue recognition accounting policies, including those related to accounting for variable considerations and contract modifications, vis-à-vis the requirements under SFRS(I) 15; and • Performed substantive audit procedures to verify revenue, including sales cut-off procedures at financial year end to validate that revenue is recognised in the correct financial period.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

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

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

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

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

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 SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Loh Ji Kin.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore,
14 September 2020

STATEMENTS OF FINANCIAL POSITION

31 MARCH 2020

	Note	Group		Company	
		31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**30,390**	8,374	**619**	118
Trade receivables	8	**35,563**	42,420	**2**	2
Other receivables	9	**23,688**	161,743	**295,632**	207,347
Inventories	10	**5,855**	4,935	**–**	–
Contract assets	11	**913**	492	**–**	–
Financial assets at fair value through other comprehensive income	12	**31,729**	31,729	**–**	–
Derivative financial instruments	23	**5,130**	–	**–**	–
Total current assets		**133,268**	249,693	**296,253**	207,467
Non-current assets					
Monies pledged with banks	7	**699**	699	**–**	–
Property, plant and equipment	15	**816,712**	237,367	**52**	69
Right-of-use assets	16	**25,863**	–	**–**	–
Subsidiary corporations	19	**–**	–	**154**	154
Joint ventures	20	**–**	65,435	**–**	68,530
Associate	21	**14,843**	14,843	**–**	–
Derivative financial instruments	23	**–**	1,713	**–**	–
Total non-current assets		**858,117**	320,057	**206**	68,753
Total assets		**991,385**	569,750	**296,459**	276,220
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	24	**247,951**	152,050	**–**	–
Trade payables	25	**58,181**	65,784	**–**	–
Other payables	26	**43,331**	24,503	**150,155**	153,238
Finance lease payables	27	**–**	5	**–**	–
Lease liability	27	**17,436**	–	**–**	–
Income tax payable		**3,982**	4,947	**–**	–
Derivative financial instruments	23	**3,417**	–	**–**	–
Total current liabilities		**374,298**	247,289	**150,155**	153,238
Non-current liabilities					
Term loans	24	**495,888**	152,258	**–**	–
Retirement benefit obligation		**2,210**	2,014	**–**	–
Finance lease payables	27	**–**	1	**–**	–
Lease liability	27	**8,911**	–	**–**	–
Deferred tax liabilities	28	**20,975**	8,045	**–**	–
Total non-current liabilities		**527,984**	162,318	**–**	–
Capital and reserves					
Share capital	29	**347,746**	347,746	**347,746**	347,746
Perpetual capital securities	30	**22,500**	22,500	**22,500**	22,500
Foreign currency translation reserve	31	**(153)**	(114)	**–**	–
Shareholder's advances	33	**87,341**	61,448	**80,010**	54,660
Other reserve		**(165)**	(41)	**28**	28
Accumulated losses		**(394,091)**	(259,154)	**(303,980)**	(301,952)
Equity attributable to owners of the Company and capital securities holders		**63,178**	172,385	**146,304**	122,982
Non-controlling interests		**25,925**	(12,242)	**–**	–
Total equity		**89,103**	160,143	**146,304**	122,982
Total liabilities and equity		**991,385**	569,750	**296,459**	276,220

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Note	2020 US$'000	2019 US$'000
Revenue	34	**188,641**	184,518
Cost of sales		**(165,071)**	(151,547)
Gross profit		**23,570**	32,971
Other expense, net	35	**(1,467)**	(600)
Administrative expenses		**(10,907)**	(11,703)
Exceptional items	36	**(103,611)**	(132,945)
Finance costs	37	**(40,118)**	(16,473)
Share of results of associate and joint ventures	20,21	**196**	105
Loss before tax		**(132,337)**	(128,645)
Income tax expense	38	**(4,583)**	(4,018)
Loss for the year	39	**(136,920)**	(132,663)
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	31	**(39)**	(88)
Actuarial (loss)/gain on post-employment benefit obligation		**(124)**	71
Other comprehensive loss for the year, net of tax		**(163)**	(17)
Total comprehensive loss for the year		**(137,083)**	(132,680)
Loss for the year attributable to:			
Owners of the Company		**(134,937)**	(128,181)
Non-controlling interests		**(1,983)**	(4,482)
		(136,920)	(132,663)
Total comprehensive loss attributable to:			
Owners of the Company		**(135,100)**	(128,198)
Non-controlling interests		**(1,983)**	(4,482)
		(137,083)	(132,680)
Losses per share (US cents)			
Basic	40	**(24.12)**	(23.03)
Diluted	40	**(24.12)**	(23.03)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Share capital US$'000	Perpetual capital securities US$'000	Foreign currency translation reserve US$'000
Group			
At 1 April 2019	347,746	22,500	(114)
Total comprehensive loss for the year			
Loss for the year	–	–	–
Other comprehensive loss for the year	–	–	(39)
Total	–	–	(39)
Transactions with owners, recognised directly in equity			
Deemed investment by a shareholder (Note 33)	–	–	–
Recognition of equity component of shareholders' advance	–	–	–
Investment in subsidiary by a shareholder (Note 19)	–	–	–
Total	–	–	–
At 31 March 2020	**347,746**	**22,500**	**(153)**
At 1 April 2018	344,866	22,500	(26)
Total comprehensive loss for the year			
Loss for the year	–	–	–
Other comprehensive loss for the year	–	–	(88)
Total	–	–	(88)
Transactions with owners, recognised directly in equity			
Deemed investment by a shareholder (Note 33)	–	–	–
Issue of vendor settlement shares (Note 29)	2,307	–	–
Performance shares awarded (Notes 29 and 32)	573	–	–
Recognition of shares-based compensation (Note 32)	–	–	–
Forfeiture of performance shares awarded (Note 32)	–	–	–
Total	2,880	–	–
At 31 March 2019	**347,746**	**22,500**	**(114)**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Equity attributable to owners of the company and capital issued to securities holders US$'000	Non-controlling interests US$'000	Total US$'000
–	61,448	(41)	(259,154)	172,385	(12,242)	160,143
–	–	–	(134,937)	(134,937)	(1,983)	(136,920)
–	–	(124)	–	(163)	–	(163)
–	–	(124)	(134,937)	(135,100)	(1,983)	(137,083)
–	25,350	–	–	25,350	–	25,350
–	543	–	–	543	–	543
–	–	–	–	–	40,150	40,150
–	25,893	–	–	25,893	40,150	66,043
–	**87,341**	**(165)**	**(394,091)**	**63,178**	**25,925**	**89,103**
405	6,788	(112)	(130,973)	243,448	(7,760)	235,688
–	–	–	(128,181)	(128,181)	(4,482)	(132,663)
–	–	71	–	(17)	–	(17)
–	–	71	(128,181)	(128,198)	(4,482)	(132,680)
	54,660	–	–	54,660	–	54,660
	–	–	–	2,307	–	2,307
(573)	–	–	–	–	–	–
250	–	–	–	250	–	250
(82)	–	–	–	(82)	–	(82)
(405)	54,660	–	–	57,135	–	57,135
–	**61,448**	**(41)**	**(259,154)**	**172,385**	**(12,242)**	**160,143**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Share capital US$'000	Perpetual capital securities US$'000	Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 April 2019	347,746	22,500	–	54,660	28	(301,952)	122,982
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(2,028)	(2,028)
Total	–	–	–	–	–	(2,028)	(2,028)
Transactions with owners, recognised directly in equity							
Deemed investment by a shareholder (Note 33)	–	–	–	25,350	–	–	25,350
Total	–	–	–	25,350	–	–	25,350
At 31 March 2020	**347,746**	**22,500**	**–**	**80,010**	**28**	**(303,980)**	**146,304**
At 1 April 2018	344,866	22,500	405	–	28	(299,468)	68,331
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(2,484)	(2,484)
Total	–	–	–	–	–	(2,484)	(2,484)
Transactions with owners, recognised directly in equity							
Deemed investment by a shareholder (Note 33)	–	–	–	54,660	–	–	54,660
Issue of vendor settlement shares (Note 29)	2,307	–	–	–	–	–	2,307
Performance shares awarded (Note 29 and 32)	573	–	(573)	–	–	–	–
Recognition of shares-based compensation (Note 32)	–	–	250	–	–	–	250
Forfeiture of performance shares awarded (Note 32)	–	–	(82)	–	–	–	(82)
Total	2,880	–	(405)	54,660	–	–	57,135
At 31 March 2019	**347,746**	**22,500**	**–**	**54,660**	**28**	**(301,952)**	**122,982**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	2020 US$'000	2019 US$'000
Operating activities		
Loss before tax	**(132,337)**	(128,645)
Adjustments for:		
(Reversal of loss allowance)/loss allowance for trade and other receivables (Note 35)	**(560)**	1,015
Bad debts written off (Note 35)	**67**	398
Prepayments written off (Note 36)	**20,941**	–
Depreciation of property, plant and equipment (Note 15)	**53,481**	11,879
Depreciation of right-of-used assets (Note 16)	**17,857**	–
Provision for retirement benefit obligation	**186**	136
Finance costs	**40,118**	16,473
(Gain)/loss on disposal of property, plant and equipment (Note 35)	**(485)**	284
Unrealised foreign exchange loss	**(163)**	(88)
Share-based payment expense (Note 32)	**–**	250
Share of results of associate and joint venture	**(196)**	(105)
Fair value loss/(gain) of derivative financial instruments (Note 36)	**3,417**	(373)
Forfeiture of performance shares awarded (Note 35)	**–**	(82)
Reinstatement cost of shipyard	**–**	520
Impairment of property, plant and equipment (Note 36)	**53,098**	53,510
Impairment of investment in associate (Note 36)	**–**	67,392
Compensation for late delivery of vessels and cancellation of project (Note 36)	**26,155**	12,416
Operating cash flows before working capital changes	**81,579**	34,980
Trade and other receivables[i]	**22,466**	1,040
Trade and other payables[i]	**(35,673)**	(3,043)
Inventories	**(921)**	(1,999)
Contract assets	**(421)**	(240)
Cash generated from operations	**67,030**	30,738
Income tax paid	**(2,508)**	(113)
Net cash from operating activities	**64,522**	30,625
Investing activities		
Purchase of property, plant and equipment[i]	**(52,439)**	(29,356)
Acquisition of subsidiary	**8,149**	–
Advances to joint venture	**–**	(92,681)
Proceeds on disposal of property, plant and equipment[ii]	**1,675**	800
Net cash used in investing activities	**(42,615)**	(121,237)
Financing activities		
Interest paid	**(30,902)**	(11,073)
Proceeds from new term loans raised	**71,082**	70,323
Proceeds from shareholder's advances (Note 33)	**25,350**	44,390
Principal payment of lease liability	**(17,379)**	(5)
Repayment of term loans	**(48,042)**	(12,213)
Net cash from financing activities	**109**	91,422
Net increase in cash and cash equivalents	**22,016**	810
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**–**	(5)
Cash and cash equivalents at beginning of the year	**8,374**	7,569
Cash and cash equivalents at end of the year (Note 7)	**30,390**	8,374

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2020

1. GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 3A International Business Park, #01-13 Icon@IBP, Singapore 609935. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations, joint ventures and associate are detailed in Notes 19, 20 and 21 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020 were authorised for issue by the Board of Directors on 14 September 2020.

Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation declared the outbreak a Public Health Emergency of International Concern. The outbreak was subsequently characterised as a pandemic on 11 March 2020.

In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced demand in recreational activities.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies which the Group operates in, hence is expected to affect the Group's financial performance in the following financial years.

An assessment was made for the reporting year whether there is any indication that the Group's assets and liabilities may be impacted adversely. If any such indication of uncertainties exists, an estimate is made of the fair value of the account balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Interpretations and amendments to published standards effective in 2020

On 1 April 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 April 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

(a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

(c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;

(d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

(e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) When the Group is the lessee (cont'd)

For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 April 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 April 2019 are as follows:

	Increase US$'000
Right-of-use asset	14,455
Lease liability	14,455

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the statement of financial position as at 1 April 2019 are as follows:

	US$'000
Operating lease commitments disclosed as at 31 March 2019	15,112
Less: Discounting effects using weighted average incremental borrowing rate of 6%	(657)
	14,455
Add: Finance lease liabilities recognised as at 31 March 2019	6
Lease liabilities recognised as at 1 April 2019	14,461

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor except when the Group is an intermediate lessor.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the company:

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) When the Group is a lessor (cont'd)

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Changes in the Group's ownership interests in existing subsidiary corporations

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

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiary corporations (cont'd)

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

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

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiary corporations (cont'd)

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

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

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other expense, net" line item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line items. Fair value is determined in the manner described in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in external market indicators of credit risk;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant increase in credit risk (cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty of the debtor or a breach of contract, such as default or past due event.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped based on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in equity instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 23.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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

The accounting policy for leases before 1 April 2019 are as follows:

The Group as lessor

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The accounting policy for leases from 1 April 2019 is as follows:

The Group as lessor

The accounting policy applicable to the Group as a lessor in the comparative period was the same under SFRS(I) 16 except when the Group is an intermediate lessor.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as charter hire income. The accounting policy for charter hire income is set out in Note 2 "Revenue".

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented separately in non-current assets.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

- Short-term leases and leases of low-value assets

  The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption in leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Vessels in the course of construction for production or supply purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other vessels, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost less residual values over their estimated useful lives, using the straight-line method, on the following bases:

Computers	–	3 years
Office furniture and equipment	–	2 to 5 years
Renovation	–	3 years
Motor vehicles	–	3 to 7 years
Vessels	–	12 to 25 years
Dry-docking	–	5 years
Plant and machineries	–	3 to 5 years
Leasehold building	–	over the estimated term of the lease which ranges from 5 to 30 years

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

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking costs. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

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

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

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

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

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION EXCLUDING GOODWILL – Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets of the Group relate to customer relationships acquired in business combinations and have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These are amortised to profit or loss on a straight-line basis over their estimated useful life of 3 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

ASSOCIATE AND JOINT VENTURES – An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a Group entity transacts with an associate or joint venture, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture where material.

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 32. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

REVENUE RECOGNITION – Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Charter hire income

Charter hire revenue comprise time charter and bareboat charter. Bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the relevant leases.

Charter hire contracts are segregated into a lease component (lease of vessels) and a non-lease component (provision of other ancillary services). Other ancillary services include provision of crew and other services under the time charter contracts. The Group accounts for the lease of vessels for time charter under SFRS(I) 16 Leases as lease revenue and accounts for the provision of other ancillary services under SFRS(I) 15 Revenue from Contracts with Customers as service income.

Lease revenue is recognised on a straight-line basis over the lease term. Whereas the service income is recognised over time on a straight-line basis over the charter period based on the relative stand-alone prices using the expected cost plus margin approach

Brokerage income

For brokerage income, the Group acts as the broker for the customer by sourcing for a vessel that meet the specification requirements of the customer. The performance obligation of brokerage income include facilitating brokerage arrangement between the customer and the vessel owner. Brokerage income is recognised as a performance obligation satisfied over time based on the time lapse and the service provided stated in the contract at an agreed percentage of lump sum charter hire fee of the vessel.

Vessel management income

The performance obligation of vessel management income includes technical management service, crew management service and commercial management service which are all highly interrelated. Vessel management income is recognised as a performance obligation satisfied over time in the period in which the services are rendered at an agreed fixed price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividend income

Dividend income from investments is recognised in profit or loss when the Group's rights to receive the dividends have been established.

Interest income

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

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

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

EXCEPTIONAL ITEMS – Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial year.

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

The Group has long-term retrenchment benefit obligations for certain overseas subsidiary corporations where contributions are made on a mandatory, contracted or voluntary basis. The contributions are recognised as employee benefit expense in the year to which they relate.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INCOME TAX (cont'd)

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

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

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

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

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

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

In the case of a partial disposal (i.e. no loss of control) of a subsidiary corporation that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

SEGMENT REPORTING – For management purposes, the Group is organised into operating segments based on their services which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the chief operating decision maker of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) Critical judgements in applying the entity's accounting policies

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

<u>Financial statements have been prepared on a going concern basis</u>

During the financial year ended 31 March 2020, the Group recorded a net loss for the year (after exceptional expenses) of US$136,920,000 (31 March 2019 : US$132,663,000). As at 31 March 2020, the Group is in net current liabilities position of US$241,030,000 (31 March 2019 : US$ net current assets position of US$2,404,000).

Additionally, the Group has breached the financial covenant under the Framework Agreement of i) minimum EBITDA/Finance Charges (Singapore Operation) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2020, to waive the breach of financial covenants up to 31 August 2020. The non-current portion of the term loan owed to the other financial institution for which a waiver letter was not obtained has been classified as current liabilities as further disclosed in Note 24.

As at the date of this report, the Group has not been served with any notices of any event of default for any of its loans.

During the year, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. During the financial year ended 31 March 2020, the Group has obtained from its ultimate holding company a Letter of Undertaking to treat these shareholder advances amounting to US$80,010,000 (31 March 2019 : US$54,660,000) as equity (Note 33).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(i) Critical judgements in applying the entity's accounting policies (cont'd)

Financial statements have been prepared on a going concern basis (cont'd)

These conditions may cast significant doubt on the Group's ability to continue as a going concern.

Management is of the view that the Group will be able to meet its obligations in the foreseeable future as a result of the following:

- subsequent to the financial year end, the Group had obtained an extension of waiver up to 31 December 2020 from one of the financial institutions for the breach of financial covenants;
- the Group's restructuring of the existing Framework Agreement with the financial institutions to renegotiate on the loan repayment terms and financial covenants, of which management is confident of obtaining the agreement from the financial institutions; and
- the Group had obtained the financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to treat the shareholder advances as equity.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

Rawabi Vallianz Offshore Services Company Limited ("RVOS")

On 1 October 2013, the Group acquired 50% of the issued share capital of RVOS, an entity incorporated in the Kingdom of Saudi Arabia. Therefore, as at 31 December 2013 and since then, the directors of the Company assessed that the Group has the practical ability to direct the relevant activities of RVOS and RVOS has been classified as a subsidiary corporation of the Group (Note 19).

Rawabi Vallianz International Company Limited ("RVIC")

On 1 October 2019, the Group acquired 50% of the issued share capital of RVIC, an entity incorporated in the Kingdom of Saudi Arabia. Therefore, as at 1 October 2019 and thereafter, the directors of the Company assessed that the Group has the practical ability to direct the relevant activities of RVIC and RVIC has been classified as a subsidiary corporation of the Group (Note 19).

Other than the above, there are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty

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

Vessel useful life and impairment

The cost of vessels and vessel improvements of the Group are depreciated on a straight-line basis over the useful life of the vessels. Management estimates the useful lives of these vessels and vessel improvements to be within 12 to 25 years and 5 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. Management reviews the estimated useful lives and residual values of these assets at the end of each reporting period and determined that these estimates remain reasonable.

Management also reviews the vessels annually for any indication that the carrying amount of the vessels may not be recoverable in accordance with the accounting policies adopted by the Group. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. In view of the challenging operating conditions which has adversely impacted the charter rates and utilisation of vessels, management has estimated the recoverable amount of the vessels based on external market valuations obtained to determine whether there is any impairment loss. The external market valuations were based on comparison value of similar assets. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's vessels, drydocking and impairment at the end of the reporting period are disclosed in Note 15.

Estimation of loss allowances

When measuring ECL, the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables and contract assets are disclosed in Notes 8, 9 and 11 to the financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiary corporations, joint ventures and associate

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiary corporations, joint ventures and associate within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). In assessing recoverable amount, the Group and Company consider the recoverable amount of these investments in the foreseeable future by comparing to the carrying amount of net assets in each subsidiary which approximated the market value less cost to sell.

The carrying amounts of the investments in subsidiary corporations, joint ventures and associate are disclosed in Notes 19, 20 and 21 respectively.

Impairment of financial assets at FVTOCI (unquoted equity instrument)

Management assesses whether there is any objective evidence that equity instrument at FVTOCI are impaired, as evidenced by the occurrence of one or more loss events.

The carrying amount of the financial asset at FVTOCI is disclosed in Note 12 to the financial statements.

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 March 2020 was US$3,982,000 (31 March 2019 : US$4,947,000). The carrying amount of the Group's deferred tax liabilities are disclosed in Note 28 to the financial statements.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of vessels. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The valuation team's findings are highlighted to the Board of Directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4 to the financial statements.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	31 March 2020 US$'000	**31 March 2019 US$'000**	**31 March 2020 US$'000**	**31 March 2019 US$'000**
Financial assets				
Financial assets at amortised cost	**75,996**	188,539	**296,232**	207,440
Derivative financial instrument in a non-designated hedge accounting relationship	**5,129**	1,713	**–**	–
Financial assets at fair value through OCI	**31,729**	31,729	**–**	–
Financial liabilities				
Financial liabilities at amortised cost	**848,769**	394,601	**150,155**	153,238

(b) *Financial risk management policies and objectives*

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall financial risk management programme seeks to minimise potential adverse effects of the financial performance of the Group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

The Group engages in natural hedges to manage its exposure to foreign exchange risks. The Group engaged in interest rate swap to manage its exposure to fluctuation of interest rates on borrowings.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(i) Foreign exchange risk management

The Group assesses and monitors its current and projected foreign currency cash flows and insofar as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies to manage the volatility of future cash flows caused by fluctuation in foreign currency exchange rates.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Singapore dollar against the United States dollar.

At the end of the reporting period, carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Liabilities		Assets	
	31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000
Group				
SGD	**2,299**	2,453	**16,530**	17,197
Company				
SGD	**513**	727	**104**	152

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity as at the year end, profit or loss will increase (decrease) by:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
SGD	**712**	737	**(20)**	(29)

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity as at the year end, the effects will be the converse of the above.

(ii) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk.

Information relating to the Group's and the Company's financial instrument balances which are interest bearing at variable rates are disclosed in Note 24 to the financial statements.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower during the year and all other variables were held constant, the Group's loss before tax (31 March 2019 : loss before tax) would increase or decrease by approximately US$3,609,000 (31 March 2019 : increase or decrease by approximately US$1,512,000).

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(b)(iv). The related loss allowance is disclosed in the respective notes to the financial statements.

In order to minimise credit risk, the Group's exposure and the credit ratings of its counterparties are continuously monitored.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(iii) Overview of the Group's exposure to credit risk (cont'd)

The Group's current credit risk grading framework comprises of the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 180 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is > 365 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Group						
31 March 2020						
Trade receivables	8	(i)	Lifetime ECL	35,563	–	35,563
Trade receivables	8	Doubtful	Lifetime ECL	186	(186)	–
Due from associate	9	Performing	12-month ECL	–	–	–
Due from joint ventures	9	Performing	12-month ECL	–	–	–
Due from related parties	9	Performing	12-month ECL	1,524	–	1,524
Due from related parties	9	Doubtful	Lifetime ECL	5,083	(5,083)	–
Due from outside parties	9	Performing	12-month ECL	2,695	–	2,695
Deposits	9	Performing	12-month ECL	5,126	–	5,126
Contract assets	11	Performing	Lifetime ECL	913	–	913
				51,090	(5,269)	45,821
31 March 2019						
Trade receivables	8	(i)	Lifetime ECL	42,420	–	42,420
Trade receivables	8	Doubtful	Lifetime ECL	980	(980)	–
Due from associate	9	Performing	12-month ECL	127	–	127
Due from joint ventures	9	Performing	12-month ECL	126,807	–	126,807
Due from related parties	9	Performing	12-month ECL	931	–	931
Due from related parties	9	Doubtful	Lifetime ECL	5,510	(5,510)	–
Due from outside parties	9	Performing	12-month ECL	3,960	–	3,960
Deposits	9	Performing	12-month ECL	5,221	–	5,221
Contract assets	11	Performing	Lifetime ECL	492	–	492
				186,448	(6,490)	179,958

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(iii) Overview of the Group's exposure to credit risk (cont'd)

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Company						
31 March 2020						
Trade receivables	8	(i)	Lifetime ECL	2	–	2
Due from ultimate holding company	9	Performing	12-month ECL	295	–	295
Due from associate	9	Performing	12-month ECL	25	–	25
Due from subsidiary corporations	9	Performing	12-month ECL	295,099	–	295,099
Due from subsidiary corporations	9	Doubtful	Lifetime ECL	214,131	(214,131)	–
Due from related parties	9	Performing	12-month ECL	28	–	28
Due from outside parties	9	Performing	12-month ECL	79	–	79
Deposits	9	Performing	12-month ECL	85	–	85
				509,744	(214,131)	295,613
31 March 2019						
Trade receivables	8	(i)	Lifetime ECL	2	–	2
Due from ultimate holding company	9	Performing	12-month ECL	234	–	234
Due from associate	9	Performing	12-month ECL	125	–	125
Due from subsidiary corporations	9	Performing	12-month ECL	201,558	–	201,558
Due from subsidiary corporations	9	Doubtful	Lifetime ECL	214,131	(214,131)	–
Due from joint ventures	9	Performing	12-month ECL	5,210	–	5,210
Due from related parties	9	Performing	12-month ECL	28	–	28
Due from outside parties	9	Performing	12-month ECL	104	–	104
Deposits	9	Performing	12-month ECL	61	–	61
				421,453	(214,131)	207,322

(i) For trade receivables, the Group and Company has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and Company determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 8 include further details on the loss allowance for trade receivables.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(iv) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

At the end of the reporting period, approximately 11% (31 March 2019 : 65%) of the Group's trade and other receivables are due from ultimate holding company, related companies, related parties, associate and joint venture. As at 31 March 2020, 76% (31 March 2019 : 84%) of trade receivables are due from a single customer in Kingdom of Saudi Arabia.

At the end of the reporting period, approximately 99% (31 March 2019: 97%) of the Company's trade and other receivables are due from subsidiary corporations.

Further details of credit risks on trade and other receivables and contract assets are disclosed in Notes 8, 9 and 11 respectively.

The credit risk on cash and cash equivalents and derivative financial instruments are limited because the counterparties are reputable banks.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US$199,111,000 (31 March 2019 : US$227,702,000) for guarantees provided to subsidiary corporations and US$35,620,000 (31 March 2019 : US$260,106,000) for guarantees provided to associate (31 March 2019 : associate and joint venture) (Note 46). Based on expectations at the end of the reporting period, the Group considers that it is remote that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

(v) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

As disclosed in Note 3(i), management has exercised significant judgement in assessing the Group's ability to operate as a going concern.

4. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

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

(v) Liquidity risk management (cont'd)

During the financial year ended 31 March 2020, the Group recorded a net loss for the year (after exceptional expenses) of US$136,920,000 (31 March 2019 : US$132,663,000). As at 31 March 2020, the Group is in net current liabilities position of US$241,030,000 (31 March 2019 : US$ net current assets position of US$2,404,000).

Additionally, the Group has breached the financial covenant under the Framework Agreement of i) minimum EBITDA/Finance Charges (Singapore Operation) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2020, to waive the breach of financial covenants up to 31 August 2020. The non-current portion of the term loan owed to the other financial institution for which a waiver letter was not obtained has been classified as current liabilities as further disclosed in Note 24.

During the year, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. During the financial year ended 31 March 2020, the Group has obtained from its ultimate holding company a Letter of Undertaking to treat these shareholder advances amounting to US$80,010,000 (31 March 2019 : US$54,660,000) as equity (Note 33).

These conditions may cast significant doubt on the Group's ability to continue as a going concern.

Management is of the view that the Group will be able to meet its obligations in the foreseeable future as a result of the following:

- subsequent to the financial year end, the Group had obtained an extension of waiver up to 31 December 2020 from one of the financial institutions for the breach of financial covenants;

- the Group's restructuring of the existing Framework Agreement with the financial institutions to renegotiate on the loan repayment terms and financial covenants, of which management is confident of obtaining the agreement from the financial institutions; and

- the Group had obtained the financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to treat the shareholder advances as equity

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation of cash flows.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Group						
31 March 2020						
Non-interest bearing	**–**	**101,512**	**–**	**–**	**–**	**101,512**
Lease liabilities (fixed rate)	**7.24**	**17,436**	**8,911**	**–**	**–**	**26,347**
Variable interest rate instruments	**3.51**	**240,426***	**322,842**	**265,916**	**(86,429)**	**742,755**
Fixed interest rate instruments	**5.00**	**1,138**	**–**	**–**	**(54)**	**1,084**
		360,512	**331,753**	**265,916**	**(86,483)**	**871,698**
31 March 2019						
Non-interest bearing	–	90,289	–	–	–	90,289
Finance lease liabilities (fixed rate)	7.24	5	1	–	–	6
Variable interest rate instruments	4.56	167,387*	165,144	–	(30,128)	302,403
Fixed interest rate instruments	5.00	1,999	–	–	(96)	1,903
		259,680	165,145	–	(30,224)	394,601
Company						
31 March 2020						
Non-interest bearing	**–**	**150,155**	**–**	**–**	**–**	**150,155**
31 March 2019						
Non-interest bearing	–	153,238	–	–	–	153,238

• Included under the variable interest rate instruments category is the undiscounted cash flows of bank borrowings from financial institutions with carrying amount of US$50,526,000 as at 31 March 2020 (31 March 2019 : US$51,344,000). The timing of the cash flow payments have been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 24) following the breach of the respective loan agreements in the respective financial years/period.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management (cont'd)

Non-derivative financial assets

All financial assets are due within one year from the end of the reporting period, except for the Group's monies pledged with banks amounting to US$699,000 (31 March 2019 : US$699,000). All financial assets are non-interest bearing.

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
As at 31 March 2020			
Gross settled:			
Interest rate swaps	**1,713**	**–**	**1,713**
As at 31 March 2019			
Gross settled:			
Interest rate swaps	–	1,713	1,713

(vi) Fair values of financial assets and financial liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – Inputs for the asset and liability that are not based on observable market data (unobservable inputs)

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(vi) Fair values of financial assets and financial liabilities (cont'd)

Assets and liabilities measured at fair value

The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at					
Financial assets	**31 March 2020**	**31 March 2019**	**Fair value hierar-chy**	**Valuation technique (s) and key input(s)**	**Significant unobserv-able input**	**Relation-ship of unobserv-able inputs to fair value**
Group						
Interest rate swaps	1,713	1,713	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial assets at fair value through other comprehen-sive income - unquoted equity shares	31,729	31,729	Level 3	Adjusted net asset method(i)	Fair value of vessel held by the issuer(ii)	Lower market value of the vessel results in lower fair value

(i) Unquoted equity shares do not have a quoted market price in active market and management is of the view that the net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity.

(ii) The fair value of the vessel is determined by reference to transacted prices for similar vessels, adjusted for comparability. The adjustments take into account management's experience and knowledge of the market for such vessels. As the adjustments constitute significant unobservable input, accordingly the entire measurement of the vessel is categorised as an unobservable Level 3 input.

The fair value of derivative financial instrument (non-current) approximates the carrying amount due to the insignificant amount. There were no transfer between the different levels of the fair value hierarchy during the financial years ended 31 March 2020 and 2019.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(vi) Fair values of financial assets and financial liabilities (cont'd)

Fair value of the Group and Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of cash and bank balances, trade and other receivables, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

As at 31 March 2020 and 2019, other than certain financial assets at FVTOCI, available-for-sale instrument and derivative financial instruments, as disclosed in Notes 12, 13 and 23 to the financial statements respectively, the Group has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, perpetual capital securities, shareholder's advances, reserves and term loans.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 2019. The Group's overall strategy remains unchanged from the prior period.

The Group monitors the financial ratios of its debt covenants stated in the agreements on the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital and debt covenants requirements except as disclosed in Note 24 to the financial statements.

As at the end of the reporting year and the date of these financial statements, the lenders have not sought to enforce their security and legal rights to call on the outstanding debts.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2020

5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

Pursuant to the issue of rights and warrants by the Company, Rawabi Holding Company Limited ("RHCL"), incorporated in the Kingdom of Saudi Arabia, became the holding company and the ultimate holding company of the Company on 11 January 2018. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

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

During the financial year, the Group entered into the following transactions with related companies that are not members of the Group:

	Group	
	2020 US$'000	**2019 US$'000**
<u>Ultimate holding company</u>		
Management fee expenses	**(1,179)**	(659)
Shareholder's advances	**(25,350)**	(54,660)
Rental of premises	**(256)**	(247)
<u>Related companies</u>		
Corporate services	**(11)**	(8)
Provision of other goods and services	**(1,248)**	–

6. RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Outstanding balances as at 31 March 2020 and 2019 are disclosed on Notes 8, 9 and 26 to the financial statements respectively. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following significant related party transactions:

	Group	
	2020 US$'000	**2019 US$'000**
Related companies of a corporate shareholder		
Vessel management income	**3,932**	3,321
Rental expense	**(43)**	(646)
Loss allowance for trade and other receivables	**–**	(392)
Shipyard services	**53**	249
Joint venture		
Shipyard services	**–**	4,185
Charter hire expense	**(29,540)**	(51,844)
Advances to joint venture	**–**	(92,681)
Associate		
Vessel management income	**243**	434
Charter hire expense	**(127)**	(483)

Compensation of directors and key management personnel

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

	Group	
	2020 US$'000	**2019 US$'000**
Short-term benefits	**1,635**	1,724
Post-employment benefits	**65**	78
Share-based payments	**–**	184
	1,700	1,986

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

7. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 March 2020 US$'000	**31 March 2019 US$'000**	**31 March 2020 US$'000**	**31 March 2019 US$'000**
Cash at bank	**31,066**	9,047	**619**	118
Cash on hand	**23**	26	**–**	–
	31,089	9,073	**619**	118
Less: Monies pledged with banks – non-current (Note 24)	**(699)**	(699)	**–**	–
Cash and cash equivalents	**30,390**	8,374	**619**	118

8. TRADE RECEIVABLES

	Group		Company	
	31 March 2020 US$'000	**31 March 2019 US$'000**	**31 March 2020 US$'000**	**31 March 2019 US$'000**
Outside parties	**35,348**	43,297	**–**	–
Related parties	**–**	103	**2**	2
Associate	**401**	–	**–**	–
	35,749	43,400	**2**	2
Loss allowance	**(186)**	(980)	**–**	–
Total	**35,563**	42,420	**2**	2

The credit period on services rendered is 30 days (31 March 2019: 30 days). No interest is charged on overdue receivables.

Expected credit losses

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

8. TRADE RECEIVABLES (CONT'D)

The following table details the aging profile of the Group's trade receivables from contracts with customers.

	Trade receivables - aging profile					
	1 – 30 days US$'000	31 – 60 days US$'000	61 – 90 days US$'000	91 – 120 days US$'000	> 120 days US$'000	Total US$'000
31 March 2020						
Gross trade receivables	**31,010**	**337**	**294**	**137**	**3,971**	**35,749**
Loss allowance	**–**	**–**	**–**	**–**	**(186)**	**(186)**
Total	**31,010**	**337**	**294**	**137**	**3,785**	**35,563**
31 March 2019						
Gross trade receivables	38,590	928	184	79	3,619	43,400
Loss allowance	–	–	–	–	(980)	(980)
Total	38,590	928	184	79	2,639	42,420

The movements in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Lifetime ECL-not credit impaired US$'000	Lifetime ECL-credit impaired US$'000	Total US$'000
Group			
Balance as at 31 March 2018	–	362	362
Reversal of loss allowance during the year	–	623	623
Foreign exchange gains or losses	–	(5)	(5)
Balance as at 31 March 2019	–	980	980
Reversal of loss allowance during the year	–	(560)	(560)
Foreign exchange gains or losses	–	(234)	(234)
Balance as at 31 March 2020	–	186	186

Management is of the opinion that the fair value of the trade receivables approximates the carrying amount.

9. OTHER RECEIVABLES

	Group		Company	
	31 March 2020 US$'000	31 March 2019 US$'000	**31 March 2020 US$'000**	31 March 2019 US$'000
Outside parties	**2,695**	3,960	**79**	104
Ultimate holding company	**–**	–	**295**	234
Subsidiary corporations	**–**	–	**509,230**	415,689
Joint venture	**–**	126,807	**–**	5,210
Related parties	**6,607**	6,441	**28**	28
Associate[(i)]	**–**	127	**25**	125
Prepayments	**14,343**	24,697	**21**	27
Deposits	**5,126**	5,221	**85**	61
	28,771	167,253	**509,763**	421,478
Loss allowance	**(5,083)**	(5,510)	**(214,131)**	(214,131)
	23,688	161,743	**295,632**	207,347

(i) During the financial year ended 31 March 2019, the Group classified other receivables due from the associate to deemed investment in associate to better reflect the non-current nature of the asset.

The credit period on these receivables is 30 days (31 March 2019 : 30 days).

Expected credit losses

Due from ultimate holding company, associate, joint venture and related companies

These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from ultimate holding company, associate, joint venture and related companies are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiary corporations since initial recognition. Accordingly, for the purpose of impairment assessment for these amounts, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Group and the Company have taken into account the financial performance of the ultimate holding company, associate, joint venture and related companies, adjusted for factors that are specific to the related parties and subsidiary corporations and general economic conditions of the industry in which the related parties and subsidiary corporations operate, in estimating the probability of default of the amounts due from related parties and subsidiary corporations as well as the loss upon default. The Group and the Company determine the amounts due from ultimate holding company, associate, joint venture and related companies to be subject to immaterial credit loss.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2020

9. OTHER RECEIVABLES (CONT'D)

Due from related parties and subsidiary corporations

For purpose of impairment assessment of performing receivables due from related parties and subsidiary corporations, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). Accordingly, for the purpose of impairment assessment for these amounts, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Group and the Company have taken into account the financial performance of related parties and subsidiary corporations, adjusted for factors that are specific to the related parties and subsidiary corporations and general economic conditions of the industry in which the related parties and subsidiary corporations operate, in estimating the probability of default of the amounts due from related parties and subsidiary corporations as well as the loss upon default. The Group and the Company determine the amounts due from related parties and subsidiary corporations to be subject to immaterial credit loss.

Due from outside parties and deposits

For purpose of impairment assessment, other receivables from outside parties and deposits are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the deposits since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The Group and the Company determine the amounts due from outside parties and deposits are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the aging profile of the Group's other receivables excluding deposits and prepayments.

	Other receivables (excluding deposits and prepayments) – aging profile					
	1 – 30 days US$'000	**31 – 60 days US$'000**	**61 – 90 days US$'000**	**91 – 120 days US$'000**	**> 120 days US$'000**	**Total US$'000**
31 March 2020						
Gross other receivables	**2,469**	**293**	**300**	**268**	**5,972**	**9,302**
Loss allowance	**–**	**–**	**–**	**–**	**(5,083)**	**(5,083)**
Total	**2,469**	**293**	**300**	**268**	**889**	**4,219**
31 March 2019						
Gross other receivables	87,109	1	125	–	50,100	137,335
Loss allowance	–	–	–	–	(5,510)	(5,510)
Total	87,109	1	125	–	44,590	131,825

9. OTHER RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for other receivables in accordance with SFRS(I) 9:

	Lifetime ECL-credit impaired US$'000
Group	
Balance as at 31 March 2018	5,118
Additional loss allowance during the year	392
Balance as at 31 March 2019	5,510
Reversal of loss allowance during the year	(427)
Balance as at 31 March 2020	5,083

	Lifetime ECL-credit impaired US$'000
Company	
Balance as at 31 March 2019 and 31 March 2020	214,131

10. INVENTORIES

	Group	
	31 March 2020 US$'000	31 March 2019 US$'000
Consumables and spares	**5,855**	4,935

11. CONTRACT ASSETS

	Group	
	31 March 2020 US$'000	31 March 2019 US$'000
Accrued income from construction contracts	**913**	492

Contract assets are balances due from customers under construction contracts that arise when the Group satisfies its obligations in line with a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. There were no significant changes in the contract asset balances during the reporting period.

There are no retention monies held by customers for contract work as at 31 March 2020 and 2019.

The Group measures the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the contract assets at the end of the reporting period is past due. Management has assessed that the amount of loss allowance is immaterial as at 31 March 2020.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	31 March 2020 US$'000	31 March 2019 US$'000
Investment in equity instruments designated at fair value through other comprehensive income:		
Unquoted preference shares	**31,729**	31,729

These investments in equity instruments are not held for trading. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

No investment in unquoted preference shares measured at FVTOCI has been disposed of during the current reporting period.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

Unquoted preference shares

The investments in unquoted preference shares represent preference shares issued by related party, Resolute Offshore Pte Ltd ("ROPL") for the conversion of convertible bonds.

In 2011, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Limited ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to ROPL, in exchange for US$155,000,000 of convertible bonds to be held by the Group. ROPL was subsequently disposed by its original shareholders to one of the Company's major shareholders, Swiber Holdings Limited. Pursuant to the change in shareholders, the convertible bonds were converted to cumulative preference shares issued by ROPL amounting to US$155,000,000.

During the financial period ended 31 March 2017, ROPL redeemed a total of US$13,000,000 of cumulative preference shares from the Group by cash, resulting in a net balance of US$77,200,000. No redemption was made during the financial years ended 31 March 2020 and 2019.

The terms and conditions of the unquoted cumulative preference shares are set out below:

(i) Non-convertible;

(ii) Non-voting;

(iii) Dividend rate of 5.2% per annum payable semi-annually at the discretion of issuer. No dividend will be paid on the ordinary shares if payment is not made on the preference share dividends; and

(iv) Right to redeem the preference shares lies with the issuer. Redemption amount comprises of the par value.

As disclosed in Note 24, the Group triggered a technical default for a term loan with a carrying amount of US$31,729,000. The principal and interest remained outstanding as at 31 March 2020, including the additional interests and penalty payable of US$6,531,000 (31 March 2019: US$6,531,000) arising from the default; and is secured over the vessel held by the issuer of the preference shares.

During the financial period ended 31 March 2017, the Group recognised an impairment loss of US$45,471,000 on its unquoted preference shares subsequent to the completion of a review of fair value of its carrying amount of the asset consequent to the ultimate holding company of the issuer entering into judicial management in July 2016. No further impairment loss is recognised for the financial years ended 31 March 2020 and 2019.

In view of the above developments, it is the intention of management to dispose the preference shares when appropriate. Accordingly, the preference shares have been presented as current assets. The Group is of the view that the adjusted net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity. This involves deriving the fair value of the preference shares by reference to the fair value of its issuer's assets and liabilities.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	31 March 2020 US$'000	1 April 2019 US$'000
Cost of financial assets at fair value through other comprehensive income	**77,200**	77,200
Accumulated impairment recognised	**(45,471)**	(45,471)
Carrying amount	**31,729**	31,729

As the preference shares can be redeemed by the issuer based on the unpaid principal, the fair value of the unquoted preference shares is capped at the unpaid principal as at the end of each reporting period less any impairment losses.

13. AVAILABLE-FOR-SALE INVESTMENTS

	Group	Company
	31 March 2019 US$'000	31 March 2019 US$'000
Available-for-sale investments, at cost		
Unquoted equity shares[(a)]	88	86
Less: Impairment of unquoted equity shares	(88)	(86)
Presented as current assets	–	–

(a) Unquoted equity shares

The unquoted equity shares are stated at cost as it is not practicable to determine with sufficient reliability the fair value of the unquoted investments as there are no quoted market prices for the investments nor are there other methods to reasonably estimate the fair values. As at 31 March 2017, based on management's assessment of the recoverability of the investment, the investment had been fully impaired and an impairment loss of US$88,000 was recognised. During the financial period ended 31 March 2019, the investment in unquoted equity shares has been fully written off.

14. INTANGIBLE ASSETS

	Group US$'000
Cost:	
At 1 April 2018	3,232
Written off	(3,232)
At 31 March 2019	–
Accumulated amortisation:	
At 1 April 2018	1,615
Written off	(1,615)
At 31 March 2019	–
Accumulated impairment:	
At 1 April 2018	1,617
Written off	(1,617)
At 31 March 2019	–

The intangible assets included above have finite useful life over which the assets are amortised. The amortisation period was three years and has been included in "administrative expenses" in profit or loss. The intangible assets were fully amortised and impaired since the financial period ended 31 March 2017. During the financial period ended 31 March 2019, the intangible assets was written off.

15. PROPERTY, PLANT AND EQUIPMENT

	Computers US$'000	Office furniture and equipment US$'000	Renovation US$'000
Group			
Cost:			
At 1 April 2018	1,440	1,019	175
Additions	8	–	–
Disposals	–	–	–
Transfers	–	–	–
Exchange differences	(13)	–	–
At 31 March 2019	1,435	1,019	175
Acquisition of subsidiary corporation (Note 43)	–	–	–
Additions	235	90	6
Disposals	–	–	–
Exchange differences	(22)	–	–
At 31 March 2020	**1,648**	**1,109**	**181**
Accumulated depreciation:			
At 1 April 2018	594	349	149
Depreciation for the Year (Note 39)	147	184	–
Disposals	–	–	–
Exchange differences	(13)	–	–
At 31 March 2019	728	533	149
Depreciation for the Year (Note 39)	135	203	1
Disposals	–	–	–
Exchange differences	(23)	–	–
At 31 March 2020	**840**	**736**	**150**
Accumulated impairment:			
At 1 April 2018	–	3	23
Impairment charge for the year	–	–	–
Disposals	–	–	–
At 31 March 2019	–	3	23
Impairment charge for the year	–	–	–
Disposals	–	–	–
At 31 March 2020	**–**	**3**	**23**
Carrying amount:			
At 31 March 2020	**808**	**370**	**8**
At 31 March 2019	707	483	3

Certain of the Group's property, plant and equipment with a total carrying amount of US$786,933,000 (31 March 2019 : US$214,155,000) were mortgaged to financial institutions for facilities granted (Note 24). The carrying amount of the Group's property, plant and equipment includes an amount of NIL (31 March 2019 : US$6,000) secured in respect of assets held under finance leases (Note 24). The leasehold building is located in Batam, Indonesia.

During the year ended 31 March 2020, the Group recorded an impairment loss of US$53,098,000 (31 March 2019 : US$53,510,000) on the carrying amount of its property, plant and equipment (Note 36). This resulted from external market valuations that management obtained as at the relevant reporting period end. The external market valuations were based on comparison value of similar assets.

Motor vehicles US$'000	Vessels US$'000	Dry-docking US$'000	Plant and machineries US$'000	Leasehold building US$'000	Construction-in-progress US$'000	Total US$'000
554	389,824	7,766	8,297	17,625	9,912	436,612
45	27,739	90	2,849	519	606	31,856
–	(2,840)	(246)	(2,500)	–	–	(5,586)
–	8,623	–	–	–	(8,623)	–
–	–	–	(300)	(54)	–	(367)
599	423,346	7,610	8,346	18,090	1,895	462,515
–	634,900	–	–	–	–	634,900
12	23,659	274	28	–	28,135	52,439
(144)	(15,750)	(250)	–	–	(371)	(16,515)
(3)	–	–	(316)	–	–	(341)
464	**1,066,155**	**7,634**	**8,058**	**18,090**	**29,659**	**1,132,998**
251	33,452	2,788	4,733	2,704	–	45,020
53	9,239	939	362	955	–	11,879
–	(426)	(138)	–	–	–	(564)
–	–	–	(219)	(15)	–	(247)
304	42,265	3,589	4,876	3,644	–	56,088
81	51,199	823	1	1,038	–	53,481
(144)	(5,772)	(213)	–	–	–	(6,129)
(1)	–	–	(316)	–	–	(340)
240	**87,692**	**4,199**	**4,561**	**4,682**	**–**	**103,100**
–	114,475	–	3,465	121	1,287	119,374
–	53,510	–	–	–	–	53,510
–	(3,824)	–	–	–	–	(3,824)
–	164,161	–	3,465	121	1,287	169,060
–	53,098	–	–	–	–	53,098
–	(8,972)	–	–	–	–	(8,972)
–	**208,287**	**–**	**3,465**	**121**	**1,287**	**213,186**
224	**770,176**	**3,435**	**32**	**13,287**	**28,372**	**816,712**
295	216,920	4,021	5	14,325	608	237,367

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers US$'000	Office furniture and equipment US$'000	Motor vehicle US$'000	Renovation US$'000	Total US$'000
Company					
Cost:					
At 31 March 2019	10	25	111	130	276
Additions	–	–	–	–	–
At 31 March 2020	**10**	**25**	**111**	**130**	**276**
Accumulated depreciation:					
At 1 April 2018	9	24	28	130	191
Depreciation for the year	1	–	15	–	16
At 31 March 2019	10	24	43	130	207
Depreciation for the year	–	1	16	–	17
At 31 March 2020	**10**	**25**	**59**	**130**	**224**
Carrying amount:					
At 31 March 2020	**–**	**–**	**52**	**–**	**52**
At 31 March 2019	–	1	68	–	69

16. RIGHT-OF-USE ASSETS

	Vessels US$'000	Vehicles US$'000	Total US$'000
Company			
Cost:			
At 31 March 2019	–	–	–
Adoption of SFRS(I) 16	14,328	127	14,455
Additions	29,125	140	29,265
At 31 March 2020	**43,453**	**267**	**43,720**
Accumulated depreciation:			
At 31 March 2019	–	–	–
Depreciation for the year	17,800	57	17,857
At 31 March 2020	**17,800**	**57**	**17,857**
Carrying amount:			
At 31 March 2020	**25,653**	**210**	**25,863**

Right-of-use assets acquired under leasing arrangement are presented separately in Note 16. Details of such leased assets are disclosed in Note 17.

17. LEASES – THE GROUP AS A LESSESS

Nature of the Group's leasing activities

The Group leases vessels for the purpose of chartering and leases vehicle for business purposes.

(a) *Carrying amounts of ROU asset*

	Group	
	31 March 2020 US$'000	**1 April 2019 US$'000**
Vessels	**25,653**	14,328
Vehicles	**210**	127
Total (Note 16)	**25,863**	14,455

(b) *Depreciation charge during the year*

	2020 US$'000
Vessels	**17,800**
Vehicles	**57**
Total (Note 16)	**17,857**

(c) *Interest expense*

	2020 US$'000
Interest expense on lease liabilities	**2,499**

(d) *Lease expense not capitalised in lease liabilities*

	2020 US$'000
Lease expense – short-term leases	**2,234**
Lease expense – low value leases	**87**
Total	**2,321**

(e) *Total income from right-of-use assets in 2020 was US$29,590,000.*

(f) *Total cash outflow for all leases in 2020 was US$22,199,000.*

(g) *Addition of right-of-use assets during the financial year 2020 was US$29,265,000.*

18. LEASES – THE GROUP AS A LESSOR

The Group has leased out their owned vessels to a third party for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Charter hire income from vessels are disclosed in Note 34.

19. SUBSIDIARY CORPORATIONS

	Company	
	31 March 2020 US$'000	31 March 2019 US$'000
Unquoted equity shares, at cost	**29,566**	29,566
Accumulated impairment loss	**(29,412)**	(29,412)
Carrying amount	**154**	154

Details of the key subsidiary corporations are as follows:

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2020 %	31 March 2019 %	
Resolute Pte. Ltd.[1]	Singapore	**51**	51	Investment holding.
Vallianz International Pte. Ltd.[1]	Singapore	**100**	100	Investment holding.
Vallianz Corporate Services Pte. Ltd.[1]	Singapore	**100**	100	Provision of corporate services.
Vallianz Investment Capital Pte. Ltd.[1]	Singapore	**100**	100	Investment holding.
Vallianz Marine Mexico S.A. De C.V [5]	Mexico	**49**	49	Vessel ownership and chartering.

19. SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2020 %	31 March 2019 %	
Held by Vallianz International Pte. Ltd.				
Samson Marine Pte. Ltd.[1]	Singapore	**100**	100	Vessel ownership and chartering.
Vallianz Marine Pte. Ltd.[1]	Singapore	**100**	100	Vessel ownership and chartering.
Vallianz Offshore Marine Pte. Ltd.[1]	Singapore	**100**	100	Vessel management and chartering.
Vallianz Shipbuilding & Engineering Pte. Ltd.[1]	Singapore	**100**	100	Provision of shipyard and engineering services.
Newcruz International Pte. Ltd.[1]	Singapore	**100**	100	Investment holding.
OER Holdings Pte. Ltd.[1]	Singapore	**100**	100	Investment holding.
Samson Engineering Limited[3]	Labuan, Malaysia	**100**	100	Provision of shipbuilding and engineering services.
RI Capital Holdings Pte. Ltd.[1]	Singapore	**100**	100	Investment holding.
Holmen Heavylift Offshore Pte. Ltd.[1]	Singapore	**75**	75	Investment holding and vessel chartering.
Held by Vallianz Shipbuilding and Engineering Pte. Ltd.				
Jetlee Shipbuilding & Engineering Pte Ltd[1]	Singapore	**100**	100	Provision of shipyard and engineering services.

19. SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held 31 March 2020 %	31 March 2019 %	Principal activity
Held by Vallianz Investment Capital Pte. Ltd.				
Rawabi Vallianz Offshore Services Company Limited[(2)(4)]	Kingdom of Saudi Arabia	**50**	50	Provision of offshore marine support services.
Rawabi Vallianz International Company Limited[(2)(4)]	Kingdom of Saudi Arabia	**50**	–	Provision of offshore marine support services.
Held by Holmen Heavylift Offshore Pte. Ltd.				
Holmen Arctic Pte Ltd[(1)]	Singapore	**75**	75	Vessel ownership and chartering.
Holmen Atlantic Pte Ltd[(1)]	Singapore	**75**	75	Vessel ownership and chartering.
Holmen Pacific LLC[(1)]	Marshall Island	**75**	75	Vessel ownership and chartering.
Held by OER Holdings Pte. Ltd.				
Offshore Engineering Resources Pte. Ltd.[(1)]	Singapore	**100**	100	Crewing management.
OER Services Pte. Ltd.[(1)]	Singapore	**100**	100	Crewing management.
Held by Newcruz International Pte. Ltd.				
Newcruz Shipbuilding & Engineering Pte. Ltd.[(1)]	Singapore	**100**	100	Manufacture, Assembly and repair of ships and vessels.

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.

(3) Reviewed by Nexia TS Public Accounting Corporation, Singapore for purposes of consolidation.

(4) The Group has acquired all of the economic benefits of Rawabi Vallianz Offshore Services Company Limited ("RVOS") and Rawabi Vallianz International Company Limited ("RVIC") with effect from 1 January 2014 and 1 October 2019 respectively. Accordingly, the Group has consolidated the results of RVOS and RVIC. There is no profit or loss allocated to non-controlling shareholders. The non-controlling interests remain at the same amount as at the date of acquisition.

(5) Not required to be audited under the laws of the country of incorporation.

19. SUBSIDIARY CORPORATIONS (CONT'D)

Information about the material wholly-owned subsidiary corporations of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation	Number of material wholly-owned subsidiary corporations 31 March 2020	31 March 2019
Vessel ownership and chartering.	Singapore	**2**	2
Vessel management and chartering.	Singapore	**1**	1
Provision of offshore marine support services.	Kingdom of Saudi Arabia	**2**	1
Investment holding.	Singapore	**5**	5
Provision of corporate services.	Singapore	**1**	1
Provision of shipbuilding/shipyard and engineering services.	Singapore	**2**	2
Manufacture, assembly and repair of ships and vessels.	Singapore	**1**	1
Crewing management.	Singapore	**2**	2
		16	15

Increase in issued share capital of Rawabi Vallianz Offshore Services Company Limited ("RVOS")

During the financial year ended 31 March 2020, the Group's subsidiary corporation, RVOS, allotted and issued 162,500 ordinary shares ("Share Allotment") to each of Vallianz Investment Capital Pte Ltd ("VIC"), a wholly-owned subsidiary of the Company, and Rawabi Holding Company Limited ("RHC"). Following the Share Allotment, the respective shareholding interests of VIC and RHC in RVOS remain unchanged at 50%. This resulted in an increase in non-controlling interest of US$40,150,000.

19. SUBSIDIARY CORPORATIONS (CONT'D)

Details of non-wholly owned subsidiary corporations that have material non-controlling interests to the Group are as disclosed below.

Name of subsidiary	Place of Incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests (%)		Profit/(loss) allocated to non-controlling interests (US$'000)		Accumulated non-controlling interests (US$'000)	
		31 March 2020	31 March 2019	2020	2019	31 March 2020	31 March 2019
Resolute Pte Ltd	Singapore	**49**	49	**172**	(1,925)	**1,285**	1,113
Vallianz Marine Mexico, S.A De C.V	Mexico	**51**	51	**11**	–	**(3,362)**	(3,373)
Holmen Group	Singapore	**25**	25	**(2,166)**	(2,557)	**(15,866)**	(13,700)
Rawabi Vallianz Offshore Services Company Limited(1)	Kingdom of Saudi Arabia	**50**	50	**–**	–	**43,868**	3,718
Rawabi Vallianz International Company Limited(2)	Kingdom of Saudi Arabia	**50**	50	**–**	–	**–**	–
				(1,983)	(4,482)	**25,925**	(12,242)

(1) The Group has acquired all of the economic benefits of Rawabi Vallianz Offshore Services Company Limited ("RVOS") with effect from 1 January 2014. Accordingly, the Group has consolidated the results of RVOS and there is no profit or loss allocated to non-controlling shareholders. The non-controlling interests remain at the same amount as at the date of acquisition.

(2) The Group has acquired all of the economic benefits of Rawabi Vallianz International Company Limited ("RVIC") with effect from 1 October 2019. Accordingly, the Group has consolidated the results of RVIC and there is no profit or loss allocated to non-controlling shareholders. The non-controlling interests remain at the same amount as at the date of acquisition.

19. SUBSIDIARY CORPORATIONS (CONT'D)

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

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte Ltd	
	31 March 2020 US$'000	**31 March 2019 US$'000**	**31 March 2020 US$'000**	**31 March 2019 US$'000**	**31 March 2020 US$'000**	**31 March 2019 US$'000**
Current assets	**3,536**	3,500	**47,156**	47,148	**34,961**	34,960
Non-current assets	**–**	–	**55,469**	56,422	**–**	–
Current liabilities	**(10,128)**	(10,114)	**(99,023)**	(74,201)	**(32,338)**	(31,732)
Non-current liabilities	**–**	–	**(66,870)**	(82,737)	**–**	–
Equity attributable to owners of the Group	**(3,230)**	(3,241)	**(47,598)**	(40,026)	**1,338**	1,646
Non-controlling interests	**(3,362)**	(3,373)	**(15,866)**	(13,342)	**1,285**	1,582

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte Ltd	
	2020 US$'000	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**
Revenue	**–**	–	**–**	21	**–**	–
Income/(expenses)	**23**	–	**(8,663)**	(8,818)	**350**	(2,972)
(Loss) Profit for the year	**23**	–	**(8,663)**	(8,797)	**350**	(2,972)
Profit/(loss) attributable to owners of the Group	**12**	–	**(6,497)**	(6,598)	**178**	(1,516)
Profit/(loss) attributable to the non-controlling interests	**11**	–	**(2,166)**	(2,199)	**172**	(1,456)
Profit/(loss) for the year	**23**	–	**(8,663)**	(8,797)	**350**	(2,972)
Net cash inflow (outflow) from operating activities	**11**	(21)	**8,866**	1,806	**–**	–
Net cash outflow from investing activities	**–**	–	**(1,135)**	–	**–**	–
Net cash outflow from financing activities	**–**	–	**(7,767)**	(2,828)	**–**	–
Net cash inflow (outflow)	**11**	(21)	**(36)**	(1,022)	**–**	–

As at 31 March 2020, the Company provided financial support of US$606,732,000 (31 March 2019 : US$242,808,000) to certain subsidiary corporations who were in a net current liabilities position.

20. JOINT VENTURES

	Group		Company	
	31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000
Unquoted shares, at cost	**4,390**	4,390	**67**	67
Deemed investment[1]	**68,541**	68,541	**68,463**	68,463
	72,931	72,931	**68,530**	68,530
Share of post-acquisition results, net of dividend received	**(1,420)**	(1,616)	**–**	–
Accumulated impairment loss	**(5,880)**	(5,880)	**–**	–
Deemed disposal	**(65,631)**	–	**(68,530)**	–
Carrying amount	**–**	65,435	**–**	68,530

(1) Deemed investment in a joint venture mainly arose from an equity loan provided to the joint venture and funding for the purchase of vessels.

The impairment of investment recognised on a joint venture company, other than the material joint venture as disclosed below, is the result of the Group completing its assessment of the recoverability in the investment by comparing to the carrying amount of net assets of the joint venture which approximated the market value less costs to sell.

Details of the material joint venture are as follows:

Name of material joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2020 %	31 March 2019 %	
Rawabi Vallianz International Company Limited[1]	Kingdom of Saudi Arabia	–	50	Provision of offshore marine services.

(1) Audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

20. JOINT VENTURES (CONT'D)

Summarised financial information in respect of the material joint venture is set out below:

	Rawabi Vallianz International Company Limited 31 March 2019 US$'000
Current assets	13,676
Non-current assets	644,163
Current liabilities	(120,871)
Non-current liabilities	(406,098)
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	11,265
Current financial liabilities (excluding trade and other payables and provisions)	46,572

	2019 US$'000
Revenue	51,844
Profit for the year	210
The above profit for the year includes the following:	
Interest expense	22,124
Income tax expense	2,198

Reconciliation of the above summarised financial information to the carrying amount of the interest in Rawabi Vallianz International Company Limited recognised in the consolidated financial statements:

	Group 31 March 2019 US$'000
Net assets of the joint venture	130,870
Proportion of the Group's ownership interest in the joint venture	50%
Carrying amount of the Group's interest	65,435

As disclosed elsewhere in these financial statements, on 1 October 2019, the Group has practical ability to direct the relevant activities of the joint venture and began accounting for it as a subsidiary corporation (Notes 19 and 43).

21. ASSOCIATE

	Group	
	31 March 2020 US$'000	**31 March 2019 US$'000**
Unquoted equity shares, at cost	**15,623**	15,623
Deemed investment[i]	**82,235**	82,235
Accumulated impairment loss[i]	**(80,781)**	(80,781)
Share of post-acquisition results and reserves	**(2,234)**	(2,234)
Carrying amount	**14,843**	14,843

(i) During the financial year ended 31 March 2019, the Group classified other receivables due from the associate of US$82,235,000 to deemed investment in associate to better reflect the non-current nature of the asset. An additional impairment loss of US$67,392,000 was recognised during the financial year ended 31 March 2019 as a result of the Group's assessment of the recoverability of the investment by comparing the carrying amount of the investment to the carrying amount of the adjusted net asset of the associate which approximated the market value less cost to sell (Note 36).

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2020 %	**31 March 2019 %**	
PT Vallianz Offshore Maritim	Indonesia	**49**	49	Provision of offshore marine support services

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I).

	Group	
	31 March 2020 US$'000	**31 March 2019 US$'000**
Current assets	**7,189**	7,090
Non-current assets	**44,796**	51,266
Current liabilities	**(51,668)**	(43,988)
Non-current liabilities	**(410)**	(7,407)

	2020 US$'000	2019 US$'000
Revenue	**8,188**	11,342
Loss for the year	**(5,688)**	(79,720)

22. GOODWILL

	Group 31 March 2019 US$'000
Balance at beginning of the year	9,171
Written off during the year	(9,171)
Balance at end of the year	–

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination.

The carrying amount of goodwill arose solely from the acquisition of Offshore Engineering Resources Pte Ltd and its subsidiary corporations ("OER Group"), a single CGU in the vessel management and services segment.

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

The recoverable amount of the CGU is determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the financial period ended 31 March 2017, the Group completed its right-sizing initiatives and the cessation of business operations in relation to crew management services for OER Group. Consequently, an impairment loss of US$9,171,000 was recognised, resulting in the goodwill being fully impaired in 2017. During the financial year ended 31 March 2019, goodwill was written off.

23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group engages in interest rate swaps to manage its exposure to varying interest rates. A loss on derivative instrument of US$3,417,000 (31 March 2019 : gain on derivative instrument of US$373,000) was recognised in profit or loss for the year (Note 36). However, as the fair values of these swaps are not material to these financial statements, no further disclosures are made.

24. TERM LOANS

	Group	
	31 March 2020 US$'000	**31 March 2019 US$'000**
Loans	**743,839**	304,308
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(247,951)**	(152,050)
Amount due for settlement after 12 months	**495,888**	152,258
– Within 2 to 5 years	**275,762**	152,258
– After 5 years	**220,126**	–
Amount due for settlement after 12 months	**495,888**	152,258

As at 31 March 2020 and 2019, the Group has various bank loans with repayment terms of up to 2030.

The carrying amount of floating rate loans amounting to US$742,755,000 (31 March 2019 : US$302,403,000) approximates the fair value as the interest rates approximate the prevailing market rates. Management estimates the fair value of the Group's fixed rate borrowings with carrying amount of US$1,084,000 (31 March 2019 : US$1,903,000), by discounting their future cash flows at the market rate, to be US$1,047,000 (31 March 2019 : US$1,821,000). This fair value measurement is categorised as Level 3 within the fair value hierarchy.

The bank loans are secured by:

(i) mortgage over the property, vessels and equipment of the Group (Note 15) and a vessel held by a related company of a corporate shareholder;

(ii) assignment of marine insurances in respect of some of the vessels mentioned above;

(iii) monies pledged (Note 7);

(iv) assignment of earnings/charter proceeds in respect of certain vessels mentioned above;

(v) corporate guarantees from the Company (Note 46) and a corporate shareholder of the Group;

(vi) the unquoted preference shares held by the Group (Note 12); and

(vii) shares in subsidiary corporations incorporated in Singapore.

24. TERM LOANS (CONT'D)

On 10 March 2017, the Group entered into a framework agreement (the "Agreement") with certain lenders, (the "Lenders") to refinance some of its existing borrowings of approximately US$163,200,000. Pursuant to the Agreement, the profile of the borrowings with the lenders was restructured to a repayment term of approximately 5.2 years (31 March 2019 : 6.2 years) and the maturity of these borrowings were extended to December 2022.

During the financial year ended 31 March 2020 and 2019, the Group has breached the financial covenants under the Framework Agreement of i) minimum EBITDA over Finance Charges (Singapore Operations) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2020 and 2019. The non-current portion of the term loan owed to the other financial institution amounting to US$14,592,000 (31 March 2019 : US$18,055,000) has been classified as current liabilities as at 31 March 2020 and 2019, as the Group does not have the unconditional right to defer settlement of the non-current term loan.

As at 31 March 2020, the waiver letter secured on the breach of financial covenants from one of the financial institutions covers up to 31 August 2020. Subsequent to the financial year end, the Group has received the extension of waiver up to 31 December 2020 from the financial institution (Note 48 (iv)).

As at 31 March 2017, a non-repayment of the instalment payment of US$31,729,000 by a subsidiary corporation triggered a technical default of its loan arrangement. The loan is also secured by the mortgage of a vessel held by a related company of a major shareholder. Accordingly, the amount has been presented as current liabilities on the consolidated statement of financial position since 31 March 2017.

As at date of this report, the Group has not been served with any notices of any event of default for any of its loans.

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

	1 April 2019 US$'000	Financing cash flow[i] US$'000	31 March 2020 US$'000
Term loans	304,308	439,531	742,839

	1 April 2018 US$'000	Financing cash flow[i] US$'000	31 March 2019 US$'000
Term loans	246,198	58,110	304,308
Finance lease payables (Note 27)	11	(5)	6
	246,209	58,105	304,314

(i) The cash flows make up the gross amount of proceeds from borrowings net of repayments of borrowings in the consolidated statement of cash flows.

25. TRADE PAYABLES

	Group	
	31 March 2020 US$'000	31 March 2019 US$'000
Outside parties	**58,181**	65,784

The average credit period on trade payables was 30 days (31 March 2019 : 30 days) and no interest is charged on the balances.

26. OTHER PAYABLES

	Group		Company	
	31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000
Outside parties	**7,135**	7,465	**554**	643
Subsidiary corporations	**–**	–	**141,336**	148,459
Related parties	**6,049**	166	**6,438**	1,704
Associate	**–**	–	**881**	800
Accruals	**30,147**	16,872	**946**	1,632
	43,331	24,503	**150,155**	153,238

The average credit period on other payables is 30 days (31 March 2019 : 30 days) and no interest is charged on the balances.

27. LEASE LIABILITIES (THE GROUP AS LESSEE)

Lease liabilities (disclosure required under SFRS(I) 16)

	Group 2020 US$'000
Maturity analysis:	
Year 1	**18,606**
Year 2	**7,719**
Year 3	**1,557**
Year 4	**13**
	27,895
Less: Unearned interest	**(1,548)**
	26,347
Analysed as:	**17,436**
Current	**8,911**
Non-current	**26,347**

The Group does not face a significant liquidity risk with regard to its lease liabilities.

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

				Non-cash			
	31 March 2019 US$'000	Adoption of SFRS(I) 16 US$'000	1 April 2019 US$'000	Principal and interest payment US$'000	Additions US$'000	Interest expense US$'000	31 March 2020 US$'000
Lease liabilities	–	14,455	14,455	(19,872)	29,265	2,499	**26,347**
Finance leases	6	–	6	(6)	–	–	**–**
	6	14,455	14,461	(19,878)	29,265	2,499	**26,347**

27. LEASE LIABILITIES (THE GROUP AS LESSEE) (CONT'D)

Finance Lease (disclosure required under SFRS(I) 1-17)

	Group	
	Minimum lease payments 31 March 2019 US$'000	Present value of minimum lease payments 31 March 2019 US$'000
Amounts payable under finance leases:		
Within one year	5	5
In the second to fifth years inclusive	1	1
	6	6
Less: Future finance charges	–	–
Present value of lease obligations	6	6
Less: Amount due for settlement within 12 months (shown under current liabilities)		(5)
Amount due for settlement after 12 months		1

As at 31 March 2019, the Group leased certain of its property, plant and equipment under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease terms.

The lease term for the Group approximates 3 years. The average effective borrowing rate is 7.24% per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

The fair values of the Group's lease obligations approximate their carrying amounts.

28. DEFERRED TAX

	Group	
	31 March 2020 US$'000	31 March 2019 US$'000
Deferred tax liabilities	**20,975**	8,045

The movements in deferred tax (assets) and liabilities is as follows:

	Group
	Accelerated tax depreciation US$'000
At 1 April 2018	4,652
Charge to profit or loss (Note 38)	3,396
Effects of currency translation difference	(3)
At 31 March 2019	8,045
Charge to profit or loss (Note 38)	4,173
Acquisition of subsidiary (Note 43)	9,890
Others	(1,130)
Effects of currency translation difference	(3)
At 31 March 2020	**20,975**

Temporary differences arising in connection with interests in associate and joint venture are insignificant.

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is US$57,790,000 (31 March 2019: US$60,182,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

29. SHARE CAPITAL

	Group and Company			
	2020	**2019**	**2020**	**2019**
	'000	**'000**	**US$'000**	**US$'000**
	Number of ordinary shares			
Issued and paid up:				
At the beginning of the year	**559,352**	16,519,111	**347,746**	344,866
Issuance of settlement shares to certain trade creditors(i)	**–**	196,651	**–**	2,307
Issuance of new ordinary shares pursuant to exercise of warrants	**2**	–	*****	–
Performance shares awarded (Note 32)	**–**	64,833	**–**	573
Share consolidation(ii)	**–**	(16,221,243)	**–**	–
At the end of year	**559,354**	559,352	**347,746**	347,746

(i) During the financial year ended 31 March 2019, 196,651,000 ordinary shares are issued to certain trade creditors of the Company for the settlement of debts and acquisition of property, plant and equipment.

* Less than US$1,000.

(ii) On 4 July 2018, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every thirty existing ordinary shares registered in the name of each shareholder into one ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of Warrants, new shares to be issued pursuant to the exercise of Warrants and Awards granted under the Vallianz Performance Share Plan ("PSP") will also be adjusted.

The Proposed Share Consolidation was approved by shareholders at the annual general meeting of the Company held on 26 July 2018. The Proposed Share Consolidation was completed and became effective from 24 January 2019 ("Share Consolidation Effective Date" and "Warrant Adjustment Effective Date").

Prior to the Share Consolidation Effective Date, the issued share capital of the Company comprised 16,780,595,243 Existing Shares, and with effect from the Share Consolidation Effective Date, the issued share capital of the Company now comprises 559,351,901 Consolidated Shares, after taking into consideration of fractions of Consolidated Shares arising from the Share Consolidation.

Prior to the Warrant Adjustment Effective Date, the Company had 1,501,801,298 unexercised Warrants, and with effect from the Warrant Adjustment Effective Date, the Company now has 50,059,928 unexercised Adjusted Warrants, after taking into consideration of fractions of Adjusted Warrants arising from the Warrant Adjustment.

The SGX-ST has, in accordance with its practice, retired the Company's existing stock codes - 545 and 1H1W and issued new, randomly generated stock codes to the Company - WPC in respect of the shares, and PFYW in respect of the warrants.

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

The new shares issued during the year are ranked pari passu with the existing ordinary shares of the Company.

30. PERPETUAL CAPITAL SECURITIES

In 2014, the Company issued Perpetual Capital Securities amounting to US$22,500,000 as partial settlement for consideration of certain acquisitions to a corporate shareholder.

Holders of the US$22,500,000 of perpetual capital securities are conferred a right to receive distribution, which are declared at the Company's discretion, on a semi-annual basis from their issue date at the rate of 4.0% per annum, subject to a step-up rate of 7% from 30 December 2017.

The perpetual capital securities have no fixed maturity and are redeemable in whole, or in part, at the Company's option on or after 30 December 2017 at their principal amount together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company, will not declare, pay dividends or make similar periodic payments in respects of, or repurchase, redeem or otherwise acquire any securities of lower rank.

The Company has not redeemed in whole, or in part, the Perpetual Capital Securities after 30 December 2017, and has exercised its rights under the terms and conditions of the Perpetual Capital Securities to defer the payment of distribution for the Perpetual Capital Securities until further notice by the Company.

31. FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiary corporations into United States dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them is a separate component of equity under the header of foreign currency translation reserve.

Movement in translation reserve is as follows:

	Group	
	2020	**2019**
	US$'000	**US$'000**
At beginning of the year	**114**	26
Net currency translation differences of financial statements of foreign subsidiary corporations	**39**	88
At end of the year	**153**	114

32. SHARE OPTIONS RESERVE

The share options reserve arises on the grant of share options and share awards to directors and employees under the following share-based payment arrangements:

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee.

Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. A one-year vesting period is typically required commencing from the first date of grant if offer price is not at a discount; a two years vesting period is required if the offer price is at a discount. The options shall be exercised before the tenth anniversary of the date of grant, or such earlier date as may be determined by the Committee. The unvested options shall lapse upon the employee ceasing to be employed by the Company or its subsidiary corporations.

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

	Group and Company	
	Number of share options	Weighted average exercise price
	2019	2019 S$
Outstanding at the beginning of the year	4,000,000	0.053
Expired during the year	(4,000,000)	–
Outstanding at the end of the year	–	–
Exercisable at the end of the year	–	–

On 14 May 2013, options to subscribe for 9,000,000 ordinary shares of the Company at an exercise price of S$0.053 per ordinary share were granted pursuant to the scheme. The options had a one-year vesting period and were exercisable from 14 May 2014 and expired on 13 May 2018.

The estimated fair value of the option granted on 14 May 2013 and 7 May 2014, determined using the Black-Scholes pricing model, was US$0.015 and US$0.089 respectively per option. The significant inputs in the model were as follows:

	2014	2013
Weighted average share price	S$0.144	S$0.052
Weighted average exercise price	S$0.145	S$0.053
Expected volatility	59.56%	69.67%
Expected life	9 years	2 years
Risk-free rate	0.25%	0.25%

32. SHARE OPTIONS RESERVE (CONT'D)

The forfeiture of share options of US$82,000 during financial year ended 31 March 2019 was recognised in profit or loss (Note 35).

Expected volatility for both financial years was determined by reference to the historical volatility of the Company's share price over the past two years.

No options were granted or exercised during the financial years ended 31 March 2020 and 2019.

There were no share options outstanding as at 31 March 2020 and 2019.

Share awards

Share awards may be granted to directors and employees of the Group under the Vallianz Performance Share Plan.

The movement of the share awards is as follows:

Date of grant	Balance at 1 April 2018	Granted	Vested	Cancelled	Balance at 31 March 2019
25 August 2017	67,999,992	–	(64,833,326)	(3,166,666)	–

On 14 November 2016, 75,000,000 ordinary shares of the Company were granted pursuant to the plan. These share awards vested on 13 November 2017. On 25 August 2017, 110,000,000 ordinary shares of the Company were granted pursuant to the plan. One third of the share awards shall be vested on 1 January 2018, 30 June 2018 and 31 December 2018 respectively.

The fair value of these share awards was determined based on the share price at the grant date of S$0.012 in 2018 and S$0.019 in 2017.

The Group and the Company recognised share-based payment expenses of US$250,000 related to the equity-settled share plan in profit or loss during the financial year ended 31 March 2019 (Note 39).

As at the date of these financial statements, Vallianz Performance Share Plan has expired.

33. SHAREHOLDER'S ADVANCES

Pursuant to the loan agreement entered into with Rawabi Holding Company Limited ("RHCL") in 2016, the Company was entitled to elect repayment of the loan amounting to US$102,087,000 million outstanding as at 31 March 2017 via issuance of equity shares in the Company.

On 24 May 2017, the Group entered into a set-off and settlement agreement ("RHCL SOSA") with RHCL (Note 5) which stipulated the key terms and the loan agreement was superseded. Concurrently, the Group entered into a separate set-off and settlement agreement ("SHL SOSA") with another corporate shareholder (who is placed under judicial management) for the repayment of net owing via issuance of equity shares in the Company.

Pursuant to RHCL SOSA's Irrevocable Undertaking, RHCL subscribed for its pro rata entitlement of 672,000,000 Rights Shares with 1,344,000,000 Warrants, as well as 2,372,505,000 Excess Rights Shares with 4,745,010,000 Warrants. RHCL had exercised 5,810,307,000 Warrants out of 6,089,010,000 Warrants allotted to it into New Shares, for a total subscription amount of US$66,987,000. This, together with the subscription of the Rights cum Warrants Issue of US$35,100,000, had been used to fully set-off against all the Shareholder's Advances totalling US$102,087,000 pursuant to the RHCL SOSA. As a result of the RHCL SOSA, RHCL gained controlling interest in the Company in 2018.

Pursuant to SHL SOSA, the corporate shareholder (who is placed under judicial management) has subscribed for its pro rata entitlement of 903,535,000 Rights Shares with 1,807,070,000 Warrants. The shareholder had exercised 1,646,001,000 out of 1,807,070,000 Warrants allotted to it into New Shares, for a total subscription amount of US$18,977,000. This, together with the subscription of the Rights cum Warrants Issue of US$10,417,000, had been used to set-off against payables amounting to US$29,394,000 pursuant to the SHL SOSA. As at 31 March 2018, the Group has off-set trade and other receivables for balances as at 31 December 2016 amounting to US$72,480,000 and US$21,238,000 against trade and other payables amounting to US$8,258,000 and US$92,248,000, with net owing of US$7,172,624 being reclassified from "Current Liabilities" to "Equity" as the settlement of the net balance is expected to be via the issuance of a fixed number of shares in the Company under the SHL SOSA.

During the financial year ended 31 March 2020, the Group received cash advances from its corporate shareholder, RHCL, amounting to US$25,350,000 (31 March 2019 : US$44,390,000) and incurred a payable of Nil (31 March 2019 : US$10,270,000) for payment on behalf made by RHCL. As at 31 March 2020, the Group has trade and other payables of US$80,010,000 (31 March 2019 : US$54,660,000) owing to RHCL. The directors of RHCL has provided a Letter of Undertaking to treat these amounts owed by the Group as shareholder advances under equity. The amount was classified as equity as management is of the view that the Group does not have the contractual obligation to deliver cash or other financial assets or exchange financial assets or financial liabilities under conditions potentially unfavourable to the Group to settle these amounts owed to RHCL.

34. REVENUE

The Group derives its revenue from the chartering and brokerage services and vessel management services over time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 44).

A disaggregation of the Group's revenue for the year, is as follows:

	Group	
	2020	**2019**
	US$'000	**US$'000**
Charter hire (time and bareboat charter)	**179,573**	167,086
Brokerage income	**–**	16
Vessel management income	**9,068**	17,416
	188,641	184,518

All the Group's revenue is recognised over time.

As of 31 March 2020 and 2019, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining contract period of charter hire and service agreements. As the Group has the right to invoice the customers based on the respective performance obligations, the Group has applied the practical expedient of SFRS(I) 15 not to disclose the related unsatisfied performance obligations.

35. OTHER EXPENSE, NET

	Group	
	2020	**2019**
	US$'000	**US$'000**
Net foreign exchange loss/(gain)	**764**	(122)
(Gain)/loss on disposal of property, plant and equipment	**(485)**	284
(Reversal of loss allowance)/loss allowance for trade and other receivables (Notes 8 and 9)	**(560)**	1,015
Bad debt written off	**67**	398
Forfeiture of share option (Note 32)	**–**	(82)
Reinstatement cost of shipyard	**–**	520
Insurance claim income	**(10)**	(1,143)
Others	**1,691**	(270)
	1,467	600

36. EXCEPTIONAL ITEMS

	Group 2020 US$'000	Group 2019 US$'000
Compensation for late delivery of vessels and cancellation of projects	**26,155**	12,416
Impairment of property, plant and equipment (Note 15)	**53,098**	53,510
Impairment of investment in associate (Note 21)	**–**	67,392
Prepayments written off[i]	**20,941**	–
Fair value loss/(gain) of derivative financial instruments (Note 23)	**3,417**	(373)
	103,611	132,945

(i) In prior financial years, the Group had placed deposits with certain outside parties for construction of vessel and vessel management project. Subsequently, in the respective years management had assessed that the feasibility of these projects was remote and accordingly, these deposits were reclassified as prepayments for future projects. During the financial year ended 31 March 2020, these prepayments have been written off as management is of the view that due to the continuing challenges and prolonged downturn in the offshore and marine industry, the likelihood of collaboration with these suppliers and the recoverability of these prepayments is low.

37. FINANCE COSTS

These comprise interest on loans, amortised facility fees and interest on lease liabilities paid to outside parties (Note 24).

38. INCOME TAX EXPENSE

	Group 2020 US$'000	Group 2019 US$'000
Current income tax		
– charge to profit or loss	**410**	622
Deferred income tax		
– charge to profit or loss (Note 28)	**4,173**	952
– under provision in prior year (Note 28)	**–**	2,444
Total	**4,583**	4,018

38. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at 17% (31 March 2019 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Six of its Singapore subsidiary corporations (31 March 2019 : six of its Singapore subsidiary corporations) earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2020	**2019**
	US$'000	**US$'000**
Loss before tax	**(132,337)**	(128,645)
Income tax credit calculated at 17%	**(22,497)**	(21,870)
Effect of expenses that are not deductible	**26,449**	30,355
Effect of income that are not subjected to tax	**(2,058)**	(6,519)
Effect of different tax rates of subsidiary corporations operating in other jurisdictions	**2,309**	(1,161)
Tax losses not carried forward	**6**	5
Under (over) provision of deferred tax in prior year	**–**	2,444
Utilisation of deferred tax asset previously not recognised	**(74)**	(129)
Deferred tax benefit not recognised	**455**	560
Others	**(7)**	333
Total	**4,583**	4,018

Subject to agreement with the relevant tax authorities, the Group has estimated tax losses carry forwards which are available for offsetting against future taxable income as follows:

	Group	
	2020	2019
	US$'000	US$'000
Amount at beginning of year	**17,922**	15,387
Arising during current year	**2,670**	3,294
Utilised during the year	**(429)**	(759)
Amount at end of year	**20,163**	17,922
Deferred tax benefit on above not recorded	**3,428**	3,047

No deferred tax asset has been recognised on the above due to the unpredictability of future profit streams.

39. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Group	
	2020	**2019**
	US$'000	**US$'000**
Fees to auditors of the Company:		
– Audit fees	**233**	180
– Non-audit fees	**–**	3
Audit fees to other auditors of the Group	**70**	150
Depreciation of property, plant and equipment (Note 15)	**53,481**	11,879
Directors' remuneration (including directors' fees)	**944**	1,035
Employee benefits expense (including directors' remuneration)	**9,075**	9,101
Defined contribution benefits included in employee benefits expense	**159**	161
Share-based payment expense included in employee benefits expense (Note 32)	**–**	250
Net foreign exchange loss (gain)	**764**	(122)

40. LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the company is based on the following data:

	Group	
	2020	**2019**
	US$'000	**US$'000**
<u>Loss</u>		
Loss for the year attributable to owners of the Company	**(134,937)**	(128,181)
<u>Number of shares ('000)</u>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**559,353**	556,479
Effect of dilutive potential ordinary shares:		
Share options, warrants and awards	**–**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**559,353**	556,479

	2020	**2019**
	US cents	**US cents**
Basic loss per share	**(24.12)**	(23.03)
Diluted loss per share	**(24.12)**(1)	(23.03)(1)

(1) The diluted loss per share is the same as the basic loss per share because the effect of the potential conversion of warrants to equity is anti-dilutive.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2019 US$'000
Minimum lease payments under operating leases recognised as an expense during the year	23,900

As at 31 March 2019, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	31 March 2019 US$'000
Within 1 year	10,101
After 1 year but within 5 years	5,011
	15,112

Operating lease payments represent rentals payable by the Group for vessels and properties. Leases are negotiated for an average term of five years and charter rates are fixed throughout the duration of the lease.

As disclosed in Note 2, the Group has adopted SFRS(I) 16 on 1 April 2019. These lease payments have been recognised as right-of-use assets (Note 16) and lease liabilities (Note 27) on the statement of financial position as at 31 March 2020.

The Group as lessor

The Group hires out its vessels under operating leases. Charter hire income of US$179,573,000 (31 March 2019 : US$167,086,000) was earned during the financial year (Note 34).

At as 31 March 2019, the Group has contracted with charterers for the following future minimum lease receivable:

	Group
	31 March 2019 US$'000
Future minimum lease receivable:	
Within 1 year	115,963
After 1 year but within 5 years	121,875
	237,838

Operating lease receivables represent charter hire income receivable by the Group. Leases were negotiated for an average term of one to five years.

On 1 April 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from operating leases to be received after 31 March 2020 are disclosed in Note 18 to the financial statements.

42. COMMITMENTS

As at 31 March 2020, the Group has capital commitments amounting to US$170,020,000 (2019 : US$170,020,000) for the acquisition of property, plant and equipment.

Details of the Company's commitments for guarantees provided for the subsidiary corporations and associate (31 March 2019 : subsidiary corporations, associate and joint venture) has been included in Note 4(b)(iv) under credit risk management.

43. BUSINESS COMBINATION

Acquisition of Rawabi Vallianz International Company Limited ("RVIC")

Vallianz Investment Capital Pte Ltd ("VIC"), a wholly-owned subsidiary of the Company, had on 31 March 2020 agreed with Rawabi Holding Company Limited ("RHC"), the Company's controlling shareholder, wherein RHC will assign its 50% economic rights in Rawabi Vallianz International Company Limited ("RVIC") to VIC with effect from 1 October 2019. Following the assignment, the Group has consolidated the financial results of RVIC as its wholly-owned subsidiary with effect from 1 October 2019. At the date of finalisation of these financial statements, the purchase price allocation exercise by an external valuer for the acquisition has not yet completed. The necessary market valuations and other calculations for the items listed below had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values where the fair value of the deemed purchase consideration materially equated to the additional rights acquired.

Details of the consideration transferred, the assets acquired and liabilities assumed, the non-controlling interests recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	US$'000
Fair value remeasurement	598
Consideration transferred	598

(b) Effect on cash flows of the Group

	US$'000
Consideration paid in cash	–
Less: cash and cash equivalent balances acquired	8,149
Net cash inflow	8,149

43. BUSINESS COMBINATION (CONT'D)

(c) Identifiable assets acquired and liabilities assumed

	At provisional fair value US$'000
Cash and cash equivalents	8,149
Property, plant and equipment (Note 15)	634,900
Derivative financial instruments	3,416
Other receivables	49
Total assets	646,514
Trade and other payables	221,321
Borrowings	416,490
Retirement benefit obligations	9
Deferred tax liabilities	9,890
Total liabilities	647,710
Total identifiable net liabilities	1,196
Less: Non-controlling interests at fair value	598
Consideration transferred for the business	598

(d) Acquisition-related costs

No acquisition-related costs were incurred and recorded in the consolidated statement of comprehensive income or in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its proportionate share of the recognised amounts of the acquiree's identifiable net assets of US$598,000.

(f) Acquired receivables

The carrying values of trade and other receivables approximate their fair value at the acquisition date. Management believes that the receivables are collectible, based on historic payment behaviour, credit-worthiness of the customers and forward looking information.

(g) Revenue and profit contribution

The acquired business contributed revenue of US$ NIL and net loss of US$19,832,000 to the Group from 1 October 2019 to 31 March 2020. Had RVIC been consolidated from 1 April 2019, consolidated revenue and consolidated net profit for the financial year ended 31 March 2020 would have been US$ NIL and US$45,332,000 respectively.

44. SEGMENT INFORMATION

The executive directors of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

(i) Vessel chartering and brokerage : chartering of owned vessels and brokering of vessels;

(ii) Vessel management services : provision of crew, consultancy and logistics, marine yard services and construction services; and

(iii) Investment holding: holding investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment based on the types of revenue it generates. All assets and liabilities are allocated to reportable segments, except for deferred tax assets and deferred tax liabilities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Information regarding the operations of each reportable segment is included below.

	Vessel chartering and brokerage		Vessel management services		Investment holding		Total	
	2020 US$'000	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**
Revenue								
External sales	**179,426**	167,102	**9,068**	17,416	**147**	–	**188,641**	184,518
Results								
Segment results	**31,418**	18,092	**(17,200)**	6,052	**(3,022)**	(3,476)	**11,196**	20,668
Finance costs	**(32,694)**	(13,410)	**(224)**	(55)	**(7,200)**	(3,008)	**(40,118)**	(16,473)
Operating profit from ordinary activities and before share of results of associate and joint ventures	**(1,276)**	4,682	**(17,424)**	5,997	**(10,222)**	(6,484)	**(28,922)**	4,195
Exceptional expenses	**(56,515)**	(51,035)	**(47,096)**	(14,518)	**–**	(67,392)	**(103,611)**	(132,945)
Share of results of associate and joint ventures	**196**	105	**–**	–	**–**	–	**196**	105
Loss before tax							**(132,337)**	(128,645)
Income tax expense							**(4,583)**	(4,018)
Loss for the year							**(136,920)**	(132,663)

44. SEGMENT INFORMATION (CONT'D)

	Vessel chartering and brokerage		Vessel management services		Investment holding		Group	
	31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000	31 March 2020 US$'000	31 March 2019 US$'000
Segment assets and segment liabilities								
Segment assets	911,594	357,769	25,021	62,173	54,770	149,808	991,385	569,750
Segment liabilities	768,969	306,716	50,038	53,419	62,300	41,427	881,307	401,562
Deferred tax liabilities							20,975	8,045
Total liabilities							902,282	409,607

	Vessel chartering and brokerage		Vessel management services		Investment holding		Group	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Other information								
Loss allowance for trade and other receivables (Note 35)	–	314	(560)	701	–	–	(560)	1,015
Depreciation of property, plant and equipment (Note 15)	52,044	10,403	1,194	1,229	243	247	53,481	11,879
Bad debts written off (Notes 35)	–	–	67	398	–	–	67	398
Net foreign exchange (gain) loss (Note 35)	17	(235)	650	676	97	(563)	764	(122)
(Gain) loss on disposal of property, plant and equipment (Note 35)	(485)	–	–	284	–	–	(485)	284
Joint ventures (Note 20)	–	65,435	–	–	–	–	–	65,435
Associate (Note 21)	–	–	–	–	14,843	14,843	14,843	14,843
Additions to property, plant and equipment (Note 15)	52,389	28,955	35	2,863	15	38	52,439	31,856
Impairment of property, plant and equipment (Note 36)	53,098	51,408	–	2,102	–	–	53,098	53,510
Impairment of investment in associate (Note 36)	–	–	–	–	–	67,392	–	67,392

44. SEGMENT INFORMATION (CONT'D)

Geographical information

The directors of the Company consider that the nature of the Group's business where it operates across international waters precludes a meaningful allocation of revenue and non-current assets as defined under SFRS(I) 8 *Operating Segments*. The revenue is derived from and non-current assets are primarily used in geographical markets for vessel chartering and brokerage and management services throughout the world.

Major customer information

During the financial year, the Group derived charter hire and brokerage and vessel management income amounting to approximately US$168,240,000 (2019 : US$158,040,000) from a third party.

45. LEGAL PROCEEDINGS AND ARBITRATION

(i) Litigation in Batam, Indonesia

In 2017, the Company had been notified that Vallianz Offshore Marine Pte Ltd and Holmen Arctic Pte Ltd ("HAR"), an indirect subsidiary corporation of the Company, have been named as defendants alongside Swiber Offshore Construction Pte. Ltd. ("SOC") and Newcruz Offshore Marine Pte Ltd ("NOM") to a suit commenced by one PT. ASL Shipyard Indonesia (the "Claimant").

The claims appear to be in relation to the maintenance and repair works provided to the vessel "Holmen Arctic", which HAR (as the registered owner of the vessel) had chartered to SOC. On 8 December 2017, the vessel was arrested by the District Court of Batam.

On 17 January 2018, a judgement was passed by the District Court of Batam, where VOM, HAR along with 2 other parties are jointly and severally liable for the principal claim of S$1.9 million (approximately US$1.4 million) and interest of 1% on the aforesaid claim. As at 31 March 2019, the Group has accrued the sum of the principal claim of US$1.4 million (31 March 2018 : full sum of principal claim of US$1.4 million). During the current financial year, the legal suit against HAR had been dismissed by the District Court of Batam.

(ii) Arrest of vessel in United Arab Emirates

On 12 January 2017, World Fuel Services (Singapore) Pte Ltd ("WFS") has obtained a court judgment for claim amounting to approximately US$433,000 (equivalent to AED 1,604,334) and accrued interest at a daily rate of US$93.80 in United Arab Emirates against a vessel, Rawabi 18 owned by a wholly-owned subsidiary corporation, Samson Marine Pte Ltd ("SMPL") under the UAE Federal Maritime Law. The judgement debt arose from non-payment of bunkers supplied to Rawabi 18 while the vessel was under the charter of Swiber Offshore Construction Pte Ltd ("SOC"), a related party placed under judicial management.

As at 31 March 2019, the Group has accrued for the full sum of principal claim of US$421,000 which remains unpaid (2018 and 2017 : full sum of principal claim) and interest payable of US$81,000 (31 March 2018 and 31 March 2017 : US$Nil). There is no significant development during the financial year ended 31 March 2020. Discussions with WFS for a commercial resolution is still ongoing. Repeated requests for supporting documentation from WFS made have not been successful.

46. CONTINGENT LIABILITIES

The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$199,111,000 (31 March 2019 : US$227,702,000) (Note 4(b)(iv)) for guarantees provided to subsidiary corporations and US$35,620,000 (31 March 2019 : US$260,106,000) (Note 4(b)(iv)) for guarantees provided to associate and joint venture.

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 March 2020 and 2019.

47. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Below are the mandatory standards and amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 April 2020 and which the Group has not early adopted.

<u>Effective for annual periods beginning on or after 1 January 2020</u>

- Amendments to SFRS(I) 3: Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to Reference to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform

<u>Effective for annual periods beginning on or after 1 June 2020</u>

- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions

<u>Effective for annual periods beginning on or after 1 January 2021</u>

- SFRS(I) 17 Insurance Contracts

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

<u>Effective date: to be determined</u>*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

48. SUBSEQUENT EVENTS

(i) Purchase by Rawabi Vallianz Offshore Services Company ("RVOS") of debts of PT Vallianz Offshore Maritim ("PTVOM")

The Company had on 2 June 2020 announced that RVOS had, on 1 June 2020, agreed with Caterpillar Financial Services Asia Ltd and Caterpillar Financial Australia Ltd (collectively, the "Lenders") to acquire from the Lenders the outstanding debts owed by PTVOM to the Lenders (the "Transaction").

The Lenders had previously extended financing facilities to PTVOM ("Facilities") which were guaranteed by the Group and secured with 5 vessels of PTVOM. Pursuant to the Transaction, RVOS will acquire all the outstanding debts owing by PTVOM to the Lenders amounting to approximately US$30 million as at 31 May 2020 (the "Outstanding Amount") for a total consideration of not more than 50% of the Outstanding Amount. Following the Transaction, the corporate guarantee and security in relation to these debts acquired by RVOS will be assigned by the Lenders to RVOS.

The consideration was arrived at on a willing buyer, willing seller basis, taking into consideration the value of the underlying assets. The Transaction is to be funded by financing facilities of RVOS.

(ii) Proposed set-off and settlement of owings of the Group

Subsequent to financial year, the Company entered into a set-off and settlement agreement with the below controlling shareholders and/or their subsidiary corporation:

(a) SHL and Swiber Offshore Construction Pte Ltd ("SOC") for:

- (i) the set-off and settlement of part of the net owings by the Company to SHL and SOC by way of an issue of new ordinary shares of up to approximately US$15,500,000; and
- (ii) waiver by SHL in favour of the Company of balance of such net owings, subject to certain terms and conditions.

(b) Swiber Corporate Pte Ltd ("SCPL") for:

- (i) the set-off and settlement of part of the owings by the Company to SCPL by way of an issue of new ordinary shares of up to approximately US$543,000 subject certain terms and conditions.

(c) RHC for:

- (i) the set-off and settlement of part of the owings by the Company to RHC by way of an issue of new ordinary shares of approximately US$26,300,000 subject to certain terms and conditions.

The conversion price for all the above set-off and settlement is at approximately US$0.07 (S$0.09) per ordinary share.

As at date of this report, the proposed set-off and settlement agreement is still subject to shareholder approval.

48. SUBSEQUENT EVENTS (CONT'D)

(iii) Exercise of right to defer distribution for US$22,500,000 perpetual securities

With reference to the US$22,500,000 4.0 Per Cent. Senior Perpetual Securities comprised in Series No. 003, Tranche No. 001 (the "Perpetual Securities") issued pursuant to the Company's S$500,000,000 Multicurrency Debt Issuance Programme, the Company had on 6 July 2020 announced that it has exercised its rights under the terms and conditions of the Perpetual Securities to defer the payment of distribution for the Perpetual Securities which was originally due on 6 July 2020 (the "Scheduled Distribution Payment Date"), on the basis that during the 12-month period ending on the day before Scheduled Distribution Payment Date:

(a) no dividend, distribution or other payment has been paid or declared by the Company on or in respect of any of the Company's Junior Obligations; and

(b) none of the Company's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration by the Company.

in each case, other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group.

(iv) Extension of waiver letter from financial institution

Subsequent to the financial year, the Group has secured an extension of waiver on its breach of financial covenants up till 31 December 2020 from one of its financial institutions (Note 24).

(v) COVID-19

Other than the COVID-19 outbreak as disclosed in Note 2 to the financial statements, there are no subsequent significant developments which would materially affect the Group's and the Company's operating and financial performance or any adjusting events that provide evidence of conditions that existed at the end of the reporting period, as of the date of this report.

As the situation continues to evolve with a significant level of uncertainty, the Group will continue to monitor the financial impact on the Group's and the Company's financial positions and operations closely.

SHAREHOLDINGS STATISTICS

AS AT 1 SEPTEMBER 2020

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	179	5.78	7,085	0.00
100 – 1,000	601	19.42	343,368	0.06
1,001 – 10,000	1,569	50.69	6,590,955	1.18
10,001 – 1,000,000	725	23.43	45,252,809	8.09
1,000,001 and above	21	0.68	507,160,217	90.67
Total	**3,095**	**100.00**	**559,354,434**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares Held	%
1	DBS NOMINEES PTE LTD	326,721,446	58.41
2	PHILLIP SECURITIES PTE LTD	117,094,922	20.93
3	CITIBANK NOMINEES SINGAPORE PTE LTD	14,826,544	2.65
4	GU JIAN LIN	5,696,433	1.02
5	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,672,351	0.84
6	RAFFLES NOMINEES (PTE) LIMITED	4,625,053	0.83
7	TOH BOON KENG	4,232,899	0.76
8	UOB KAY HIAN PTE LTD	3,245,824	0.58
9	CHAN KWAN BIAN	3,033,338	0.54
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,810,829	0.50
11	LIM OON HOCK OR LEW MOE KIEN	2,639,566	0.47
12	CROWN SHIP LIMITED	2,569,800	0.46
13	OCBC SECURITIES PRIVATE LTD	2,550,778	0.46
14	NG CHEE KEONG	2,163,201	0.39
15	MAYBANK KIM ENG SECURITIES PTE LTD	2,124,669	0.38
16	CHERAYATH AJAY ANDREWS	1,800,000	0.32
17	TAN DAH CHING (CHEN DAQING)	1,520,000	0.27
18	LING YONG WAH	1,459,480	0.26
19	LOH GEOK CHENG	1,290,266	0.23
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,049,485	0.19
	Total	**506,126,884**	**90.49**

SHAREHOLDINGS STATISTICS

AS AT 1 SEPTEMBER 2020

Class of Shares	No. of Shares	%
ORDINARY	559,354,434	100.00
TREASURY	NIL	0.00
TOTAL ISSUED SHARES	559,354,434	100.00

VOTING RIGHTS	ON SHOW OF HANDS	:	ONE VOTE FOR EACH MEMBER
	ON A POLL	:	ONE VOTE FOR ORDINARY SHARE

SUBSTANTIAL SHAREHOLDER

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
RAWABI HOLDING COMPANY LIMITED	317,560,389	56.77	NIL	0.00
SWIBER HOLDINGS LIMITED	115,102,345	20.58	NIL	0.00
SHEIKH ABDULAZIZ ALI ALTURKI	NIL	0.00	317,560,389[(1)]	56.77

(1) By Virtue of Section 4 of the Securities and Futures Act, Cap. 289, Sheikh Abdulaziz Ali AlTurki is deemed to be interested in 317,560,389 shares held by Rawabi Holding Company Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 1 September 2020, 21.93% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has compiled with the Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be convened and held by way of electronic means on Tuesday, 29 September 2020 at 3.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Yeo Jeu Nam, a director who is retiring pursuant to Article 105 of the Company's Constitution.

   Mr. Yeo Jeu Nam, upon re-election as Director of the Company, remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company, and shall be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalist ("Rules of Catalist").

   [See Explanatory Note (a)] **(Resolution 2)**

3. To re-elect Mr. Chong Chee Keong Chris, a director who is retiring pursuant to Article 105 of the Company's Constitution.

   Mr. Chong Chee Keong Chris, upon re-election as Director of the Company, remain as an Independent Director, the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company, and shall be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalist ("Rules of Catalist").

   [See Explanatory Note (b)] **(Resolution 3)**

4. To approve payment of Directors' fees of US$202,000 for the financial year ending 31 March 2021. **(Resolution 4)**

5. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company to hold office until the conclusion of the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Nexia TS Public Accounting Corporation. **(Resolution 5)**

6. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

7. **Authority to allot and issue shares (the "Share Issue Mandate")**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Rules of Catalist, authority be and is hereby given to the Directors of the Company to:

   (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Rules of Catalist as at the date of this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with subparagraph (2) below) or any such other limit as may be prescribed by the Rules of Catalist as at the date of this Resolution is passed;

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-

   (a) new Shares arising from the conversion or exercise of convertible securities;

   (b) new Shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares;

   Adjustments for (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) all applicable requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date on which the next Annual General Meeting of the Company is required by law and the Rules of Catalist to be held, whichever is earlier.

[See Explanatory Note (c)] **(Resolution 6)**

8. **Proposed Renewal of the Share Buyback Mandate**

"That:

(1) for the purposes of the Rules of Catalist and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Rules of Catalist as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next AGM is held or required by law to be held;

(b) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate have been carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked.

(3) in this Resolution:

"**Maximum Limit**" means that number of issued shares representing ten per cent. (10%) of the total number of issued shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of shares shall be taken to be the total number of issued shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time). Any shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchase or acquisition of shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days period and the day on which the purchases are made;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory Note (d)] **(Resolution 7)**

9. **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with the Rawabi Group**

"That:

(1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Company, its subsidiaries and associated companies (the "**Group**") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix A of the Letter to Shareholders dated 14 September 2020 (the "**Letter to Shareholders**") appended to the Annual Report, with the Rawabi Group who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders (the "**Rawabi IPT Mandate**");

(2) the Rawabi IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company; and

(3) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Rawabi IPT Mandate and/or this Resolution."

[See Explanatory Note (e)] **(Resolution 8)**

BY ORDER OF THE BOARD

Chong Pei Wen (Ms)
Company Secretary
14 September 2020

Singapore

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

(a) In relation to Ordinary Resolution 2 proposed above, there is no relationship (including immediate family relationships) between Mr. Yeo Jeu Nam and the other directors, the Company or its 5% shareholders and the detailed information on Mr. Yeo Jeu Nam is set out in the sections entitled "Board Membership" in the Corporate Governance Statement and "Disclosure of Information on Directors Seeking Re-election" in the Company's 2020 Annual Report.

(b) In relation to Ordinary Resolution 3 proposed above, there is no relationship (including immediate family relationships) between Mr. Chong Chee Keong Chris and the other directors, the Company or its 5% shareholders and the detailed information on Mr. Chong Chee Keong Chris is set out in the sections entitled "Board Membership" in the Corporate Governance Statement and "Disclosure of Information on Directors Seeking Re-election" in the Company's 2020 Annual Report.

(c) The Ordinary Resolution 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next AGM, or the date by which the next AGM is required by law to held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred per cent. (100%) of the issued shares excluding treasury shares and subsidiary holdings at the time of passing of this resolution, of which up to fifty per cent. (50%) may be issued other than on a pro-rata basis to shareholders.

(d) The Ordinary Resolution 7 above, if passed, renews the Share Buyback Mandate and will authorise the Directors of the Company from the date of the above Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase up to ten per cent. (10%) of the total number of issued shares in the capital of the Company. Please refer to the Letter to Shareholders dated 14 September 2020 appended to the Annual Report for details.

(e) The Ordinary Resolution 8 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Rawabi Group as defined in Chapter 9 of the Rules of Catalist.

NOTES:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM (the "Notice") will not be sent to members. Instead, this Notice will be sent to members by electronic means via an announcement on the SGX website at the URL https://www.sgx.com/securities/company-announcements and may be accessed at the Company's website at the URL http://www.vallianzholdings.com/newsroom.html

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM are set out in the Company's announcement dated 14 September 2020 entitled "Annual General Meeting" which has been uploaded together with this Notice of AGM on SGXNet on the same day. This announcement may also be accessed at the URL http://www.vallianzholdings.com/newsroom.html.

In particular, the AGM will be held by way of electronic means and a member will be able to watch or listen to the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers. In order to do so, a member who wishes to watch or listen to the "live" webcast must pre-register by 3.00 p.m. on 26 September 2020, at the URL sg.conveneagm.com/vallianz_agm2020. Following authentication of his/her/its status as members, authenticated members will receive an email notification, and would be able to access the webcast of the proceedings of the AGM using the account credentials created upon completion of registration.

A member who pre-registers to watch or listen to the "live" webcast may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted at the URL sg.conveneagm.com/vallianz_agm2020 by 3.00 p.m. on 24 September 2020.

3. Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.

4. The Chairman of the meeting, as proxy, need not be a member of the Company.

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

6. The instrument appointing the Chairman of the meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be received via the following means:

   (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) electronic mail to sg.is.proxy@sg.tricorglobal.com;

   not later than 48 hours before the time set for the AGM, which is by 3.00 p.m. on 27 September 2020.

   In view of the current COVID-19 situation and the related precautionary measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms via electronic mail.

7. The Annual Report 2020 may be accessed at the Company's website at the URL http://www.vallianzholdings.com/newsroom.html and on the SGX website at the URL https://www.sgx.com/securities/annual-reports-related-documents.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).

9. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 September 2020 ("**AGM**") (collectively, the "**Directors**" and each a "**Director**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Mr. Yeo Jeu Nam	**Mr. Chong Chee Keong Chris**
Date of Appointment	21 August 2008	28 February 2018
Date of last re-appointment	26 July 2018	26 July 2018
Age	70	51
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Yeo as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Chong as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee.	Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee.
Professional qualifications	1. Bachelor of Arts, National University of Singapore 2. Bachelor of Social Sciences, National University of Singapore	Bachelor of Laws, National University of Singapore

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Yeo Jeu Nam	Mr. Chong Chee Keong Chris
Working experience and occupation(s) during the past 10 years	2002 to December 2019 Managing Director of Radiance Consulting Pte. Ltd. 29 September 2006 to 3 April 2017 Lead Independent Non-Executive Director of Swiber Holdings Limited (Judicial Managers appointed) 21 August 2008 to present – Non-Executive Independent Director of Vallianz Holdings Limited 1 November 2010 to present Frencken Group Limited	2 Jan 1999 to present Partner of Singapore Law Practice Chris Chong & CT Ho LLP 6 July 2013 to present Raintr33 Hotel Pte. Ltd. 1 November 2012 to present Montsierra Properties Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	336,666 ordinary shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments (Including Directorships)		
Past (for the last 5 years)	Swiber Holdings Limited (Judicial Managers appointed) Radiance Consulting Pte Ltd	Nil
Present	Vallianz Holdings Limited Frencken Group Limited	Vallianz Holdings Limited Raintr33 Hotel Pte. Ltd. Montsierra Investments Pte. Ltd. Montsierra Properties Pte. Ltd.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Yeo Jeu Nam	Mr. Chong Chee Keong Chris

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

		Mr. Yeo Jeu Nam	Mr. Chong Chee Keong Chris
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. There was a petition filed for the winding up of Swiber Holdings Limited of which Mr. Yeo Jeu Nam is a director in 2016. The Petition was withdrawn and Swiber Holdings Limited was placed under judicial management instead shortly after the filing of the Petition.	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Yeo Jeu Nam	Mr. Chong Chee Keong Chris
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulator requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years ,judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Yeo Jeu Nam	Mr. Chong Chee Keong Chris
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	There was an investigation by the Commercial Affairs Department on Mr. Yeo Jeu Nam in relation to Swiber Holdings Limited in 2016 in relation to alleged infringements under Section 199 of the Securities and Futures Act. Investigations are still ongoing.	No.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Yeo Jeu Nam	Mr. Chong Chee Keong Chris
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, as this relates to the re-election of Mr. Yeo Jeu Nam as a director of the Company.	Not applicable, as this relates to the re-election of Mr. Chong Chee Keong Chris as a director of the Company.

VALLIANZ HOLDINGS LIMITED
(Company Registration No. 199206945E)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, it will be sent to members by electronic means via announcement on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 14 September 2020 entitled "Annual General Meeting" which has been uploaded together with this Notice of Annual General Meeting on SGXNet on the same day. The aforesaid announcement may also be accessed at the URL http://www.vallianzholdings.com/newsroom.html.
3. **Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the Annual General Meeting in person.** If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
6. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 September 2020.

*I/We ______________________________ (Name) *NRIC/Passport No. ____________________

of ____

being *a member/members of **VALLIANZ HOLDINGS LIMITED** (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held by way of electronic means on 29 September 2020 at 3.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of Audited Financial Statements for the financial year ended 31 March 2020 together with the Directors' Statement and Independent Auditor's Report thereon.			
2.	Re-election of Director pursuant to Article 105. – Mr. Yeo Jeu Nam			
3.	Re-election of Director pursuant to Article 105. – Mr. Chong Chee Keong Chris			
4.	Approval of the payment of Directors' fees of US$202,000 for the financial year ending 31 March 2021.			
5.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration.			
6.	Authority to allot and issue shares pursuant to the Share Issue Mandate.			
7.	Renewal of Share Buyback Mandate.			
8.	Renewal of Shareholders' Mandate for Interested Person Transactions with Rawabi Group.			

Note:

* Please delete accordingly

Dated this ______________ day of September 2020.

Total No. of Shares held	No. of Shares
In CDP Register	
In Register of Members	

____
* Signature(s) of Member(s)/ Common Seal of Corporate shareholder

IMPORTANT: Please read notes overleaf

1st fold here

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. **Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person.** If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. This Proxy Form is not valid for use by members who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)), including CPFIS members and/or SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such members (including CPFIS members and/or SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. **CPFIS members and SRS investors should approach their respective CPF and/or SRS Approved Nominees at least seven working days before the AGM to specify voting instructions.**

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

2nd fold here

AFFIX
STAMP

The Company Secretary
VALLIANZ HOLDINGS LIMITED
C/O Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02
Singapore 068898

3rd fold here

6. The instrument appointing proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be submitted to the Company via either the following means:

   (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) electronic mail to sg.is.proxy@sg.tricorglobal.com;

   by no later than 3.00 p.m. on 27 September 2020, and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related precautionary measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms via electronic mail.

7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy.

8. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 September 2020.

Fold this flap for sealing

Vallianz Holdings Limited
Company Registration No. 199206945E

3A International Business Park
#01-13 Icon@IBP Singapore 609935
Tel: (65) 6911 6200
Fax: (65) 6659 1292

www.vallianzholdings.com