VALLIANZ

Annual report 2022

# Engineered for the future

Engineered for transformation

# Our Values

## Inspiring trust

**Constructing solid partnerships of collaboration**

## Systematic vigour

**Every meticulous detail grounded in executional excellence**

## Adaptive solutions

**Meeting evolving challenges with dynamic solutions**

# Contents




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## We Are Vallianz

# Engineered for transformation

Vallianz Holdings Limited ("Vallianz" and together with its subsidiaries, the "Group") is well-established provider of offshore support vessels ("OSVs") and integrated offshore marine solutions to serve the needs of the global energy industry.

For close to 30 years, the Group has answered the needs of the global energy industry through well-implemented integrated offshore marine solutions with a progressive yet pragmatic vision, and a team of highly motivated industry experts working in close collaboration with every customer.

We are a publicly listed enterprise registered in Singapore with an international footprint, spanning markets across the Middle East, Asia Pacific and Gulf of Mexico. To provide adaptive solutions in an environment of rapidly evolving needs, Vallianz has a fleet of 10 OSVs which comprise anchor handling tugs with supply capabilities, platform supply vessels, submersible launch barges, flat top cargo barges, and towing tugs.

The Group also owns a shipyard in Batam, Indonesia, which serves as a marine base for vessel docking, repairs and maintenance works. Our shipyard possesses strong in-house fabrication and engineering capabilities such as shipbuilding and fabrication works, which are part of the downstream services that are fully dedicated to support our subsidiaries, partners and customers. This further enhances our value proposition by broadening the spectrum of our marine services and takes us closer to our core focus on delivering operational and service excellence.

# Core Business

## Specialised Offshore Support

Vallianz currently owns and operates 10 OSVs, which are available for charter to fulfil the growing demand of the global offshore energy market. The Group's vessels are deployed for offshore projects in the Middle East, Asia Pacific and Gulf of Mexico. To enhance our market competitiveness, we are focused on forging trusting partnerships with our customers, instilling systematic vigour to deliver executional excellence, and creating adaptive solutions to respond to our customers' evolving needs. The Group is continually assessing plans to expand our range of vessels and modernise our fleet to the latest standards.

## Heavy Transport Vessels

The Group owns and operates a fleet of Semi-Submersible Heavy Transportation barges under its Holmen Division, with overall length ranging from 140-160 metres. These unique barges are capable of performing a wide range of offshore operations, including topside installation using the float-over method, jacket launches, submersible heavy lift, and transport of floating cargo. The multi-functional architecture of the barges makes it simple and quick to configure for any unique project requirement, allowing for rapid mobilization and deployment.

## Shipbuilding, Engineering & Fabrication

The Group's subsidiary, PT. United Sindo Perkasa, operates a shipyard located in the Kabil Industry Zone of Batam, Indonesia, which provides full end to end solutions for all aspects of shipbuilding, ship conversions and ship repairs, with vessels ranging from OSVs like Anchor Handling Tug Boats ("AHTS") and Multi-Purpose Support Vessels ("MPSV") to Research Vessels and even Offshore Floating Fish Farms. The shipyard is supported by a specialised in-house engineering division which allows the Group to provide turnkey engineering solutions and services to our clients. Leveraging on our expertise in shipbuilding and engineering, we provide fabrication services for offshore and onshore structures such as pipe and pipe spool fabrication and installation as well as structure steel fabrication for our customers in the marine and renewable sectors.

## Marine Technology

Vallianz believes that in this ever-changing marine climate, vessel digitalisation and alternative marine technology are the pillars of a sustainable marine future. As such, the Group works with our customers and partners to provide advanced solutions such as marine electrification using battery systems, alternative fuel and green design turnkey engineering solutions, as well as vessel digitalisation using digital remote monitoring systems.

## Renewables & Sustainable Energy

Vallianz supports decarbonization by embracing industry-leading advancements within our existing business lines and infrastructure to work positively for more efficient, reliable, and sustainable operations. We are aligned with various progressive energy and solution partners to bring about a sustainable future.

Vallianz has embarked on harnessing the power of renewables to support our energy transformation journey through the alignment with various portfolios in the wind and alternative energy sectors, designing our vessels with zero-emission or net-zero emission capabilities in mind, through the incorporation of battery solutions and alternative fuels integration.

Vallianz is also broadening our services in offshore renewables by the provision of Service Operations Vessels ("SOV"), Crew Transfer Vessels ("CTV"), DP2 Heavy Transport Vessels ("HTV") and fabrication of offshore wind structures such as monopiles and jackets.

# Corporate Structure

- **VALLIANZ HOLDINGS LIMITED**
  - Vallianz International Pte Ltd — 100%
    - Newcruz International Pte Ltd — 100%
      - Newcruz Shipbuilding & Engineering Pte Ltd — 100%
    - PTSB Holdings Pte Ltd — 100%
    - Vallianz Offshore Capital Mexico, A. De C.V. SOFOM, E.N.R. — 100%
    - RI Capital Holdings Pte Ltd — 100%
    - Hamilton Offshore Services Pte Ltd — 100%
    - OER Holdings Pte Ltd — 100%
      - Jubilee Travel Pte Ltd — 100%
      - OER Services Pte Ltd — 100%
      - OER Services Ltd — 100%
    - Holmen Heavylift Offshore Pte Ltd — 75%
      - Holmen Arctic Pte Ltd — 100%
      - Holmen Atlantic Pte Ltd — 100%
      - Holmen Pacific LLC — 100%
    - Samson Engineering Limited — 100%
    - Vallianz Marine Pte Ltd — 100%
    - Samson Marine Pte Ltd — 100%
    - Vallianz Offshore Marine Pte Ltd — 100%
    - Vallianz Shipbuilding & Engineering Pte Ltd — 100%
      - Jetlee Shipbuilding & Engineering Pte Ltd — 100%
        - PT United Sindo Perkasa — 95.2%%
      - PT United Sindo Perkasa — 0.01%
    - Deepsea Leader Venture (L) Inc — 49%
      - MDSV 1 (L) Inc — 100%
      - OLV offshore services (M) sdn bhd — 100%
  - Vallianz Capital Ltd — 100%
  - Vallianz Corporate Services Pte Ltd — 100%
  - Resolute Pte Ltd — 51%
  - Vallianz Marine Mexico, S.A. De C.V — 49%
  - Vallianz Investment Capital Pte Ltd — 100%
    - Rawabi Vallianz International Company Limited (In Liquidation) — 50%
    - Rawabi Vallianz Offshore Services Company — 19.8%

Geographical Presence

# Serving major energy and national oil companies worldwide.

From our headquarters in Singapore, Vallianz has developed local presence in key geographical markets to provide fast, effective support and adaptive solutions to our customers to better capture business opportunities in the global energy industry.

Today, the Group's market presence extends into the Middle East, Asia Pacific and Gulf of Mexico. We have established offices in Singapore, Mexico, Taiwan and Indonesia.

# Chairman's Message

**"To build long-term sustainability, we are revitalising our core businesses in vessel ownership and chartering as well as fabrication and shipyard services to expand market share and tap into the transformation of the energy industry."**

**Mr. Osman Ibrahim**
**Non-Executive Chairman**

**Dear Shareholders,**

It is my pleasure to deliver my inaugural message to you as the Chairman of Vallianz following my appointment in December 2021. On behalf of the Board of Directors, I will be presenting the Group's financial performance and corporate developments for the 12 months ended 31 March 2022 ("**FY2022**"), as well as sharing with you our business strategy.

After enduring a difficult time in the past few years due to the prolonged and debilitating effects of the Covid-19 pandemic on the economy, businesses worldwide finally saw light at the end of the tunnel in early 2022. Many countries began reopening their economies, paving the way for a more sustainable economic recovery.

This is welcome news for companies operating in the global energy industry. The rising level of economic activity has resulted in increased demand for oil and gas which in turn, had a positive impact on the industry - from the oil majors and national oil companies down to their vast and intricate network of suppliers which includes companies like Vallianz which operates in the offshore support vessel market.

## Engineered for the future

The recovery of the macro business conditions presents a favourable environment as we navigate Vallianz towards a new future in the global energy industry. Over the past year, the Group has taken strategic steps to realign and refocus our core strengths and businesses to engineer a stronger foundation for the future.

To build long-term sustainability, we are revitalising our core businesses in vessel ownership and chartering as well as fabrication and shipyard services to expand market share and tap into the transformation of the energy industry. To be sure, we are steering Vallianz's strategic course towards renewable energy, decarbonisation and digitalisation in the offshore and marine sector.

The Group is in the process of extending its experience from the conventional offshore energy sector to the burgeoning renewable power industry. Vallianz has already begun forming alliances to build its presence in the offshore wind market which is expected to continue on an upward trajectory.

As decarbonisation picks up pace in the marine industry, the demand for energy-efficient vessels is poised for growth. With our sights set on capturing opportunities in this segment, the Group has also established strategic partnerships that will provide us with a springboard to enter the market for electric, energy-efficient, and zero / low carbon emissions vessels. At the same time, we recognise the need to accelerate digitalisation and advance our marine technologies in the Group's core businesses to deliver cutting-edge solutions and be ahead of competition.

On the Group's strategic roadmap, we are also looking to increase our market penetration in the Asia Pacific shipbuilding market, particularly in Taiwan.

To enhance our current business and propel the Group towards emerging trends and thriving prospects in the global energy and marine markets, we are continually strengthening our assets, capabilities and operations. Although some of our initiatives, especially newbuilding projects, will require time for development and implementation, we are confident that our progressive approach will enable Vallianz to be engineered for the future.

## Financial performance for FY2022

In the previous financial year of FY2021, the Group de-consolidated the financial results of Rawabi Vallianz Offshore Services Limited ("**RVOS**"), which is a company incorporated in the Kingdom of Saudi Arabia, with effect from 1 October 2020. The reasons for the de-consolidation of RVOS were set out in the Company's announcement dated 30 May 2022 on the unaudited financial statements of the Group for FY2022.

In FY2022, the Group recorded revenue of approximately US$64.2 million, which was a decrease of 28% from US$88.6 million in FY2021. The lower topline performance was due mainly to a reduction in revenue contribution from the Group's vessel chartering segment as a result of the de-consolidation of RVOS. However, this was partially offset by an increase in chartering income from the Group's vessel fleet in Singapore as well as higher revenue contribution from our shipyard and vessel management services segment.

At the bottomline, the Group significantly narrowed the loss attributable to owners of the Company to US$2.4 million in FY2022 when compared to the loss of US$23.0 million registered in FY2021.

# Chairman's Message

## Global energy outlook

With increased global demand amid a tight supply situation, oil prices have risen to settle around the US$100 per barrel mark since March 2022. In its Monthly Oil Market Report for May 2022, the Organization of Petroleum Exporting Countries ("OPEC") has forecasted world oil demand to average higher at 100.3 million barrels per day ("bpd") in 2022 compared to its estimate of 96.9 million bpd in 2021. This was after OPEC already lowered its forecast of world oil demand in 2022 to take into account potential declines in the global gross domestic product, as well as the resurgence of the Omicron variant in China and its impact on global oil demand.

The uptrend in oil prices has seen the offshore oil and gas markets staging a steady recovery. With sustainability and environmental factors driving the energy industry to transit towards sources of renewable energy, this led to a beneficial impact on the offshore wind market. Although it presently forms a small percentage of the current global energy supply, the offshore wind segment has been witnessing exciting developments and drawing record investments.

According to Clarkson Research's energy transition modelling ("Clarkson"), the global offshore wind market could grow to between 6% and 9% of total global energy supply by 2050 compared to 0.3% at the end of 2021. Clarkson expects this segment to grow strongly for the remainder of this decade and forecasts it to reach 712 farms with generating capacity of 235 gigawatts (GW) by 2030, compared to the 250 farms with generating capacity of 50.5 GW presently. McKinsey & Company ("McKinsey") expects the Asia Pacific region to show the greatest long term growth potential and surpass the markets in Europe, Middle East and Africa. McKinsey projects the offshore wind market in Asia Pacific to grow 12% to 16% annually to reach generating capacity of 410 GW by 2050.

The rise in oil prices also lifted demand for OSVs during 2021 although a persistent oversupply situation continued to exert pressure on vessel day rates. According to market research firm Research and Markets, the global OSV market reached a value of US$41.1 billion in 2021 and is expected to rise at a compound annual growth rate of 4% from 2022 to 2027 to reach US$52.1 billion.

While the outlook for the industry is looking brighter, the Group is taking a cautious view of its prospects for the new financial year of FY2023. The global economy remains shrouded by a host of risks that could potentially derail growth in 2022, ranging from the Russia-Ukraine war, supply chain disruptions, rising inflationary pressures and interest rates recessionary flaws, to the global resurgence of the COVID-19 virus.

In April 2022, the International Monetary Fund ("IMF") cut its global economic growth forecast for the second time this year to 3.6% for both 2022 and 2023. The IMF warned that inflation has now become a "clear and present danger" for many countries. It said the Russia-Ukraine war is expected to lead to further inflationary pressure while other risks to the outlook include a sharper-than-expected deceleration in China's economy prompted by a flare-up of pandemic related lockdowns.

## Group strategy and plans

Although the external environment is still unpredictable, the Group remains steadfast and focused on realising our aspiration to engineer a sturdier platform for long term growth. In line with our strategy to sharpen and elevate our core businesses to ride the wave of opportunities from the global energy transformation, Vallianz now offers integrated solutions across five core pillars – *offshore support vessel chartering, specialised heavy transport, shipyard and engineering, marine technology, and renewable energy*.

The Group's OSV chartering and specialised heavy transport businesses have benefited from the nascent recovery and increased activities in the global offshore market. In tandem with the improving operating environment, the Group is experiencing a higher level of inquiries from customers for its vessels which provide critical support to customers in the conventional and renewable energy sectors.

The Group has also been making successful inroads to develop its shipyard and engineering business into a new growth pillar. Its shipyard in Batam, Indonesia possesses strong in-house fabrication and engineering capabilities to carry out a wide range of services such as shipbuilding, fabrication works and ship repair, among others. These capabilities enable the shipyard to provide full end-to-end solutions for all aspects of shipbuilding, ship conversions and ship repairs, for vessels ranging from Offshore Support Vessels to Research Vessels and Offshore Floating Fish Farms.

During FY2022, the Group's shipyard continued to strengthen its customer portfolio by clinching new contracts for fabrication projects and vessel construction. In particular, Vallianz has been making inroads into the Taiwan shipbuilding market. In August 2021, it secured a newbuilding contract to construct a tugboat for TIPC Marine Corporation Ltd which is a Taiwan state-owned company. A few months later in October 2021, the Group clinched contracts to design and construct three research vessels for the Fisheries Research Institute of Taiwan.

In addition, the Group has cemented strategic partnerships with leading companies in the global marine industry which will advance its marine technology and engineering expertise, as well as strengthen its profile in new market segments. In February 2022, the Group formed a strategic alliance with SeaTech Solutions International Pte Ltd, Shift Clean Energy and the American Bureau of Shipping to construct an all-electric, zero carbon emissions harbour tug which will be the first of its kind in the Asia Pacific region.

The Group is also aiming to capitalise on the potential of the offshore wind power market in Asia. In March 2022, the Group formed a collaboration with Royal IHC to design and build a next-generation Service Operation Vessel that would support the operations and maintenance of offshore wind farms. Following closely on the heels of this project, the Group also entered into another partnership with Ulstein Design & Solutions B.V., Shift Clean Energy and Bureau Veritas in June 2022 to develop a heavy transport vessel ("HTV") that will be the first of its kind in the global offshore wind industry. Designed for worldwide operations, the HTV will be deployed for transportation of monopiles, jackets, transition pieces and turbine blades to support offshore wind farm projects, as well as heavy structure modules for LNG and carry out floatover operations of offshore structures.

In addition to vessel newbuilds, Vallianz will also be looking for other opportunities to ride on the growing offshore wind market. The Group intends to seek joint-ventures and partnerships to provide and operate specialised OSVs that support the development and operations of offshore wind farms.

## Appreciation

On behalf of the Board, I would like to express our appreciation to our ex-Chairman Sheik Abdulaziz Ali AlTurki for his guidance and contributions. We wish to extend our gratitude to our valued shareholders, customers, suppliers, business partners and associates for their continued trust and support of Vallianz. I also wish to thank my fellow Directors for their counsel and contributions. Last but not least, we would like to express our heartfelt appreciation to our management and staff who have helped the Group to overcome challenges and widen our horizons with their hard work, dedication and contributions.

**Osman Ibrahim**
**Non-Executive Chairman**

# Financial Review and Strategic Direction

## Financial Review

During FY2021, the Group deconsolidated the financial results of RVOS with effect from 1 October 2020. The reasons for the deconsolidation were set out in the Company's announcement dated 30 May 2022 in relation to the unaudited financial statements of the Group for FY2022.

As a result, RVOS was accounted for and its results consolidated as a wholly-owned subsidiary in the first half of FY2021. In the second half of FY2021, RVOS' results were equity accounted for as an "Investment in Associate". Specifically, the results of RVOS were equity accounted on the basis of the Group having full economic interest in RVOS for the third quarter of FY2021. In the last quarter of FY2021, the results of RVOS were equity accounted on the basis of the Group having 40.7% interest in RVOS.

In comparison, for the first nine months of FY2022, the results of RVOS were equity accounted on the basis of the Group having 40.7% interest in RVOS. In the last quarter of FY2022, the Group accounted for RVOS as a financial asset at fair value through other comprehensive income ("FVTOCI") under non-current assets. This accounting treatment commenced from 1 January 2022 following the Group's disposal of a 20.93% stake in RVOS to Rawabi Energy Company. Subsequent to this disposal, the Group holds a 19.77% stake in RVOS.

## Consolidated Statement of Profit or Loss

In FY2022, the Group recorded revenue of US$64.2 million, down 28% from US$88.6 million in FY2021, due mainly to the deconsolidation of RVOS.

Excluding the revenue contribution from RVOS in FY2021, the Group's revenue would have increased by approximately 109% year-on-year in FY2022. This was driven by the vessel chartering segment which registered a 95% increase in revenue to US$31.4 million in FY2022 from the Group's Singapore fleet, compared to US$16.1 million in FY2021. Revenue from the shipyard and vessel management services segment also grew to US$32.8 million in FY2022 from US$14.6 million in FY2021. This was in tandem with higher revenue recognition of projects secured by our shipyard in Batam, Indonesia during FY2021.

As a result, the vessel chartering segment contributed approximately 49% to the Group revenue in FY2022, with the remaining 51% from the provision of shipyard and vessel management services segment. In FY2021, the vessel chartering segment accounted for 81% of Group revenue as it included revenue from RVOS. Excluding RVOS' revenue contribution in FY2021, the vessel chartering segment and shipyard and vessel management services segment would have accounted for around 52% and 48% of total revenue respectively in FY2021.

In FY2022, the Group registered a gross loss of US$4.5 million in FY2022 as compared to a gross profit of US$2.3 million in FY2021, due mainly to the deconsolidation of RVOS. If contribution from RVOS was excluded, the Group would have incurred a gross loss of US$8.8 million in FY2021.

The vessel chartering segment recorded a negative gross profit margin of 7% in FY2022 as compared to a negative gross profit margin of 65% in FY2021 after excluding the contribution from RVOS, due mainly to higher utilisation rate and/or higher average daily charter rates for our vessel fleet in Singapore in FY2022.

The shipyard and vessel management services segment registered a negative gross profit margin of 7% in FY2022 compared to negative 0.1% in FY2021, due mainly to the competitive pricing of projects secured previously when the shipbuilding market was weak, coupled with slight cost overruns.

Net other income in FY2022 increased significantly to US$6.3 million in FY2022 from US$0.9 million in FY2021 due mainly to the gain on disposal of the Group's 20.93% stake in RVOS.

Administrative expenses in FY2022 decreased to US$7.4 million from US$10.4 million in FY2021, attributed mainly to the deconsolidation of RVOS' financial results. Excluding RVOS, administrative expenses in FY2021 would have been US$7.3 million.

Finance costs fell to US$6.1 million in FY2022 from US$17.5 million in FY2021 due mainly to the deconsolidation of RVOS' financial results, lower interest incurred on shareholder's advances due to lower outstanding amount owing to Rawabi Holding Company and lower interest rates on vessel loans.

The Group recorded a gain of US$8.0 million from its share of results of associate in FY2022, attributable to RVOS. As RVOS has ceased to be an associate of the Group from 1 January 2022, the Group had accounted RVOS as a financial asset at FVTOCI under non-current assets in the last quarter of FY2022.

As a result of the above factors and the absence of an exceptional item of US$8.5 incurred in FY2021 (due mainly to a one-off compensation paid to a vendor for debts incurred since 2016), the Group narrowed its net loss attributable to owners of the Company considerably to US$2.4 million in FY2022 as compared to US$23.0 million in FY2021.

## Statement of Financial Position

As at 31 March 2022, trade receivables increased to US$9.5 million from US$7.4 million as at 31 March 2021. This was in line with the increased chartering revenue from the Group's Singapore fleet and higher revenue from the shipyard and vessel management services segment in FY2022. Other receivables as at 31 March 2021 climbed to US$35.4 million from US$10.1 million as at 31 March 2021, attributed mainly to an increase in down-payments made to third-party suppliers for the construction of new vessels.

Property, plant and equipment declined marginally to US$67.0 million as at 31 March 2022 from US$68.2 million as at 31 March 2021, due mainly to depreciation expenses of US$5.8 million, offset partially by additions of US$4.6 million.

As a result of the reclassification of RVOS from investment in associate to financial assets at FVTOCI, the Group recorded financial assets at FVTOCI (non-current) of US$60.9 million as at 31 March 2022.

The total current and non-current term loans, which comprised largely of bank borrowings for vessels, decreased to US$123.6 million as at 31 March 2022 from US$175.2 million as at 31 March 2021. This was due mainly to the conversion of US$50 million of these term loans to convertible bonds following the completion of the Group's debt-restructuring exercise with its lenders during FY2022. The US$50 million convertible bonds are recorded US$43.8 million under non-current liabilities and US$6.7 million under capital and reserves in accordance with the accounting standard SFRS(I) 1-32. Further details of the debt restructuring exercise and the convertible bonds are set out in the Company's circular to shareholders dated 7 June 2021.

The Group's trade payables decreased to US$20.7 million as at 31 March 2022 from US$36.6 million as at 31 March 2021, due mainly to advance payment received by the Company for project management services of US$12.1 million, and accrual of interest of US$3.7 million in relation to shareholder's advances during FY2022.

## Consolidated Statement of Cash Flows

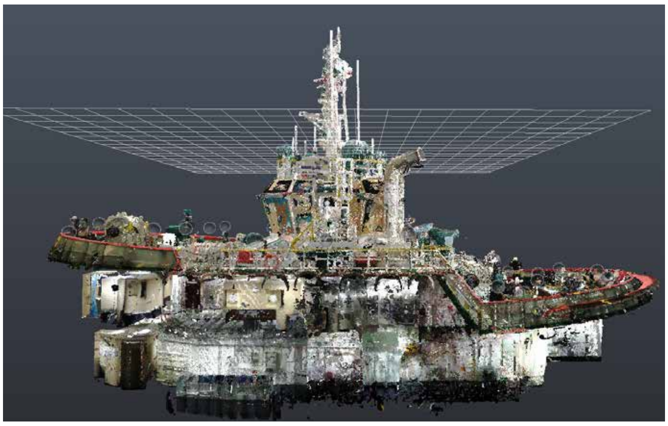
In FY2022, net cash used in operating activities was US$3.2 million, net cash generated from investing activities was US$2.5 million and net cash generated from financing activities was US$0.8 million.

As a result, the Group's cash and cash equivalents as at 31 March 2022 remained largely unchanged at US$6.8 million compared to US$6.7 million as at 31 March 2021.

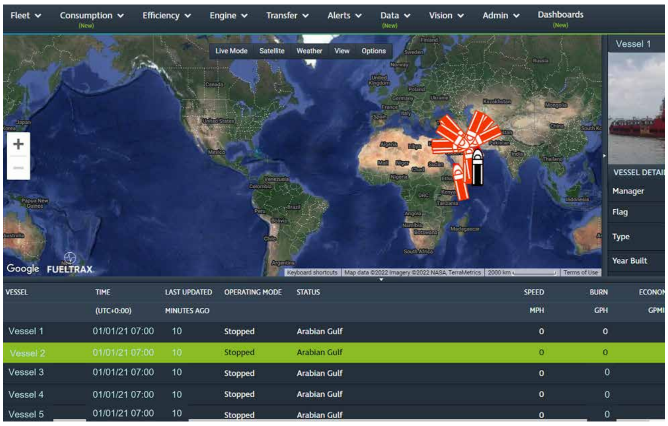
# Developments in Energy Transitions

1) **Development of E-VOLT Electric Tug**
   a. 60-80T bollard pull Fully electric harbour tug.
   b. Signing of MOU with Seatech, ABS and SHIFT done in February 2022.
   c. Steel cutting done on February 2022.

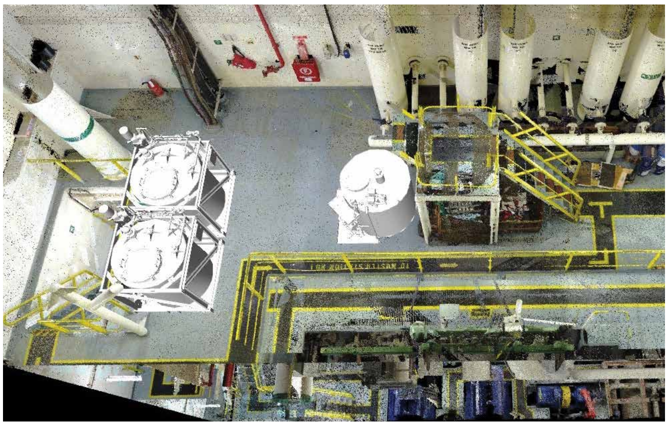
3) **Operations Hub (Digitalization) – Remote monitoring of vessel's key equipment through sensors by data consolidation and monitoring through a central system, using analytics to optimize the vessels' efficiency.**



2) **Digital Twinning (Digitalization) - Vessel walkthrough using 3D scanning technology to produce a 3D digital twin model for technical/operational support, and also marketing purposes. Links and embedded documents on key components in the 3D model allow viewers to navigate and monitor the important components of the vessel.**




4) **Remote Fuel Oil and Bunker Monitoring - Outfitting vessels with FuelTrax's Electronic Fuel Management System (EFMS) to ensure accurate fuel usage transparency and emissions tracking, to enable better fuel consumption and OPEX savings.**



5) **Ballast Water Treatment System (BWTS) - Outfitting of Scienco/FAST's InTank's BWTS ongoing on the Holmen Semi-Submersible fleet for treatment of Ballast Water before discharge to sea. Outfitting of similar BWTS systems to other sea-going vessels with worldwide operations in compliance with IMO standards.**

6) **Development of Service Operation Vessel (SOV) for windfarms**
   a. Collaboration with Royal IHC on the design and construction of a next generation SOV to support the operations and maintenance of offshore windfarms.
   b. Designed to meet the evolving needs of the offshore windfarms.
   c. SOV designed to be ready for net zero emission operations from battery storage system and alternative fuel engines.

7) **Development of Heavy Transport Vessel for the windfarm sector with Ulstein**
   a. Engagement of Ulstein Design and Solutions for the design of the DP2 Heavy Transport Vessel, with zero emission capability.
   b. Equipped with battery storage system and ammonia dual-fuelled engines.
   c. Large deck area and huge deadweight at a draft allowing entry to most world-wide ports.

# Vallianz Fleet

Vallianz Commander

Vallianz Steadfast

Vallianz Premier

Vallianz Prelude


Vallianz Supreme

Rawabi 18

Holmen Atlantic

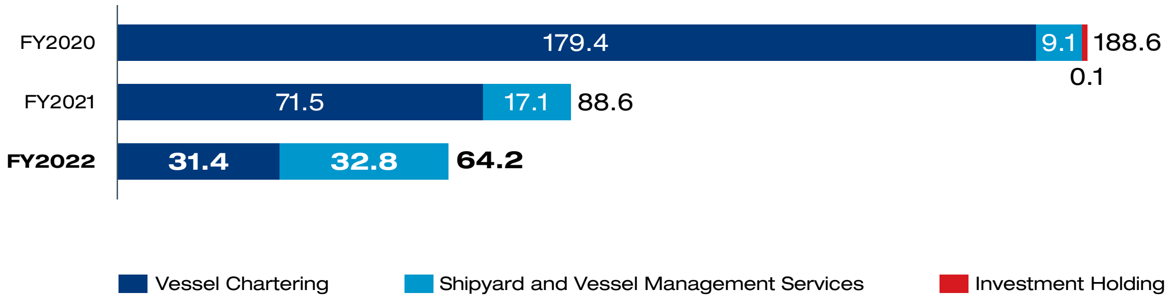
Holmen Pacific

Vallianz 331

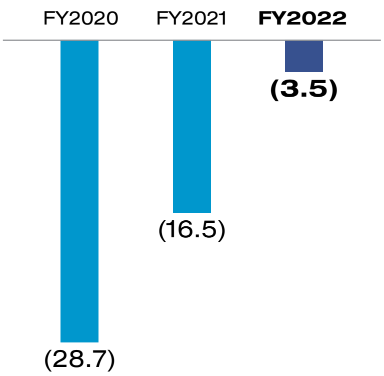

USP-10

# Financial Highlights

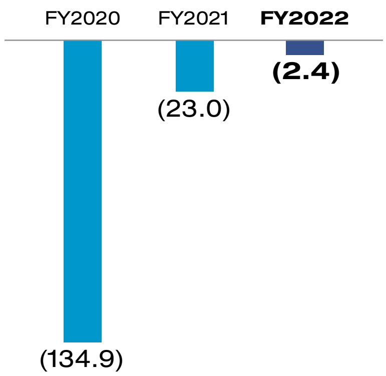
## Revenue
(US$ Million)



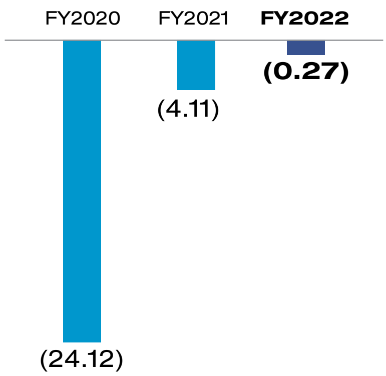

## Operating Profit / (Loss) Before Tax And Exceptional Expenses
(US$ Million)



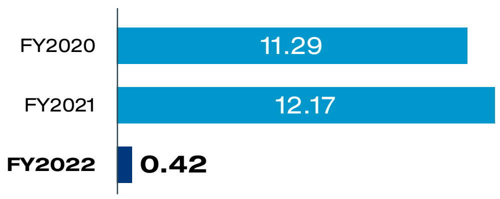

## Net Profit / (Loss)Attributable To Owners Of The Company
(US$ Million)



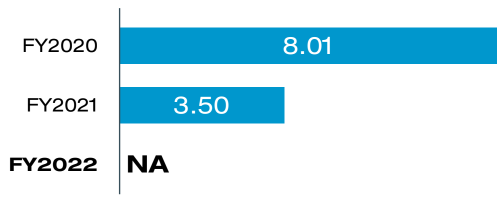

## Earnings / (Loss) Per Share
(US Cents)




## Net Asset Value Per Share
(US Cents)




## Net Gearing Ratio
(Times)



# Board of Directors

**Mr. Osman Ibrahim**
**Non-Executive Chairman**

Mr. Osman Ibrahim was appointed to the Vallianz Board in December 2021 to replace Sheik Adbulaziz Ali AlTurki as the Non-Executive Chairman of Vallianz. Mr. Ibrahim joined Rawabi Holding Company Limited ("RHC") in 1989 and has been the Group President & CEO of RHC since January 2009. During his impressive tenure at the RHC Group, Mr. Ibrahim has held several important positions including Group Vice President Finance and Administration and Group Executive Vice President. He plays a vital role in leading RHC's strategic development and expansion of its operations. Prior to joining RHC, Mr. Ibrahim headed the Mergers and Acquisition Department in a consulting firm in Egypt.

Mr. Ibrahim is an Executive Board Member at RHC's Board of Directors and heads the board's Investment Committee. He is the Chairman of United Safety Ltd. Canada, Rawabi Archer, Rawabi CETCO, Rawabi Pason and Rawabi Geolog. He is the Vice Chairman of the Board at Egypt-based Magnom Saudi Properties, and a Director at the Boards of Redland Industrial Services (Arabia) Limited ("**RISAL**") and Gabas Albilad Holding Co. Ltd.

Mr. Ibrahim sits on the Board of all RHC's affiliate companies and joint ventures including Rawabi United Safety Services, Rawabi Vallianz Offshore Services Co. Ltd. and Rawabi BUTEC.

Mr. Ibrahim has a background in Finance, Law, COBOL programming management and Strategic Planning. He holds a Bachelor of Science in Accounting and a Master's in Finance. He has attended several executive programs in prestigious universities such as IMD and INSEAD.

**Mr. Darren Yeo Chee Neng**
**Executive Vice Chairman**

Mr. Darren Yeo Chee Neng 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 26 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.

# Board of Directors

**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 drives 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 Vallianz Board 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 a Dutch Investment Fund for seagoing vessels (NBZ), NNPC (P&I Club), Qua Wonen Building Society Krimpenerwaad 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.

# Board of Directors

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

Mr. Chong Chee Keong joined the Vallianz Board in February 2018. Mr. Chong has been in private practice as a lawyer 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 has sat on the board of public companies listed on the Singapore Exchange as an independant director and advises banks and companies on asset & trade financing and securitisation matters and is especially active in advising on cross-border investment projects.

**Mr. Poon Siew Loong**
**Non-Executive Independent Director**

Mr. Poon Siew Loong joined the Vallianz Board in July 2021. Mr. Poon is the Associate Director of Kimen Pte Ltd. He was in the Keppel Group where he worked in the investment department of various subsidiaries from telecommunications and transportation to real estate over a period of eleven years. He subsequently joined Ascendas Pte Ltd as a Vice-President where he raised three real estate investment funds and invested in commercial and industrial real estate in China.

He holds a Bachelor of Accountancy degree from the National University of Singapore and a Graduate Diploma in Marketing (Gold Medal) from the Marketing Institute of Singapore. Mr. Poon is also a CFA charterholder.

Mr. Poon had stepped down as Non-Executive Independent Director of the Company on 27 June 2022.

# Corporate Social Responsibility

## Care Corner Singapore

2022 marks the 11th year of Vallianz partnering with Care Corner Seniors Services Ltd ("CCSS"). CCSS operates a total of 12 care centres for the elderly (10 in Toa Payoh and 2 in Woodlands), comprising 7 Active Ageing Centres, 1 Acting Ageing Care Hub Centre, 1 Senior Activity Centre, 2 Senior Care Centres and 1 Social Day Care For The Elderly.

Over the years, Vallianz has organised annual Lunar New Year dinners for the Seniors of CCSS and Vallianz Staff. In 2022, adhering to the safe management measures, Vallianz sponsored a Lunar New Year lunch instead, with the distribution of red packets and packed meals to the Seniors at these CCSS centres in Toa Payoh and Woodlands. Also in 2022, Vallianz has increased the number of Seniors sponsored by 30%.

Vallianz continues to support the daily Hot Meals Program, ensuring that the Seniors of Care Corner have access to nutritious and delicious food. Mooncakes were also distributed to the Seniors during the Mid-Autumn Festival. The Vallianz team hopes that with these gestures, the Seniors of Care Corner will be able to enjoy the festivals in the comfort of their own homes.

# Corporate Information

## Board of Directors

**Mr. Osman Ibrahim**
*Non-Executive Chairman*

**Mr. Darren Yeo Chee Neng**
*Executive Vice Chairman*

**Mr. Ling Yong Wah**
*Executive Director and CEO*

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

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

**Mr. Poon Siew Loong**
**(Resigned on 27 June 2022)**
*Non-Executive Independent Director*

## Company Secretary

Ms Chong Pei Wen

## Audit Committee

Mr. Bote de Vries (Chairman)
Mr. Chong Chee Keong Chris
Mr. Poon Siew Loong (Resigned on 27 June 2022)

## Remuneration Committee

Mr. Chong Chee Keong Chris (Chairman)
Mr. Bote de Vries
Mr. Poon Siew Loong (Resigned on 27 June 2022)

## Nominating Committee

Mr. Poon Siew Loong (Chairman) (Resigned on 27 June 2022)
Mr. Chong Chee Keong Chris
Mr. Bote de Vries

## 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
1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632
Tel: (65) 6911 6200
Fax: (65) 6659 1292
www.vallianzholdings.com

# Engineered for the future

# 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 maintain high standards of corporate governance and place importance on its corporate governance processes and systems 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 are 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 that 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[1], all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

| | |
|---|---|
| Osman Ibrahim[2] | Non-Executive and Non-Independent Chairman |
| Darren Yeo Chee Neng | Executive Director and Vice Chairman |
| Ling Yong Wah | Executive Director and Chief Executive Officer |
| Bote de Vries | Non-Executive Lead Independent Director |
| Chong Chee Keong Chris | Non-Executive Independent Director |

**Notes:**

(1) Mr. Poon Siew Loong ("Mr. Poon") had resigned as the Non-Executive Independent Director of the Company with effect from 27 June 2022. Consequent to his resignation, Mr. Poon had also ceased as the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee of the Company. The Company is currently searching for suitable candidate(s) to fill the vacancies in compliance with the Catalist Rules and the Code; and

(2) Mr. Osman Ibrahim was appointed as Non-Executive and Non-Independent Chairman on 8 December 2021 and will be seeking shareholders' approval for his re-election at the forthcoming annual general meeting ("AGM") to be held on 22 July 2022.

The Board's primary role, in addition to carrying out its statutory responsibilities, includes the following:

- reviewing and setting the strategic directions and broad policies of the Group, 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 and 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 shareholders' interest and the Company's assets;

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

- consider sustainability issues such as environmental and social factors as part of the Group's strategic plans;

- ensuring the Group's compliance with relevant laws, regulations, policies, directives, guidelines, internal code 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 the 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 refrain 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 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 will regularly update Board members on the business and strategic developments of the Group as well as overview of industry trends at scheduled Board 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 reference 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 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, provision of guidance and advice on various matters relating to the Group.

# CORPORATE GOVERNANCE STATEMENT

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

| | Board | AC | NC | RC |
|---|---|---|---|---|
| Number of meetings held | 3 | 3 | 2 | 1 |
| **Directors / Members** | **Number of meetings attended** | | | |
| Osman Ibrahim | 2* | 2* | 1* | 1* |
| Darren Yeo Chee Neng | 3 | 2* | 2* | 1* |
| Ling Yong Wah | 3 | 3* | 2* | 1* |
| Bote de Vries | 3 | 3 | 2 | 1 |
| Chong Chee Keong Chris | 3 | 3 | 2 | 1 |
| Poon Siew Loong(1) | 1 | 1 | 1* | – |
| Sheikh Abdulaziz Ali AlTurki(2) | 2 | 2* | 1* | 1* |
| Yeo Jeu Nam(3) | 1 | – | – | – |

* Attended by invitation

**Notes:**

(1) Mr. Poon was appointed as Non-Executive Independent Director on 29 July 2021 and had resigned with effect from 27 June 2022. Consequent to his resignation, Mr. Poon had also ceased as the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee of the Company;

(2) Sheikh Abdulaziz Ali AlTurki resigned as a Non-Executive and Non-Independent Chairman on 8 December 2021; and

(3) Mr. Yeo Jeu Nam retired as a Non-Executive Independent Director on 29 July 2021.

Management recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. Management provides the Board with quarterly accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at 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 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 from Management explanations, briefings or information on any aspects of the Group's business issues. 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 Non-Independent Director and two (2) Non-Executive Independent Directors.

| Name of Directors | Board of Directors | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|
| Osman Ibrahim | Non-Executive Non-Independent Director (Chairman) | – | – | – |
| Darren Yeo Chee Neng | Executive Director (Vice Chairman) | – | – | – |
| Ling Yong Wah | Executive Director (CEO) | – | – | – |
| Bote de Vries | Non-Executive Lead Independent Director | Chairman | Member | Member |
| Chong Chee Keong Chris | Non-Executive Independent Director | Member | Member | Chairman |

# CORPORATE GOVERNANCE STATEMENT

Mr. Poon had recently resigned as the Non-Executive Independent Director of the Company with effect from 27 June 2022. Consequent to his resignation, Mr. Poon had also ceased as the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee of the Company. The Company is currently in search of suitable candidate(s) to be appointed to the Board and to fill the vacancies in the Audit, Nominating and Remuneration Committees.

Provision 2.2 of the Code requires independent directors to make up a majority of the Board, where the Chairman is not independent and Provision 2.3 of the Code requires non-executive directors to make up a majority of the Board.

The Company complies with Provision 2.3 of the Code as it has a majority of three (3) out of five (5) Directors on the Board who are non-executive Directors.

However, the Company does not comply with Provision 2.2 of the Code as the Chairman is not independent and its Independent Directors do not make up majority of the Board. As stated above, Mr. Poon had resigned recently and the Company is currently in search of suitable candidate(s) to be appointed as Non-Executive Independent Director(s) to the Board.

The NC has reviewed the size and composition of the Board and Board Committees and with the concurrence of the Board, is of the view that the current Board composition (pending the appointment of new Non-Executive Independent Director(s) to the Board) 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. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including functional and domain skills, knowledge, experience, cultural and educational background, gender, age, tenure and other relevant aspects of diversity of perspectives appropriate to its business, so as to avoid groupthink, foster constructive debate, and enable the Board to make decisions in the best interests of the Company.

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 business performance. 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. However, under Rule 720(4) of the Catalist Rules, all directors have to submit themselves for re-nomination and re-appointment at least once every three (3) years. 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 the Catalist Rules, 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 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; and

(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. Rule 406(3)(d)(iii) of Catalist Rules requires a director who had served for more than 9 years on the Board to be subject to a two-tier voting process.

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 and the Catalist Rules.

As at the date of this Annual Report, save for Mr. Bote de Vries (“**Mr. de Vries**”), who was appointed to the Board on 6 September 2010, none of the Non-Executive Independent Directors have served the Board beyond nine (9) years from the date of first appointment. Mr. de Vries was subject to the two-tier voting process during the last AGM held on 29 July 2021 and was approved by shareholders for his continued appointment as a Non-Executive Independent Director of the Company for a three-year term.

The NC and Board have also conducted a rigorous review of the performance of Mr. de Vries based on a set of criteria and agreed that Mr. de Vries had participated, deliberated and expressed his view independently at all times, presenting objective and constructive challenges to the assumptions and viewpoints by Management. The Board considers that Mr. de Vries brings invaluable expertise, experience and knowledge to the Board. The Board also trusts that Mr. de Vries who is familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees and his independence of character and judgement were not in any way affected or impaired by the length of his service. The Board is satisfied with Mr. de Vries’s continued independence of character and judgement and determined that Mr. de Vries remains independent to discharge his 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 meet among themselves without the presence of the Management at least once a year to discuss 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 16 to 21 of this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

**Principle 3: Chairman, Vice 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.*

Mr. Osman Ibrahim as Chairman of the Group assumes the leadership role and responsibilities as the Chairman of the Group while Mr. Darren Yeo Chee Neng ("**Mr. Yeo**") and Mr. Ling Yong Wah ("**Mr. Ling**"), as the Vice Chairman and CEO respectively, assume 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 Secretary; and
- ensuring effective communication with shareholders.

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

Both the Vice Chairman and CEO, will lead Management in setting strategies, objectives and missions and are 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 AGM and other shareholder meetings, the Chairman, Vice 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 Vice Chairman and CEO's performance and remuneration are reviewed annually by the NC and the RC, whose members comprise 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.

Led by the Non-Executive Lead Independent Director, the Non-Executive Independent Directors will meet (via electronic means or otherwise) periodically without the presence of the other Executive Directors and Management, 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 shareholders where their concerns cannot be resolved through the normal channels to the Chairman, Vice 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.*

Provision 4.2 of the Code requires the NC to comprise at least three directors, the majority of whom, including the NC Chairman, are independent. The Lead Independent Director, if any, is a member of the NC.

The Company's NC presently comprises Mr. Chong Chee Keong Chris ("**Mr. Chong**") (Non-Executive Independent Director) and Mr. de Vries (Non-Executive Lead Independent Director). Mr. Poon, who was previously the Chairman of the NC, had recently resigned with effect from 27 June 2022. Accordingly, the Company is currently not in compliance with Provision 4.2 of the Code as its NC currently comprises only two directors, but is presently in search of suitable candidate(s) to fill the vacancy.

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, Vice 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 resumé 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 for the financial year ended 31 March 2022 ("**FY2022**")*

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. The independence of each Director will be reviewed annually by the NC and the Board. Each Non-Executive Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines set out in the Code and the Catalist Rules. The Non-Executive Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company.

The NC had reviewed the independence of each of the Non-Executive Independent Directors in accordance with the Code and based on each of the Directors' declaration of independence. The NC is of the view that the two (2) 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 conflicts of interest 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.

The following Directors will stand for re-election and re-appointment at the forthcoming AGM:

Pursuant to Article 105 of the Company's Constitution:

1. Mr. Darren Yeo Chee Neng

# CORPORATE GOVERNANCE STATEMENT

Pursuant to Article 109 of the Company's Constitution:

1. Mr. Osman Ibrahim

Pursuant to Rule 720(4) of the Catalist Rules:

1. Mr. Ling Yong Wah

Each member of the NC will abstain from voting on any resolution, 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 and no alternate director was 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. For instance, during FY2022, Mr. Osman Ibrahim (Group President and CEO of RHC was appointed as the Company's Non-Executive and Non-Independent Chairman on 8 December 2021 to replace Shiekh Abdulaziz Ali AlTurki (Chairman of RHC) who had stepped down on the same day to dedicate more time to charitable initiatives.

All Directors are required to declare their board representations as at the date of this Annual 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 the preceding three years are as follows:

**Mr. Osman Ibrahim – Non-Executive Non-Independent Director (Chairman)**

| | |
|---|---|
| Date of appointment | 8 December 2021 |
| Date of last re-election | None |
| 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 | • Group President and CEO of Rawabi Holding Group of Companies<br>• Non-Executive Chairman of Vallianz Holdings Limited |

**Mr. Darren 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 Director and Vice Chairman of Vallianz Holdings Limited |

**Mr. Ling Yong Wah – Executive Director (CEO)**

| | |
|---|---|
| Date of appointment | 17 March 2014 |
| 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 | Lead Independent Director of Frenken Group Limited |
| 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 | 29 July 2021 |
| 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.<br>• Non-executive board positions:-<br>– Dutch Investment Fund for Seagoing Vessels (NBZ)<br>– NNPC (P&I Club)<br>– Northern Ocean Limited<br>– Qua Wonen Building Society Krimpenerwaard |

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

| | |
|---|---|
| Date of appointment | 28 February 2018 |
| Date of last re-election | 29 September 2020 |
| 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 each individual Director 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 FY2022. Where necessary, the NC will consider such an engagement.

The NC is satisfied that the current size and composition of the Board (pending the appointment of new Non-Executive Independent Director(s) to 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 Board size and composition 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.*

Provision 6.2 of the Code requires the RC to comprise at least three directors, all of whom are non-executive directors, and the majority of whom, including the RC Chairman, are independent.

The Company's RC presently comprises Mr. Chong (Non-Executive Independent Director) and Mr. de Vries (Non-Executive Lead Independent Director). Mr. Chong is the Chairman of the RC. Mr. Poon, who was formerly a member of the RC, had recently resigned as Non-Executive Independent Director of the Company with effect from 27 June 2022. Accordingly, the Company is currently not in compliance with Provision 6.2 of the Code as its RC currently only comprises two directors, but is presently searching for suitable candidate(s) to fill the vacancy.

The RC is responsible for:

(a) recommending to the Board a framework of remuneration for the Non-Executive Directors, Executive Directors, Vice Chairman, 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 Vice Chairman and CEO, 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.

# CORPORATE GOVERNANCE STATEMENT

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 and Non-Executive Independent 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 and Non-Executive Independent Directors. The RC will ensure that the Non-Executive Independent 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 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 each of Mr. Yeo and Mr. Ling, whereby the employment contracts 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 Independent Directors receive directors' fees for their efforts and time spent, responsibilities and level of contribution to the Board and Board Committees, which are subject to 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 Executive Directors and key executives. However, in alignment with the current regulatory standards, the variable incentives of the Executive Directors and key executives 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 that 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 FY2022:

| **Remuneration Band and Name of Directors** | **Salary[1]** % | **Incentives[2]/ Bonus[3]** % | **Directors' Fees** % | **Others Benefits** % | **Total** % |
|---|---|---|---|---|---|
| **S$500,001 to S$750,000** | | | | | |
| Darren Yeo Chee Neng | 85 | 1 | 4 | 10 | 100 |
| **S$250,001 to S$500,000** | | | | | |
| Ling Yong Wah | 89 | 2 | 7 | 2 | 100 |
| **S$250,000 and below** | | | | | |
| Osman Ibrahim | - | – | 100 | – | 100 |
| Bote de Vries | – | – | 100 | – | 100 |
| Chong Chee Keong Chris | – | – | 100 | – | 100 |
| Poon Siew Loong | – | – | 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 and the aggregate total remuneration of the Group's top 8 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the 8 key executives of the Group (who are not directors or the CEO) for FY2022:

Key Management Personnel

| **Remuneration Band** | **No. of Executives** | **Base/ Fixed Salary** % | **Variables or Bonuses** % | **Benefits in-kind** % | **Total** % |
|---|---|---|---|---|---|
| S$150,001 to S$250,000 | 6 | 95 | 4 | 1 | 100 |
| S$150,000 and below | 2 | 94 | 6 | 0 | 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 FY2022.

Share Option Scheme and Performance Share Plan

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

**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.

# CORPORATE GOVERNANCE STATEMENT

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 are 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 Management, the Board is able to receive feedback and response on the risk and legal issues which will affect the Company in terms of operational risk, on a timely basis. Assurance from the CEO and Finance Director are also obtained to confirm that the financial records of the Company are properly maintained, and the financial statements of the Company give a true and fair view of the Group'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 of the Group were adequate and effective as at 31 March 2022.

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 half-yearly basis.

The Company had appointed Virtus Assure Pte. Ltd. ("**Virtus**") as internal auditor since 8 December 2020. On an annual basis, the Company's internal auditor will prepare an internal audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. These include operational, financial, compliance and information technology controls. The internal auditor will follow up on these recommendations to ensure that Management has implemented them on a timely and appropriate manner, and reports to the AC yearly.

The role of the internal auditor 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;

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

6. review all interested persons transactions.

Based on the internal controls established and maintained by the Company, including the above internal controls implemented, and the reviews performed by the internal auditor, Management and the Board, with the concurrence with the AC, are 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 on an overall basis, are adequate and effective as at 31 March 2022.

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.

Following the close of FY2022, international bodies and national governments have imposed sanctions with the aim of achieving foreign policy or national security goals. Although the Group has a principal place of business outside Singapore with customers overseas, none of the Group's person or entity is exposed to sanctions-related risks. The Board confirmed that there has been no material change in its risk of being subject to any sanctions law. The Board's comment as aforementioned on the adequacy and effectiveness of internal controls and risk management systems included consideration related to any sanctions-related risk. The AC concurred with the Board's said comment.

In view of these ongoing geopolitical developments, the Board and AC will continue to monitor such developments and assess the Company's risk of becoming subject to, or violating, any sanctions law and ensure that timely and accurate disclosures are made to the SGX-ST and other relevant authorities on such risks where applicable, and if deemed necessary, engage relevant professional advisers to assist them in such matters.

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

Provision 10.2 of the Code requires that the AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. In addition, at least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The Company's AC currently comprises Mr. de Vries (Non-Executive Lead Independent Director) and Mr. Chong (Non-Executive Independent Director). Mr. de Vries is the Chairman of the AC. Mr. Poon, who was formerly a member of the AC, had recently resigned as Non-Executive Independent Director with effect from 27 June 2022. Accordingly, the Company is currently not in compliance with Provision 10.2 of the Code as its AC currently only comprises two directors, but is presently searching for suitable candidate(s) to fill the vacancy.

Mr. de Vries has recent and relevant accounting or financial management expertise or experience. Pending the appointment of suitable candidate(s), the Board is of the view that the AC members are suitably qualified to discharge the AC's responsibilities.

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

- review with the Company's external auditors 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 auditors as well as the independence and objectivity of the external auditors;

- review the co-operation given by the Company's officers to the external auditors;

- review and discuss with the external auditors 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;

# CORPORATE GOVERNANCE STATEMENT

- 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 external auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the external 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 Catalist Rules (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 interest 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 to the Directors hedging policies and instruments, if any, to be implemented by the Company;
- 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 Catalist Rules, 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;
- review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions;
- 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; and
- review the consolidated financial statements of the Company, including the consolidated 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 from Management. The AC has full discretion to invite any other Directors or Executive Directors 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 in place a Whistle Blowing Policy to provide a channel for employees of the Group and independent parties to report, in good faith and in confidence, their concerns about possible improprieties relating to financial reporting or on other matters. The AC oversees the function in the administration of the Whistle Blowing Policy. The Whistle Blowing Policy provides for procedures to ensure that:

(a) independent investigations are carried out in an appropriate and timely manner;

(b) appropriate action is taken to correct the weakness in internal controls and policies that allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(c) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

The AC serves as the independent function responsible for oversight and monitoring of whistle-blowing and will investigate reports made in good faith. The Company is committed to ensure whistle-blowers who submit complaints or reports in good faith are protected against any discrimination, retaliation or harassment. The Whistle Blowing Policy has been circulated to all employees. As at the date of this Annual Report, there were no reports received through the whistle blowing mechanism.

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 aggregate amount of fees paid and payable by the Group to the external auditors for the audit services amounted to US$187,000. 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 the appointment of different auditors for its subsidiaries and are satisfied that the appointment of different auditors will 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.

To ensure that the AC can 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 area of operations. The AC are kept informed by Management on the status of on-going activities between Board meetings. Where a decision must 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 from 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 the 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.

Virtus is currently appointed as the outsourced internal auditor for several companies listed on the SGX-ST and is a Certified Internal Auditor. Virtus is guided by the Standards of The Institute of Internal Auditors in carrying out the internal audit function of the Group. The AC has reviewed and determined that Virtus has met its obligations under the terms of engagement as the Company's internal auditor.

The internal auditor's primary reporting line is to the AC Chairman. Procedures are in place for the internal auditor to report its findings and recommendations independently to the AC. The AC will review the internal audit plan to ensure that the scope is adequate and covers the review of significant internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems. Audits are 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 relevant key Management. The internal auditor's summary of findings and recommendations are discussed at the AC meetings on a half-yearly basis.

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

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

**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. Shareholders can access to and retrieve the annual report and notice of AGM of the Company via electronic means (i.e. through the Company's website or SGXNET). At the AGM, shareholders will be treated fairly and equitably, given the opportunity, to voice their views and to direct questions to the Directors, within reason, regarding the Group.

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 SGXNET as well as the reports or circulars made available to all shareholders via the Company's website and SGXNET.

Any notice of a general meeting of shareholders is issued at least fourteen (14) days before the scheduled date of such meeting in accordance with 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 allows 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 will attend the general meetings of shareholders unless due to exigencies, and the external auditors are also present at the AGM 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.

Save for Sheikh AlTurki and Mr. Yeo Jeu Nam, all Directors have attended the last AGM held on 29 July 2021. Following from the last AGM, save for Sheikh AlTurki, all Directors have attended the EGM held on 29 July 2021. For the EGM held on 29 December 2021, all the Directors were present. The Company's external auditors were also present at the last AGM 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 institution or relevant intermediary entitled to attend the general meeting 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.

Separate resolution on each distinct issue is tabled at general meetings. “Bundling” of resolutions are kept to a minimum and executed only where the resolutions are inter-dependent 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 will be made subsequent to the general meeting.

At the last AGM of the Company held on 29 July 2021, the Company had put all the resolutions tabled to vote by poll. The voting results of all votes cast in respect of each resolution and the respective percentages were displayed during the AGM and announced in a timely manner via SGXNET after the AGM.

As the authentication of shareholder identity information and other related security issues 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 and the SGXNET within one month of the date of the meeting.

As at the date of this Annual 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 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 in respect of FY2022 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 intend to declare dividends to ordinary shareholders, the Company is 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 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 will be equally informed of all major developments and/or transactions impacting the Group.

Half yearly and yearly results of the Company are 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 period as prescribed by the SGX-ST and are available on the Company’s website.

The Company is supported by an external consulting firm in promoting communication with shareholders and analysts. Contact information of the external investor relations team is made available on the Company’s website and in this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

**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 its 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 31 July 2022.

## INTERESTED PERSON TRANSACTIONS

### IPT Circular

As disclosed in the Company's last annual report for the financial year ended 31 March 2021 ("**FY2021**"), the Company had issued the IPT Circular dated 12 April 2021, which sets out the details of *inter alia* shareholders' ratification for certain past Non-Compliant IPTs and approval for new IPTs with the Interested Persons including the entries into the Holmen Loan Agreement, and the RHC Loan Agreement, as well as the adoption of the Holmen IPT Mandate and the Revised Rawabi IPT Mandate (as defined in the IPT Circular). All the ordinary resolutions as set out in the IPT Circular were approved by shareholders at the EGM held on 27 April 2021.

### Debt Restructuring

As disclosed in the Company's last annual report for FY2021, the Company had issued the circular to shareholders dated 7 June 2021 ("**Debt Restructuring Circular**"), which sets out the details of the debt restructuring ("**Debt Restructuring**") and the transactions contemplated therein.

In brief, the Debt Restructuring involves *inter alia* the novation of borrowings (owed by the Group's subsidiaries ("**Borrowers**") to their lenders) amounting to US$50,000,000 from the Borrowers to the Company, and the Company issuing convertible bonds to the lenders to settle such owings.

Of the novated amount, approximately US$30.7 million was novated from the HOL Group (being Holmen Heavylift Offshore Pte. Ltd. and its subsidiaries) to the Company. HOL Group is 75% owned by the Company and 25% owned by Swiber Holdings Limited (Judicial Managers appointed) ("**SHL**") then. Accordingly, such novation is deemed as an IPT and hence subject to shareholders' approval and IFA opinion.

In addition, in conjunction with the Debt Restructuring, the Company has also sought shareholders' approval for the issuance of up to US$125 million of convertible bonds to RHC, which was intended to be used to repay in whole or in part the outstanding advances from RHC. Such issuance of convertible bonds to RHC if carried out, is also deemed as an IPT and subject to shareholders' approval and IFA opinion.

At the EGM held on 22 June 2021, shareholders' approval was obtained for the Debt Restructuring and the transactions contemplated therein, including the IPTs as mentioned above. Please refer to the Debt Restructuring Circular for further details.

As at the date of this Annual Report, the Company has not issued the convertible bonds to RHC as the repayment of the shareholder's loans from RHC has been carried out via the set-off and settlement agreement with RHC (as disclosed below), the set-off against the proceeds from the partial disposal of RVOS and the set-off against the dividends declared by RVOS to its shareholders.

**Proposed Set-Off and Settlement Agreements**

As disclosed in the Company's last annual report for FY2021, the Company had issued the circular to shareholders dated 25 May 2021 ("**SOSA Circular**"), in relation to the set-off and settlement agreements between the Group, SHL Group and RHC for the purpose of settling certain owings as between the SHL Group and the Group, and of certain owings owed to RHC.

In brief, the set-off and settlement agreements with the SHL Group involves *inter alia* the settlement of net owings amounting to S$16 million owed by the Group to the SHL Group by way of an issue of up to 247 million to the SHL Group. The Group would also need to waive certain owings owed by certain SHL entities which have been dissolved or have ceased to be under the control of SHL. The set-off and settlement agreement with RHC involves *inter alia* the settlement of part of the owings to RHC of US$26.3 million, by way of an issue of 406 million to RHC.

The above transactions involving the SHL Group and RHC are deemed IPTs and are subject to shareholders' approval and IFA opinion. At the EGM held on 29 July 2021, shareholders' approval was obtained for the above transactions. Further details of the transactions, including the IFA letter, are set out in the SOSA Circular.

**Ratification of Renunciation of Rights Shares in RVOS to RHC**

As disclosed in the Company's last annual report for FY2021, the Company had issued the circular to shareholders dated 9 July 2021 ("**RVOS Circular**"), in relation to the ratification of the renunciation of the Group's entitlement to the RVOS rights issue ("**Ratification of the Renunciation**") and the ratification of the cessation of RVOS as a principal subsidiary of the Group.

In brief, RVOS had carried out a rights issue which was completed on 24 December 2020 where all the rights shares were subscribed by RHC, as the Company had limited financial resources to subscribe to its entitlement and had renounced its pro rata entitlement to the RVOS' rights issue to RHC. Prior to the rights issue, RVOS was 50/50 owned by the Group (through Vallianz Investment Capital Pte Ltd ("**VIC**")) and RHC. Following the completion of the RVOS rights issue, the shareholdings of VIC and RHC in RVOS had changed to 40.7% and 59.3% respectively. The rights shares were issued at par value of SAR1,000 (US$267) per share, which is below the NTA per share of RVOS of SAR1,915 (US$511) as at 30 September 2020. Such renunciation to RHC is deemed an IPT and the value at risk can be seen as the value given up by the Group as a result of the renunciation, which is approximately SAR36.6 million (US$9.7 million).

The Company had obtained shareholders' approval for the Ratification of the Renunciation and the ratification of the cessation of RVOS as a principal subsidiary of the Group at an EGM held on 29 July 2021. Further details of the above, including the IFA letter, are set out in the RVOS Circular.

**Subscription of Shares in PT United Sindo Perkasa by Rawabi Energy Company**

As announced by the Company on 23 December 2021, Rawabi Energy Company ("**REC**"), a wholly-owned subsidiary of RHC, had on 21 December 2021, subscribed for 500 new ordinary shares in PT United Sindo Perkasa ("**PT USP**"), an indirect wholly-owned subsidiary of the Company, for a total consideration of US$500,000 in cash ("**Subscription**"). Post-Subscription, REC and the Group own 4.76% and 95.24% of the enlarged share capital of PT USP respectively.

The shares were subscribed at the par value of US$1,000 per PT USP share which was at a slight premium above the NAV/NTA per PT USP share of US$995 as at 30 September 2021. The consideration of US$500,000 represents approximately 0.7% of the latest audited NTA of the Group of US$68.1 million as at 31 March 2021. Accordingly, the Subscription is not subject to shareholders' approval pursuant to Chapter 9 of the Catalist Rules. Further details of the Subscription are set out in the Company's announcement dated 23 December 2021.

**Disposal of PT Vallianz Offshore Maritim**

As announced by the Company on 31 December 2021, the Company's wholly-owned subsidiary, PTSB Holding Pte Ltd, had on 31 December 2021, entered into a Sale and Purchase Agreement to dispose it's entire 49% stake in its associated company, PT Vallianz Offshore Maritim, to REC, for a purchase consideration of US$2.85 million, subject to the terms and conditions of the SPA ("**Disposal**"). Following completion of the Disposal, the Group has no interest in PT VOM and PT VOM has ceased to be an associated company of the Group.

The purchase consideration of US$2.85 million represents approximately 4.2% of the Group's latest audited NTA of US$68.1 million.

The aggregate of the above two transactions (Subscription and Disposal) represents approximately 4.9% of the Group's latest audited NTA. Accordingly, the Disposal as an interested person transaction, is not subject to shareholders' approval pursuant to Chapter 9 of the Catalist Rules.

Further details of the Disposal are set out in the Company's announcement dated 31 December 2021.

<u>Disclosure in compliance with Rule 907</u>

In compliance with Rule 907 of the Catalist Rules, there were no transactions with interested persons for FY2022 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 year under review (excluding transactions less than S$100,000 and 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] |
|---|---|---|---|
| (a) **IPTs with RHC and its subsidiaries ("RHC Group")** | RHC is a controlling shareholder of the Company | | |
| Interests on shareholder's advances paid by the Group to the RHC Group[1] | | US$3,681,900 | Not Applicable |
| Corporate services provided to the Group by the RHC Group[2] | | Nil | US$1,015,000 |
| Rental of premises to the Group by the RHC Group[2] | | Nil | US$211,000 |
| Chartering services provided to the RHC Group[2] | | Nil | US$17,918,000 |
| Provision of other Goods and Services to the Group by the RHC Group[2] | | Nil | US$402,000 |
| Issuance of shares to RHC in relation to the SOSA agreement | | US$26,300,000 | Not Applicable |
| Ratification of Renunciation of Rights Shares in RVOS to RHC by the Company | | US$9,700,000 | Not Applicable |
| Subscription of Shares in PT USP by REC | | US$500,000 | Not Applicable |
| Disposal of PT VOM to REC | | US$2,850,000 | Not Applicable |

| Name of Interested person | Nature of Relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and 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] |
|---|---|---|---|
| **(b) IPTs with Holmen Heavylift Offshore Pte. Ltd. ("HOL") and its subsidiaries ("HOL Group")** | HOL Group is 75% owned by the Group and 25% owned by SHL during FY2022[5] | | |
| Advances provided by the Group to HOL Group[3] | | US$1,120,488 | Not Applicable |
| Corporate services provided by the Group to HOL Group[4] | | Not Applicable | US$132,000 |
| Shipyard, engineering, fabrication services and facilities services provided by the Group to HOL Group[4] | | Not Applicable | US$1,723,216 |
| Ship management services provided by the Group to HOL Group[4] | | Not Applicable | US$396,000 |
| Novation of borrowings from HOL Group to the Group pursuant to the Debt Restructuring | | US$30,700,000 | Not Applicable |
| **(c) IPTs with SHL and its subsidiaries ("SHL Group")** | SHL is a controlling shareholder of the Company | | |
| Share issuance to SHL Group in relation to the SOSA agreement | | US$8,227,000 | Not Applicable |

**Notes:**

(1) Interest on shareholder's advances from RHC Group is in relation to the RHC Loan Agreement as approved by shareholders at the EGM held on 27 April 2021, and further details are set out in the IPT Circular;

(2) These are ongoing transactions with RHC Group which are covered under the RHC IPT Mandate which was last renewed at the AGM held on 29 July 2021. The Company is seeking the renewal of the RHC IPT Mandate at the upcoming AGM which is scheduled to be held on 22 July 2022;

(3) Advances provided by the Group to the HOL Group were in relation to the Holmen Loan Agreement to assist HOL Group in servicing its existing bank loans obligations, which was approved by shareholders at the EGM held on 27 April 2021, and further details are set out in the IPT Circular;

(4) These are ongoing transactions with the HOL Group which are covered under the HOL IPT Mandate which was last renewed at the AGM held on 29 July 2021. The Company is seeking the renewal of the HOL IPT Mandate at the upcoming AGM which is scheduled to be held on 22 July 2022; and

(5) As set out in the IPT Circular, reference was made to the announcement made by SHL on 28 December 2020 in relation to RHC's proposed subscription for new shares in the capital of a new wholly-owned subsidiary of SHL ("New Swiber") for US$10 million ("New Swiber Investment") and the internal restructuring involving the transfer of certain assets from SHL Group to New Swiber ("Transfer Assets"), which includes SHL's 25% interest in HOL Group. Accordingly, as a consequence of the business relationship between RHC and SHL, the fact that HOL Group is part of the Transfer Assets, and the potential conflicts of interest from RHC becoming a controlling shareholder of New Swiber and HOL Group indirectly, both SHL and RHC had abstained from all Ordinary Resolutions related to the HOL Group (including the HOL IPT Mandate) as set out in the IPT Circular. Similarly, during the renewal of the HOL IPT general mandate during the last AGM held on 29 July 2021, both SHL and RHC and their associates had also abstained from voting on the resolution relating to the renewal.

As an update, SHL had on 28 April 2022 obtained its shareholders' approval for the New Swiber Investment and the transactions contemplated thereunder, including the transfer of SHL's 25% interest in Holmen Group to New Swiber. On 31 May 2022, SHL announced the completion of its internal restructuring, including the transfer of its 25% stake in HOL to Equatoriale Holdings Limited ("EHL"), i.e. New Swiber. On 8 June 2022, SHL announced the completion of the New Swiber Investment. Accordingly, HOL is presently owned 75% by the Group and 25% by EHL, and EHL is in turn 80% owned by RHC.

# CORPORATE GOVERNANCE STATEMENT

### MATERIAL CONTRACTS

Save for the service agreement and employment contract entered into between the Executive Directors and the Company, the Set-Off and Settlement Agreements, issuance of convertible bonds to RHC, RHC Loan Agreement, Holmen Loan Agreement, contracts entered into pursuant to the RHC IPT Mandate and the HOL IPT Mandate, and arrangements in relation to the Debt Restructuring Circular and SOSA arrangements 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 FY2022 or, if not then subsisting, entered into since the end of the previous financial year ie FY2021.

### 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 on short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. Officers are to consult with the Finance Director/ Company Secretary before trading in the 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 FY2022.

# 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 2022 and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2022.

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 65 to 167 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 2022, 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:

Osman Ibrahim (appointed on 8 December 2021)
Yeo Chee Neng
Ling Yong Wah
Bote de Vries
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.

### 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:

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

| Name of directors and company in which interests are held | Shareholdings registered in name of directors | | Holdings in which a director is deemed to have an interest | |
|---|---|---|---|---|
| | At end of year | At beginning of year | At end of year | At beginning of year |
| The Company | | | | |
| (Ordinary shares) | | | | |
| 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 | - | - |

The director's interests in the shares of the Company as at 21 April 2022 are the same as those as at 31 March 2022.

4 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) |
| Chong Chee Keong Chris | (Non-Executive Independent Director) |
| Poon Siew Loong | (Non-Executive Independent Director) (Resigned on 27 June 2022) |

During the financial year, the Audit Committee held three meetings.

The functions of the Audit Committee include the following:

- Review with the Company's external auditors their audit plan, their evaluation of the system of internal accounting controls in the 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 auditors as well as the independence and objectivity of the external auditors;

- review the co-operation given by the Company's officers to the external auditors;

- review and discuss with the external auditors 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;

4 AUDIT COMMITTEE (CONT'D)

- 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 external auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the external 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 Catalist Rules (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 interest 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 to the Directors hedging policies and instruments, if any, to be implemented by the Company;

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

4 AUDIT COMMITTEE (CONT'D)

- 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 Catalist Rules, 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;

- review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

- review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions;

- 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; and

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

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 Company at the forthcoming Annual General Meeting of the Company.

5 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

6 July 2022

**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 2022, 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 65 to 167.

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 Singapore Companies Act 1967 (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 2022 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.

### 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**<br>(Refer to Notes 2, 3 and 13 to the financial statements)<br><br>As at 31 March 2022, the carrying amount of the Group's vessels amounted to US$50,768,000, representing 22% of the Group's total assets.<br><br>During the financial year ended 31 March 2022, the Group had considered the existence of impairment indicators and thereon assessed the recoverable amounts of vessels as at the end of the financial year. The recoverable amounts were determined based on the valuations performed by independent vessel brokers which involve estimating the fair values less costs of disposal of the vessels. The valuation process involves significant judgement and estimations in the underlying assumptions to be applied. Amongst other matters, inputs and assumptions used in the valuations include, but not limited to, recent transaction prices for similar vessels, adjusted for the age and conditions of the respective vessels. There is no additional impairment provided during the financial year.<br><br>We identified carrying value of vessels as a key audit matter due to significant degree of judgement and assumptions involved in determining the recoverable amounts of vessels. | In obtaining sufficient appropriate audit evidence, the following procedures were performed:<br><br>• 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;<br><br>• Evaluated the objectivity, independence and expertise of brokers who provided the valuation of the vessels;<br><br>• Critically evaluated whether the valuation methodology used to determine the recoverable amounts of vessels complies with the requirements of SFRS(I) 1-36; and<br><br>• Critically evaluated the reasonableness and appropriateness of the key inputs and assumptions used in the valuation. |

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED**

| Key Audit Matters | Our audit performed and responses thereon |
|---|---|
| **Assessment of the going concern basis in preparation of the financial statements**<br>(Refer to Note 3(i) to the financial statements) | |
| During the financial year ended 31 March 2022, the Group recorded a net loss of US$3,478,000. As at 31 March 2022, net current liabilities amounted to US$21,663,000. The Group has total borrowings and convertible bonds of US$123,574,000 and US$43,840,000 respectively, of which US$32,209,000 are repayable within one year.<br><br>As disclosed in Notes 3(i) and 27 to the financial statements, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder. The Group has secured a waiver letter from the sole Perpetual Securities holder as at 31 March 2022, to waive the breach of financial covenants up to 31 March 2023.<br><br>Furthermore, during the financial year ended 31 March 2022, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As disclosed in Note 29 to the financial statements, the Group has also obtained from its ultimate holding company an undertaking to classify these shareholder advances amounting to US$13,675,000 as equity.<br><br>The above constitutes 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. | In obtaining sufficient appropriate audit evidence, the following procedures were performed:<br><br>• Enquired and verified the progress of the Group's debt-restructuring agreement entered into on 19 February 2021;<br><br>• Reviewed management's evaluation of its compliance with financial covenants and its assessment of the enforceability of the waiver obtained from the sole Perpetual Securities holder;<br><br>• Reviewed the financial capability, to the extent practicable, including publicly available information, of its ultimate holding company in providing financial support to the Group;<br><br>• 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<br><br>• Reviewed 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. |

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED**

| Key Audit Matters | Our audit performed and responses thereon |
|---|---|
| **Assessment of the going concern basis in preparation of the financial statements (CONT'D)**<br><br>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:<br><br>• during the financial year, the Group had obtained an extension of waiver up to 31 March 2023 from the sole Perpetual Securities holder for the breach of financial covenants;<br><br>• the Group has entered into a debt-restructuring agreement with two financial institutions on 19 February 2021 to which the financial covenants tests shall be applied on an annual basis (on 31 March of each financial year) beginning in the financial year ending 31 March 2023; and<br><br>• the Group had obtained a letter of financial support from its ultimate holding company to meet its repayment obligations as and when they fall due, and an undertaking to classify the shareholder advances as equity.<br><br>Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern. | |

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED**

| Key Audit Matters | Our audit performed and responses thereon |
|---|---|
| **Assessment of the going concern basis in preparation of the financial statements (CONT'D)**<br><br>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 the going concern assumption in preparing the financial statements.<br><br>In addition, given how rapidly the COVID-19 pandemic evolves, further health-related events, geopolitical conflict and other uncertainties in the wider macro environment, any post balance sheet effects that events may have on the going concern of the Group cannot be, and have not been, incorporated into the Group's financial statements. | |

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED**

| Key Audit Matters | Our audit performed and responses thereon |
|---|---|
| **Investment in Rawabi Vallianz Offshore Services Company Limited ("RVOS")**<br>(Refer to Notes 12 and 18 to the financial statements) | |
| On 12 January 2022, the Group completed its partial disposal of its shareholding interest in RVOS. Accordingly, the Group's shareholding interest in RVOS has reduced from 40.7% to 19.77%. The directors of the Company assessed that the Group no longer has the ability to exercise significant influence by virtue of equity interest and its board representation over RVOS. Accordingly, the Group ceased equity accounting the results of RVOS as an investment in associate and reclassified the investment in RVOS as financial assets at fair value through other comprehensive income.<br><br>The management has engaged a third party independent valuer to assist in the assessment of the fair value of the equity interest retained in RVOS as well as at financial year end.<br><br>We identified this as a key audit matter due to the assumptions, estimates and judgements used by management in determining the fair value of the retained interests in RVOS at initial recognition and as at financial year end. | In obtaining sufficient appropriate audit evidence, the following procedures were performed:<br><br>• Reviewed and recomputed the total assets and liabilities of the RVOS at their carrying amount at the date when significant influence is lost;<br><br>• Performed substantive audit procedures to verify total assets and liabilities, including cut-off procedures at the date when significant influence is lost to validate the carrying amount of the investment;<br><br>• Reviewed the consolidation journals made in respect of the disposal of interest in RVOS;<br><br>• Evaluated the objectivity, independence and expertise of the third party independent valuer;<br><br>• Critically evaluated, including conducting discussions with management and the independent valuer, the assumptions, estimates and judgements used by management to determine the fair value of the retained interests in RVOS and fair value of the interest as at financial year end with the assistance of our valuation specialist;<br><br>• Assessed the Group's loss of its ability to exercise significant influence over RVOS;<br><br>• Reviewed management's assessment on classification of the financial assets for retained interest in RVOS; and<br><br>• Reviewed the disclosures made in the consolidated financial statements. |

| Key Audit Matters | Our audit performed and responses thereon |
|---|---|
| **Revenue recognition**<br>(Refer to Notes 2 and 30 to the financial statements)<br><br>During the financial year ended 31 March 2022, the Group's revenue from vessel chartering and shipyard and vessel management services income amounted to US$31,376,000 and US$32,774,000 respectively.<br><br>Revenue from vessel chartering comprises 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.<br><br>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.<br><br>Bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the leases.<br><br>Revenue derived from shipyard and vessel management services income is accounted for in accordance with SFRS(I) 15, where revenue is recognised at an amount that reflects the consideration in the contracts at 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.<br><br>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 and SFRS(I) 16. | In obtaining sufficient appropriate audit evidence, the following procedures were performed:<br><br>• Understood and evaluated key controls over sales and receivables cycle;<br><br>• Reviewed all significant contracts entered into during the financial year and identified performance obligations in the contracts;<br><br>• 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;<br><br>• 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, if any, vis-à-vis the requirements under SFRS(I) 15; and<br><br>• 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.

(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 director 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,

6 July 2022

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**STATEMENTS OF FINANCIAL POSITION**
**31 March 2022**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | | US$'000 | US$'000 | US$'000 | US$'000 |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 7 | 6,835 | 6,713 | 139 | 1,777 |
| Trade receivables | 8 | 9,509 | 7,428 | - | 2 |
| Other receivables | 9 | 35,429 | 10,094 | 470,738 | 339,973 |
| Inventories | 10 | 744 | 725 | - | - |
| Contract assets | 11 | 760 | - | - | - |
| Financial assets at fair value through other comprehensive income | 12 | 31,729 | 31,729 | - | - |
| Total current assets | | 85,006 | 56,689 | 470,877 | 341,752 |
| **Non-current assets** | | | | | |
| Monies pledged with banks | 7 | 699 | 699 | - | - |
| Other receivables | 9 | 14,843 | - | - | - |
| Financial assets at fair value through other comprehensive income | 12 | 60,853 | - | - | - |
| Property, plant and equipment | 13 | 66,983 | 68,233 | 21 | 39 |
| Right-of-use assets | 14 | 368 | 600 | - | - |
| Subsidiary corporations | 17 | - | - | 404 | 404 |
| Associates | 18 | - | 175,598 | - | - |
| Total non-current assets | | 143,746 | 245,130 | 425 | 443 |
| **Total assets** | | 228,752 | 301,819 | 471,302 | 342,195 |

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**STATEMENTS OF FINANCIAL POSITION (CONT'D)**
**31 March 2022**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | | US$'000 | US$'000 | US$'000 | US$'000 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Term loans | 20 | 32,209 | 32,680 | - | - |
| Trade payables | 21 | 20,726 | 36,565 | 1 | - |
| Other payables | 22 | 53,393 | 38,900 | 335,782 | 182,301 |
| Lease liabilities | 23 | 241 | 225 | - | - |
| Income tax payable | | 100 | 27 | - | - |
| Total current liabilities | | 106,669 | 108,397 | 335,783 | 182,301 |
| **Non-current liabilities** | | | | | |
| Term loans | 20 | 91,365 | 142,545 | - | - |
| Retirement benefit obligation | | 582 | 536 | - | - |
| Lease liabilities | 23 | 160 | 382 | - | - |
| Deferred tax liabilities | 24 | 1,613 | 1,780 | - | - |
| Convertible bonds | 25 | 43,840 | - | 43,840 | - |
| Total non-current liabilities | | 137,560 | 145,243 | 43,840 | - |
| **Capital and reserves** | | | | | |
| Share capital | 26 | 382,274 | 347,746 | 382,274 | 347,746 |
| Perpetual capital securities | 27 | 22,500 | 22,500 | 22,500 | 22,500 |
| Foreign currency translation reserve | 28 | (24) | (46) | - | - |
| Shareholder's advances | 29 | 13,675 | 115,582 | - | 108,251 |
| Equity component of Convertible bonds | 25 | 6,679 | - | 6,679 | - |
| Other reserve | | (607) | (607) | 28 | 28 |
| Accumulated losses | | (419,467) | (417,102) | (319,802) | (318,631) |
| Equity attributable to owners of the Company and capital securities holders | | 5,030 | 68,073 | 91,679 | 159,894 |
| Non-controlling interests | | (20,507) | (19,894) | - | - |
| Total equity | | (15,477) | 48,179 | 91,679 | 159,894 |
| **Total liabilities and equity** | | 228,752 | 301,819 | 471,302 | 342,195 |

See accompanying notes to financial statements.

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**Year ended 31 March 2022**

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **Revenue** | 30 | 64,150 | 88,599 |
| Cost of sales | | (68,646) | (86,293) |
| **Gross (loss)/ profit** | | (4,496) | 2,306 |
| Other income, net | 31 | 6,342 | 852 |
| Administrative expenses | | (7,365) | (10,446) |
| Exceptional items | 32 | - | (8,517) |
| Finance costs | 33 | (6,081) | (17,464) |
| Share of results of associates | 18 | 8,052 | 8,216 |
| **Loss before tax** | | (3,548) | (25,053) |
| Income tax credit | 34 | 70 | 91 |
| **Loss for the year** | 35 | (3,478) | (24,962) |
| **Other comprehensive income / (loss):** | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | 28 | 22 | 107 |
| Actuarial loss on post-employment benefit obligation | | - | (442) |
| Other comprehensive income / (loss) for the year, net of tax | | 22 | (335) |
| **Total comprehensive loss for the year** | | (3,456) | (25,297) |

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**
**Year ended 31 March 2022**

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **Loss for the year attributable to:** | | | |
| Owners of the Company | | (2,365) | (23,011) |
| Non-controlling interests | | (1,113) | (1,951) |
| | | (3,478) | (24,962) |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the Company | | (2,343) | (23,346) |
| Non-controlling interests | | (1,113) | (1,951) |
| | | (3,456) | (25,297) |
| **Loss per share (US cents)** | | | |
| Basic | 36 | (0.27) | (4.11) |
| Diluted | 36 | (0.27) | (4.11) |

See accompanying notes to financial statements.

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**STATEMENTS OF CHANGES IN EQUITY**
**Year ended 31 March 2022**

| | Share capital | Perpetual capital securities | Foreign currency translation reserve | Shareholder's advance | Other reserve | Accumulated losses | Equity component of convertible Bonds | Equity attributable to owners of the company and capital issued to securities holders | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group | | | | | | | | | | |
| **At 1 April 2021** | **347,746** | **22,500** | **(46)** | **115,582** | **(607)** | **(417,102)** | - | **68,073** | **(19,894)** | **48,179** |
| **Total comprehensive loss for the year** | | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (2,365) | - | (2,365) | (1,113) | (3,478) |
| Other comprehensive income for the year | - | - | 22 | - | - | - | - | 22 | - | 22 |
| Total | - | - | 22 | - | - | (2,365) | - | (2,343) | (1,113) | (3,456) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | |
| Deemed repayment by Shareholders, net | - | - | - | (67,379) | - | - | - | (67,379) | - | (67,379) |
| Conversion of shareholders' advances to ordinary shares | 34,528 | - | - | (34,528) | - | - | - | - | - | - |
| Allotment of shares to minority shareholders (Note 17) | - | - | - | - | - | - | - | - | 500 | 500 |
| Total | 34,528 | - | - | (101,907) | - | - | - | (67,379) | 500 | (66,879) |
| Recognition of equity component of convertible bonds | - | - | - | - | - | - | 6,679 | 6,679 | - | 6,679 |
| **At 31 March 2022** | **382,274** | **22,500** | **(24)** | **13,675** | **(607)** | **(419,467)** | **6,679** | **5,030** | **(20,507)** | **(15,477)** |

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**
**Year ended 31 March 2022**

| | Share capital | Perpetual capital securities | Foreign currency translation reserve | Shareholder's advance | Other reserve | Accumulated losses | Equity attributable to owners of the company and capital issued to securities holders | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group (CONT'D) | | | | | | | | | |
| **At 1 April 2020** | 347,746 | 22,500 | (153) | 87,341 | (165) | (394,091) | 63,178 | 25,925 | 89,103 |
| **Total comprehensive loss for the year** | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (23,011) | (23,011) | (1,951) | (24,962) |
| Other comprehensive income/(loss) for the year | - | - | 107 | - | (442) | - | (335) | - | (335) |
| Total | - | - | 107 | - | (442) | (23,011) | (23,346) | (1,951) | (25,297) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| Deemed investment by a shareholder | - | - | - | 28,241 | - | - | 28,241 | - | 28,241 |
| Deconsolidation of a former subsidiary corporation | - | - | - | - | - | - | - | (43,868) | (43,868) |
| Total | - | - | - | 28,241 | - | - | 28,241 | (43,868) | (15,627) |
| **At 31 March 2021** | **347,746** | **22,500** | **(46)** | **115,582** | **(607)** | **(417,102)** | **68,073** | **(19,894)** | **48,179** |

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**
**Year ended 31 March 2022**

| | Share capital | Perpetual capital securities | Shareholder's advance | Other reserve | Accumulated losses | Equity component of convertible bonds | Total equity |
|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Company | | | | | | | |
| **At 1 April 2021** | 347,746 | 22,500 | 108,251 | 28 | (318,631) | - | 159,894 |
| **Total comprehensive loss for the year** | | | | | | | |
| Loss for the year | - | - | - | - | (1,171) | - | (1,171) |
| Total | - | - | - | - | (1,171) | - | (1,171) |
| **Transactions with owners, recognised directly in equity** | | | | | | | |
| Deemed repayment by shareholders (Note 29) | - | - | (73,723) | - | - | - | (73,723) |
| Conversion of shareholders' advances to ordinary shares (Note 26) | 34,528 | - | (34,528) | - | - | - | - |
| Total | 34,528 | - | (108,251) | - | - | - | (73,723) |
| Recognition of equity component of convertible bonds | - | - | - | - | - | 6,679 | 6,679 |
| **At 31 March 2022** | **382,274** | **22,500** | **-** | **28** | **(319,802)** | **6,679** | **91,679** |

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**
**Year ended 31 March 2022**

| | Share capital | Perpetual capital securities | Shareholder's advance | Other reserve | Accumulated losses | Equity component of convertible bonds | Total equity |
|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Company | | | | | | | |
| **At 1 April 2020** | 347,746 | 22,500 | 80,010 | 28 | (303,980) | - | 146,304 |
| **Total comprehensive loss for the year** | | | | | | | |
| Loss for the year | - | - | - | - | (14,651) | - | (14,651) |
| Total | - | - | - | - | (14,651) | - | (14,651) |
| **Transactions with owners, recognised directly in equity** | | | | | | | |
| Deemed investment by a shareholder (Note 29) | - | - | 28,241 | - | - | - | 28,241 |
| Total | - | - | 28,241 | - | - | - | 28,241 |
| **At 31 March 2021** | 347,746 | 22,500 | 108,251 | 28 | (318,631) | - | 159,894 |

See accompanying notes to financial statements.

**VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**Year ended 31 March 2022**

| | 2022 | 2021 |
|---|---|---|
| | US$'000 | US$'000 |
| **Operating activities** | | |
| Loss before tax | (3,548) | (25,053) |
| Adjustments for: | | |
| Loss allowance for trade and other receivables (Note 31) | 961 | 121 |
| Bad debts written off (Note 31) | 1,040 | 119 |
| Creditors written back (Note 31) | (2,253) | - |
| Depreciation of property, plant and equipment (Note 13) | 5,837 | 15,101 |
| Depreciation of right-of-used assets (Note 14) | 232 | 13,054 |
| Provision for retirement benefit obligation | 46 | 588 |
| Finance costs | 6,081 | 17,464 |
| Gain on disposal of property, plant and equipment (Note 31) | - | (1,150) |
| Gain on disposal of associates (Note 31) | (6,383) | - |
| Unrealised foreign exchange differences | 23 | 111 |
| Share of results of associates | (8,052) | (8,216) |
| Fair value loss of derivative financial instruments (Note 19) | - | 1,713 |
| Operating cash flows before working capital changes | (6,016) | 13,852 |
| Trade and other receivables | (29,417) | (88,906) |
| Trade and other payables | 33,037 | 50,755 |
| Inventories | (19) | (568) |
| Contract assets | (760) | 913 |
| Cash used in operations | (3,175) | (23,954) |
| Income tax paid | (24) | (2,038) |
| Net cash used in operating activities | (3,199) | (25,992) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (4,587) | (26,024) |
| Proceeds from disposal of investment in associate | 2,850 | - |
| Proceeds from disposal of property, plant and equipment | - | 6,577 |
| Deconsolidation of a former subsidiary corporation | - | (24,565) |
| Dividend received | 4,263 | - |
| Net cash generated from / (used in) investing activities | 2,526 | (44,012) |
| **Financing activities** | | |
| Interest paid | (1,549) | (11,075) |
| Proceeds from new term loans raised | 2,420 | 135,512 |
| Proceeds from shareholder's advances (Note 29) | 3,701 | 13,187 |
| Principal payment of lease liabilities | (206) | (12,860) |
| Repayment of term loans | (4,071) | (78,437) |
| Issuance of shares by a subsidiary corporation to non-controlling interest | 500 | - |
| Net cash from financing activities | 795 | 46,327 |
| Net increase / (decrease) in cash and cash equivalents | 122 | (23,677) |
| Cash and cash equivalents at beginning of the year | 6,713 | 30,390 |
| **Cash and cash equivalents at end of the year (Note 7)** | 6,835 | 6,713 |

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 1 Harbourfront Avenue #06-08 Keppel Bay Tower Singapore 098632. 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 dollar.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are detailed in Notes 17 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 2022 were authorised for issue by the Board of Directors on 6 July 2022.

On 12 January 2022, the Group had completed its partial disposal of shareholding interest in Rawabi Vallianz Offshore Services Company Ltd. ("RVOS"). Consequently, the Group's shareholding interest in RVOS had reduced from 40.7% to 19.77% and RVOS ceased to be an associate of the Group. The Group's remaining interest in RVOS has been assessed and classified as financial assets, at fair value through other comprehensive income.

On 20 January 2022, the Group had disposed its entire 49% interest in PT Vallainz Offshore Maritim ("PTVOM"). Upon completion, PTVOM ceased to be an associate of the Group.

**Impact of COVID-19**

The COVID-19 pandemic has continued to affect almost all countries of the world during the financial year ended 31 March 2022. As the situation of Covid-19 pandemic evolves, many countries are gradually easing the Covid-19 measures implemented previously which helped to contain the spread of the pandemic. However, there remains a high level of uncertainty and risk that the Group may not have encountered before which may result in significant financial reporting implications.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 March 2022:

i. As disclosed in Note 3(i), the Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

ii. The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 March 2022. The significant estimates and judgement applied on impairment of trade and other receivables and property, plant and equipment are disclosed in Note 3.

The Group will continue to keep a vigilant watch on the challenges that may arise from the ongoing COVID-19 pandemic and uncertainties in the wider macro environment.

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*.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Interpretations and amendments to published standards effective in 2022**

On 1 April 2021, 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.

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.

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 corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, results of subsidiary corporations 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiary corporations are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

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 corporation (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 corporation 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 associates.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

- 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Despite the foregoing, 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.

<u>Amortised cost and effective interest method</u>

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 income, 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 recognising 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)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, net' line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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, trade receivables and contract assets. 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 and contract assets. 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. However, if 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 (if available) or internal credit rating;
- 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;
- Significant increases in credit risk on other financial instruments of the same 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.

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.

Despite the foregoing, 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 debtor 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 debtor; 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, except for assets for which the simplified approach was used.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Compound instruments

The component parts of convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. Where the conversion option remains unexercised at the maturity date of the convertible loan notes, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

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.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps.

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.

**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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES

<u>The Group as lessee</u>

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The Group has applied the practical expedient which permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification and accordingly has accounted for any change in lease payments resulting from the COVID-19-related rent concessions applying SFRS(I) 16 as if the change were not a lease modification.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

<u>The Group as lessor</u>

The Group enters into lease agreements as a lessor with respect to its vessels.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease on the same basis as charter hire income. The accounting policy for charter hire income is set out in Note 2 "Revenue". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

ASSOCIATES - 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.

The results and assets and liabilities of associate 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 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. 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 when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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 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, profits and losses are eliminated to the extent of the Group's interest in the relevant associate where material.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

Shipyard and vessel management services income

The performance obligation of shipyard and vessel management services income includes in-house fabrication and engineering services such as ship building, fabrication works and ship repairs, as well as consultancy and vessel project management which are all highly interrelated. Shipyard and vessel management services income is recognised as the performance obligation is 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)

Commission income

Commission income from acting as an agent on purchase of vessels on behalf of a related company is recognised in profit or loss when the transaction is completed and the Group's rights to receive the commission income have been established.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 dollar, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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 dollar 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 is re-attributed to non-controlling interests and is 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Financial statements have been prepared on a going concern basis

During the financial year ended 31 March 2022, the Group recorded a net loss for the year (after exceptional expenses) of US$3,478,000 (31 March 2021 : US$24,962,000). As at 31 March 2022, the Group is in net current liabilities position of US$21,663,000 (31 March 2021 : US$51,708,000).

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)

As disclosed in Notes 3(i) and 27 to the financial statements, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder. The Group has secured a waiver letter from the sole Perpetual Securities holder as at 31 March 2022, to waive the breach of financial covenants up to 31 March 2023.

Furthermore, during the financial year ended 31 March 2022, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As disclosed in Note 29 to the financial statements, the Group has also obtained from its ultimate holding company an undertaking to classify these shareholder advances amounting to US$13,675,000 as equity.

The above constitutes 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:

- during the financial year, the Group had obtained an extension of waiver up to 31 March 2023 from the sole Perpetual Securities holder for the breach of financial covenants;

- the Group has entered into a debt-restructuring agreement with two financial institutions on 19 February 2021 to which the financial covenants tests shall be applied on an annual basis (on 31 March of each financial year) beginning in the financial year ending 31 March 2023; and

- the Group had obtained an undertaking of financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to classify 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 12 January 2022, the Group had partially disposal of its equity interest in RVOS. As a result, the Group's equity interest had reduced from 40.7% to 19.77%. Upon disposal, the directors of the Company assessed that the Group no longer have the ability to exercise significant influence over RVOS following the reduction in the equity interest and loss of its board representation on RVOS. Consequently, RVOS ceased to be an associate of the Group. The retained interest in RVOS was remeasured to US$60,853,000 (Note 18) and has been classified as financial assets at fair value through other comprehensive income. The value was determined by an independent valuer who relied on management's forecasts and estimates to derive the underlying assumptions to be applied for the remeasurement. The management has exercised its judgement and is satisfied with the value determined by the independent valuer.

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

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

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.

***(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 costs 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 13.

Estimation of loss allowances

When measuring ECL, the Group and the 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

Management exercises its judgement in estimating recoverable amounts of its investments in subsidiary corporations 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 the Company consider the respective recoverable amounts of these investments in the foreseeable future by comparing to the carrying amount of net assets in each subsidiary corporation which approximated the market value less cost to sell.

The carrying amounts of the investments in subsidiary corporations are disclosed in Notes 17.

Measurements in financial assets at fair value through other comprehensive income ("FVTOCI")

*a) Impairment of financial assets at FVTOCI (unquoted preference shares)*

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

*b) Fair value measurement of financial assets at FVTOCI (unquoted equity shares)*

Management determined the appropriate valuation techniques and inputs for fair value measurement. The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as long-term revenue growth rate, management's experience and knowledge of market conditions of the specific industries. Changes in assumptions relating to these factors could affect the reported fair value of financial assets. See Note 4(b)(vi) for further disclosures.

The carrying amount of the financial assets at FVTOCI is disclosed in Note 12 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 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Financial assets** | | | | |
| Financial assets at amortised cost | 56,669 | 24,335 | 470,842 | 341,729 |
| Financial assets at fair value through OCI | 92,582 | 31,729 | - | - |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | 241,533 | 250,690 | 379,623 | 182,301 |
| Lease liabilities | 401 | 607 | - | - |

***(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)

(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 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Group** | | | | |
| SGD | 4,212 | 3,463 | 2,363 | 18,668 |
| **Company** | | | | |
| SGD | 696 | 702 | 139 | 172 |

*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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| SGD | (93) | 760 | (28) | (26) |

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (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 20 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 would increase or decrease by approximately US$823,000 (31 March 2021 : increase or decrease by approximately US$871,000).

(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 2022, 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)

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 |

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (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** | **Loss allowance** | **Net carrying amount** |
|---|---|---|---|---|---|---|
| | | | | US$'000 | US$'000 | US$'000 |
| **Group** | | | | | | |
| 31 March 2022 | | | | | | |
| Trade receivables | 8 | (i) | Lifetime ECL | 9,509 | - | 9,509 |
| Trade receivables | 8 | Doubtful | Lifetime ECL | 1,279 | (1,279) | - |
| Due from outside parties | 9 | Performing | 12-month ECL | 656 | - | 656 |
| Deposits | 9 | Performing | 12-month ECL | 24,127 | - | 24,127 |
| Due from related company | 9 | Performing | 12-month ECL | 14,843 | - | 14,843 |
| Due from related company | 9 | Doubtful | Lifetime ECL | 67,392 | (67,392) | - |
| | | | | 117,806 | (68,671) | 49,135 |
| 31 March 2021 | | | | | | |
| Trade receivables | 8 | (i) | Lifetime ECL | 7,428 | - | 7,428 |
| Trade receivables | 8 | Doubtful | Lifetime ECL | 318 | (318) | - |
| Due from related companies | 9 | Doubtful | Lifetime ECL | 5,083 | (5,083) | - |
| Due from outside companies | 9 | Performing | 12-month ECL | 1,812 | - | 1,812 |
| Deposits | 9 | Performing | 12-month ECL | 7,683 | - | 7,683 |
| | | | | 22,324 | (5,401) | 16,923 |

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

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---|---|---|---|---|---|---|
| | | | | US$'000 | US$'000 | US$'000 |
| **Company** | | | | | | |
| 31 March 2022 | | | | | | |
| Due from ultimate holding company | 9 | Performing | 12-month ECL | 387 | - | 387 |
| Due from subsidiary corporations | 9 | Performing | 12-month ECL | 470,006 | - | 470,006 |
| Due from subsidiary corporations | 9 | Doubtful | Lifetime ECL | 214,131 | (214,131) | - |
| Due from related companies | 9 | Performing | 12-month ECL | 71 | - | 71 |
| Due from outside companies | 9 | Performing | 12-month ECL | 82 | - | 82 |
| Deposits | 9 | Performing | 12-month ECL | 157 | - | 157 |
| | | | | 684,834 | (214,131) | 470,703 |

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

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---|---|---|---|---|---|---|
| | | | | US$'000 | US$'000 | US$'000 |
| **Company** | | | | | | |
| 31 March 2021 | | | | | | |
| Trade receivables | 8 | (i) | Lifetime ECL | 2 | - | 2 |
| Due from ultimate holding company | 9 | Performing | 12-month ECL | 384 | - | 384 |
| Due from associate | 9 | Performing | 12-month ECL | 95 | - | 95 |
| Due from subsidiary corporations | 9 | Performing | 12-month ECL | 339,211 | - | 339,211 |
| Due from subsidiary corporations | 9 | Doubtful | Lifetime ECL | 214,131 | (214,131) | - |
| Due from related companies | 9 | Performing | 12-month ECL | 29 | - | 29 |
| Due from outside companies | 9 | Performing | 12-month ECL | 91 | - | 91 |
| Deposits | 9 | Performing | 12-month ECL | 140 | - | 140 |
| | | | | 554,083 | (214,131) | 339,952 |

(i) For trade receivables, the Group and the Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine 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)

(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 65% (31 March 2021 : 24%) of the Group's trade and other receivables are due from related companies and associate. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the financial year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

At the end of the reporting period, approximately 99% (31 March 2021: 99%) of the Company's trade and other receivables are due from subsidiary corporations and related companies.

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 respective counterparties to the guarantees, is US$170,673,000 (31 March 2021 : US$175,225,000) for guarantees provided to subsidiary corporations and US$12,727,000 (31 March 2021 : US$13,327,000) for guarantees provided to related company (Note 41). 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)

During the financial year ended 31 March 2022, the Group recorded a net loss for the year (after exceptional expenses) of US$3,478,000 (31 March 2021 : US$24,962,000). As at 31 March 2022, the Group is in net current liabilities position of US$21,663,000 (31 March 2021 : US$51,708,000).

As disclosed in Notes 3(i) and 27 to the financial statements, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder. The Group has secured a waiver letter from the sole Perpetual Securities holder as at 31 March 2022, to waive the breach of financial covenants up to 31 March 2023.

Furthermore, during the financial year ended 31 March 2022, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As disclosed in Note 29 to the financial statements, the Group has also obtained from its ultimate holding company an undertaking to classify these shareholder advances amounting to US$13,675,000 as equity.

The above constitutes 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:

- during the financial year, the Group had obtained an extension of waiver up to 31 March 2023 from the sole Perpetual Securities holder for the breach of financial covenants;

- the Group has entered into a debt-restructuring agreement with two financial institutions on 19 February 2021 to which the financial covenants tests shall be applied on an annual basis (on 31 March of each financial year) beginning in the financial year ending 31 March 2023; and

- the Group had obtained an undertaking of financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to classify 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)

*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 | Within 2 to 5 years | After 5 years | Adjust-ment | Total |
|---|---|---|---|---|---|---|
| | % | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Group** | | | | | | |
| 31 March 2022 | | | | | | |
| Non-interest bearing | - | 74,119 | - | - | - | 74,119 |
| Lease liabilities (fixed rate) | 5.25 | 241 | 160 | - | - | 401 |
| Variable interest rate instruments | 1.93 | 32,341 | - | 151,773 | (19,600) | 164,514 |
| Fixed interest rate instruments | 5.60 | 507 | 2,660 | - | (267) | 2,900 |
| | | 107,208 | 2,820 | 151,773 | (19,867) | 241,934 |
| 31 March 2021 | | | | | | |
| Non-interest bearing | - | 75,465 | - | - | - | 75,465 |
| Lease liabilities (fixed rate) | 5.25 | 225 | 382 | - | - | 607 |
| Variable interest rate instruments | 3.01 | 32,685 | 151,266 | - | (9,677) | 174,274 |
| Fixed interest rate instruments | 5.00 | 999 | - | - | (48) | 951 |
| | | 109,374 | 151,648 | - | (9,725) | 251,297 |
| **Company** | | | | | | |
| 31 March 2022 | | | | | | |
| Non-interest bearing | - | 335,783 | - | - | - | 335,783 |
| Variable interest rate instruments | 1.5 | - | - | 48,655 | (4,815) | 43,840 |
| | | 335,783 | - | 48,655 | (4,815) | 379,623 |

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

| | Weighted average effective interest rate | On demand or within 1 year | Within 2 to 5 years | After 5 years | Adjust-ment | Total |
|---|---|---|---|---|---|---|
| | % | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Company** | | | | | | |
| 31 March 2021 | | | | | | |
| Non-interest bearing | - | 182,301 | - | - | - | 182,301 |

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 2021 : US$699,000). All financial assets are non-interest bearing.

(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)

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).

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

| Financial assets | Fair value as at 31 March 2022 | Fair value as at 31 March 2021 | Fair value hierar-chy | Valuation technique (s) and key input(s) | Significant unobservable input | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | | | | |
| **Group** | | | | | | |
| - Unquoted equity shares | 60,853 | - | Level 3 | Income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee. | a) Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2.9% to 18.9% per annum. | a) The higher the revenue growth rate, the higher the fair value. If the revenue growth was 1% higher/lower while all other variables were held constant, the carrying amount would increase US$3,929,000 or decrease by $3,904,000. |
| | | | | | b) Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 22.0% to 22.3%. | b) The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was 1% higher/lower while all other variables were held constant, the carrying amount would increase/ decrease by US$6,703,000. |

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

| **Financial assets** | **Fair value as at 31 March 2022** | **31 March 2021** | **Fair value hierar-chy** | **Valuation technique (s) and key input(s)** | **Significant unobservable input** | **Relationship of unobservable inputs to fair value** |
|---|---|---|---|---|---|---|
| | **US$'000** | **US$'000** | | | | |
| **Group** | | | | | | |
| | | | | | c) Weighted average cost of capital (WACC), determined using a Capital Asset Pricing Model, ranging from 5.85% to 6.15% . | c) The higher the WACC, the lower the fair value.<br>If the WACC was 0.5% higher/lower while all other variables were held constant, the carrying amount would decrease by US$16,205,000 or increase by US$21,039,000. |
| | | | | | d) Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries at 20%. | d) The higher the discount, the lower the fair value.<br>If the discount was 5% higher/lower while all other variables were held constant, the carrying amount would decrease/ increase by US$3,754,000. |
| - unquoted preference 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 |

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

*(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.*

There was no transfer between the different levels of the fair value hierarchy during the financial years ended 31 March 2022 and 2021.

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 2022 and 2021, other than certain financial assets at FVTOCI and derivative financial instruments, as disclosed in Notes 12 and 19 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 financial years ended 31 March 2022 and 2021. The Group's overall strategy remains unchanged from the prior period.

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

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 20 to the financial statements.

As at the end of the financial 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.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Singapore Companies Act 1967 defines a holding company as a subsidiary corporation of another corporation if (i) the corporation controls the board of the subsidiary corporation, or (ii) controls more than half of the voting power of the subsidiary corporation. RHC, incorporated in the Kingdom of Saudi Arabia, is the ultimate holding company by virtue of its shareholdings in the Company. 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 | |
|---|---|---|
| | 2022 | 2021 |
| Ultimate holding company | US$'000 | US$'000 |
| Management fee expenses | - | (1,448) |
| Shareholder's advances | (3,701) | (13,187) |
| Payment made on behalf by | (16,852) | (31,517) |
| Loan interest | (3,682) | (5,300) |
| Rental of premises | - | (287) |
| Related companies | | |
| Corporate services | - | (2) |
| Provision of other goods and services | - | (844) |

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related companies and the effect of these on the basis determined between the parties is reflected in these financial statements. Outstanding balances as at 31 March 2022 and 2021 are disclosed on Notes 8, 9 and 22 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 | |
|---|---|---|
| | 2022 | 2021 |
| Related companies of a corporate shareholder | US$'000 | US$'000 |
| Shipyard and vessel management services income | - | 2,945 |
| Project management income | 8,449 | - |
| Charter hire expense | (1,311) | - |
| Shipyard services | - | (90) |
| Associate | | |
| Project management income | 19,666 | 11,521 |
| Charter hire income | 1,100 | 1,100 |
| Charter hire expense | (4,255) | (46) |

***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management during the year was as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Short-term benefits | 1,949 | 1,693 |
| Post-employment benefits | 94 | 85 |
| | 2,043 | 1,778 |

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 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash at bank | 7,511 | 7,389 | 139 | 1,777 |
| Cash on hand | 23 | 23 | - | - |
| | 7,534 | 7,412 | 139 | 1,777 |
| Less: Monies pledged with banks | | | | |
| - non-current (Note 20) | (699) | (699) | - | - |
| Cash and cash equivalents | 6,835 | 6,713 | 139 | 1,777 |

## 8 TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Outside parties | 9,116 | 7,305 | - | - |
| Related company | 1,672 | - | - | 2 |
| Associate | - | 441 | - | - |
| | 10,788 | 7,746 | - | 2 |
| Loss allowance | (1,279) | (318) | - | - |
| Total | 9,509 | 7,428 | - | 2 |

The credit period on services rendered is 30 days (31 March 2021: 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 | 31 - 60 days | 61 - 90 days | 91 - 120 days | > 120 days | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **31 March 2022** | | | | | | |
| Gross trade receivables | 4,614 | 1,332 | 143 | 5 | 4,694 | 10,788 |
| Loss allowance | - | - | - | - | (1,279) | (1,279) |
| Total | 4,614 | 1,332 | 143 | 5 | 3,415 | 9,509 |
| **31 March 2021** | | | | | | |
| Gross trade receivables | 2,930 | 827 | 143 | 104 | 3,742 | 7,746 |
| Loss allowance | - | - | - | - | (318) | (318) |
| Total | 2,930 | 827 | 143 | 104 | 3,424 | 7,428 |

The movements in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

| | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
|---|---|---|---|
| | US$'000 | US$'000 | US$'000 |
| **Group** | | | |
| Balance as at 31 March 2020 | - | 186 | 186 |
| Loss allowance during the year | - | 121 | 121 |
| Foreign exchange (gains) or losses | - | 11 | 11 |
| Balance as at 31 March 2021 | - | 318 | 318 |
| Loss allowance during the year | - | 961 | 961 |
| Balance as at 31 March 2022 | - | 1,279 | 1,279 |

Management is of the opinion that the fair value of the trade receivables approximates the carrying amount.

## 9 OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| *Current* | | | | |
| Outside parties | 656 | 1,812 | 82 | 91 |
| Ultimate holding company | - | - | 387 | 384 |
| Subsidiary corporations | - | - | 684,137 | 553,342 |
| Related companies | - | 5,083 | 71 | 29 |
| Associate | - | - | - | 95 |
| Prepayments | 10,646 | 599 | 35 | 23 |
| Deposits | 24,127 | 7,683 | 157 | 140 |
| | 35,429 | 15,177 | 684,869 | 554,104 |
| Loss allowance | - | (5,083) | (214,131) | (214,131) |
| | 35,429 | 10,094 | 470,738 | 339,973 |
| *Non-current* | | | | |
| Related company [(i)] | 82,235 | - | - | - |
| Loss allowance | (67,392) | - | - | - |
| | 14,843 | - | - | - |

[(i)] During the financial year ended 31 March 2022, the Group had disposal its entire 49% interest in PTVOM, a related company of a major shareholder. Consequently, other receivables due from PTVOM previously classified as deemed investment in associate to better reflect the non-current nature of the asset has been reclassified to non-current other receivables.

The credit period on these receivables is 30 days (31 March 2021: 30 days).

<u>Expected credit losses</u>

<u>Due from ultimate holding company, associate and related companies</u>

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 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 companies 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 and related companies, adjusted for factors that are specific to the ultimate holding company, associate and related companies and general economic conditions of the industry in which the ultimate holding company, associate and related companies operate, in estimating the probability of default of the amounts due from ultimate holding company, associate and related companies as well as the loss upon default. The Group and the Company determine the amounts due from ultimate holding company, associate and related companies to be subject to immaterial credit loss.

9 OTHER RECEIVABLES (CONT'D)

Due from related companies and subsidiary corporations

These amounts are unsecured, interest-free and repayable on demand.

For purpose of impairment assessment of performing receivables due from related companies 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 companies and subsidiary corporations, adjusted for factors that are specific to the related companies and subsidiary corporations and general economic conditions of the industry in which the related companies and subsidiary corporations operate, in estimating the probability of default of the amounts due from related companies and subsidiary corporations as well as the loss upon default. The Group and the Company determine the amounts due from related companies 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.

9 OTHER RECEIVABLES (CONT'D)

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 | 31 - 60 days | 61 - 90 days | 91 - 120 days | > 120 days | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **31 March 2022** | | | | | | |
| Gross other receivables | 656 | - | - | - | - | 656 |
| Loss allowance | - | - | - | - | - | - |
| Total | 656 | - | - | - | - | 656 |
| **31 March 2021** | | | | | | |
| Gross other receivables | 1,783 | - | - | - | 5,112 | 6,895 |
| Loss allowance | - | - | - | - | (5,083) | (5,083) |
| Total | 1,783 | - | - | - | 29 | 1,812 |

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 2021 | 5,083 |
| Utilisation of loss allowance during the financial year | (5,083) |
| Balance as at 31 March 2022 | - |

| | Lifetime ECL-credit impaired |
|---|---|
| | US$'000 |
| **Company** | |
| Balance as at 31 March 2021 and 31 March 2022 | 214,131 |

There is no movement in loss allowance for the Company during the financial year ended 31 March 2022.

## 10 INVENTORIES

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| Consumables and spares | 744 | 725 |

## 11 CONTRACT ASSETS

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| Accrued income from construction contracts | 760 | - |

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 2022 and 2021.

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 2022.

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 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| **Investment in equity instruments designated at fair value through other comprehensive income ("FVTOCI"):** | | |
| *Current assets* | | |
| Unquoted preference shares held in ROPL | 31,729 | 31,729 |
| *Non-current assets* | | |
| Unquoted equity shares held in RVOS | 60,853 | - |

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 and unquoted equity shares measured at FVTOCI has been disposed of during the current reporting period.

Unquoted preference shares - ROPL

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 2022 and 2021.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

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 20, 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 2022, including the additional interests and penalty payable of US$6,531,000 (31 March 2021: 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 2022 and 2021.

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.

Reconciliation of fair value measurement of the unquoted preference shares:

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'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.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

Unquoted equity shares - RVOS

The investments in unquoted preference shares represent Group's 19.77% interests in the ordinary share capital of Rawabi Vallianz Offshore Services Company Limited ("RVOS"), an entity involved in provision of offshore marine support services.

As disclosed in Note 18 to the financial statements, in the previous financial year ended 31 March 2021, the Group had on 1 October 2020 equity accounted its 40.7% interest in RVOS as an "Investment in Associate".

As disclosed elsewhere in the financial statements, during the financial year ended 31 March 2022, on 17 November 2021, Vallianz Investment Capital Pte. Ltd. ("VIC") (as Seller), a wholly-owned subsidiary of the Company, and Vallianz Holding Limited ("VHL") (as Seller's Shareholder) entered into a Sale and Purchase Agreement ("SPA") with Rawabi Energy Company ("REC") (as Buyer) and Rawabi Holding Company Limited ("RHCL") (as Buyer's Shareholder) for the disposal by VIC of 90,000 ordinary shares in RVOS constituting 20.93% of the total paid-up issued share capital of RVOS to REC for a consideration of US$80,000,000.

On 12 January 2022, the Group completed its partial disposal of the shareholding interest in RVOS. Accordingly, the Group's shareholding interest in RVOS has reduced from 40.7% to 19.77%.

The Board has assessed that the Group will no longer have the ability to exercise significant influence over RVOS. Consequently, RVOS ceased to be an associate of the Group. The Group's remaining 19.77% interests in RVOS is accounted for as "financial assets at fair value through other comprehensive income" in the statement of financial position of the Group.

The valuation methodology for these investments is disclosed in Note 4(b)(vi).

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe 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.

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Computers | Office furniture and equipment | Renovation | Motor vehicles | Vessels | Dry-docking | Plant and machineries | Leasehold building | Construction - in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group | | | | | | | | | | |
| Cost: | | | | | | | | | | |
| At 31 March 2020 (restated) | 1,648 | 1,109 | 181 | 464 | 1,026,616 | 7,634 | 8,058 | 18,090 | 29,659 | 1,093,459 |
| Deconsolidation of a former subsidiary corporation (Note 38) | (428) | (545) | - | (377) | (839,657) | - | - | (4,246) | (27,447) | (872,700) |
| Disposal of subsidiary corporations | (86) | (5) | - | (14) | - | - | - | - | - | (105) |
| Additions | 103 | 17 | 174 | 35 | 19,046 | 166 | 433 | 17 | 6,033 | 26,024 |
| Disposals | (495) | (7) | - | (54) | (52,353) | (2,826) | (137) | - | (4,087) | (59,959) |
| Exchange differences | 23 | - | - | 2 | - | - | 352 | - | - | 377 |
| At 31 March 2021 | 765 | 569 | 355 | 56 | 153,652 | 4,974 | 8,706 | 13,861 | 4,158 | 187,096 |
| Additions | 41 | 37 | 84 | 65 | 240 | 1,309 | 1,298 | 9 | 1,504 | 4,587 |
| Disposals | (7) | (3) | - | (1) | - | - | (106) | - | - | (117) |
| Transfer | - | - | - | - | - | 1,421 | - | 21 | (1,442) | - |
| Adjustment | - | - | - | - | 39,539 | - | - | - | - | 39,539 |
| Exchange differences | (2) | - | - | 1 | - | - | (27) | - | - | (28) |
| At 31 March 2022 | 797 | 603 | 439 | 121 | 193,431 | 7,704 | 9,871 | 13,891 | 4,220 | 231,077 |

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers | Office furniture and equipment | Renovation | Motor vehicles | Vessels | Dry-docking | Plant and machineries | Leasehold building | Construction - in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group (CONT'D) | | | | | | | | | | |
| Accumulated depreciation: | | | | | | | | | | |
| At 31 March 2020 | 840 | 736 | 150 | 240 | 87,692 | 4,199 | 4,561 | 4,682 | - | 103,100 |
| Deconsolidation of a former subsidiary corporation (Note 38) | (144) | (259) | - | (212) | (73,356) | - | - | (1,330) | - | (75,301) |
| Disposal of subsidiary corporation | (86) | (5) | - | (14) | - | - | - | - | - | (105) |
| Depreciation for the Year (Note 35) | 67 | 82 | 31 | 18 | 13,095 | 648 | 35 | 1,125 | - | 15,101 |
| Disposals | (35) | (7) | - | (54) | (11,703) | (1,597) | (137) | - | - | (13,533) |
| Exchange differences | 23 | - | - | 22 | - | - | 332 | - | - | 377 |
| At 31 March 2021 | 665 | 547 | 181 | - | 15,728 | 3,250 | 4,791 | 4,477 | - | 29,639 |
| Depreciation for the Year (Note 35) | 71 | 11 | 65 | 32 | 3,071 | 1,317 | 425 | 845 | - | 5,837 |
| Disposals | (7) | (3) | - | (1) | - | - | (106) | - | - | (117) |
| Exchange differences | (1) | - | - | 6 | - | (3) | (30) | - | - | (28) |
| At 31 March 2022 | 728 | 555 | 246 | 37 | 18,799 | 4,564 | 5,080 | 5,322 | - | 35,331 |

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers | Office furniture and equipment | Renovation | Motor vehicles | Vessels | Dry-docking | Plant and machineries | Leasehold building | Construction - in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group (CONT'D) | | | | | | | | | | |
| Accumulated impairment: | | | | | | | | | | |
| At 31 March 2020 (restated) | - | 3 | 23 | - | 168,748 | - | 3,465 | 121 | 1,287 | 173,647 |
| Deconsolidation of a former subsidiary corporation (Note 38) | - | - | - | - | (53,098) | - | - | - | - | (53,098) |
| Disposals | - | - | - | - | (31,325) | - | - | - | - | (31,325) |
| At 31 March 2021 | - | 3 | 23 | - | 84,325 | - | 3,465 | 121 | 1,287 | 89,224 |
| Adjustment | - | - | - | - | 39,539 | - | - | - | - | 39,539 |
| At 31 March 2022 | - | 3 | 23 | - | 123,864 | - | 3,465 | 121 | 1,287 | 128,763 |

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers | Office furniture and equipment | Renovation | Motor vehicles | Vessels | Dry-docking | Plant and machineries | Leasehold building | Construction - in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group (cont'd) | | | | | | | | | | |
| Carrying amount: | | | | | | | | | | |
| At 31 March 2022 | 69 | 45 | 170 | 84 | 50,768 | 3,140 | 1,326 | 8,448 | 2,933 | 66,983 |
| At 31 March 2021 | 100 | 19 | 151 | 56 | 53,599 | 1,724 | 450 | 9,263 | 2,871 | 68,233 |

Certain of the Group's property, plant and equipment with a total carrying amount of US$63,682,000 (31 March 2021: US$65,038,000) were mortgaged to financial institutions for facilities granted (Note 20). The leasehold building is located in Batam, Indonesia.

In the previous financial years and as at 31 March 2022, the Group recorded an accumulative impairment loss of US$123,864,000 on the carrying amount of its property, plant and equipment. 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. During the financial year ended 31 March 2022, no additional impairment loss nor reversal of impairment loss has been recognised.

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers | Office furniture and equipment | Motor vehicle | Renovation | Total |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Company | | | | | |
| Cost: | | | | | |
| At 31 March 2022 and 2021 | 14 | 25 | 111 | 130 | 280 |
| Accumulated depreciation: | | | | | |
| At 1 April 2020 | 10 | 25 | 59 | 130 | 224 |
| Depreciation for the year | 1 | - | 16 | - | 17 |
| At 31 March 2021 | 11 | 25 | 75 | 130 | 241 |
| Depreciation for the year | 1 | - | 17 | - | 18 |
| At 31 March 2022 | 12 | 25 | 92 | 130 | 259 |
| Carrying amount: | | | | | |
| At 31 March 2022 | 2 | - | 19 | - | 21 |
| At 31 March 2021 | 3 | - | 36 | - | 39 |

14 RIGHT-OF-USE ASSETS

| | Office premise | Vessels | Vehicles | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Group | | | | |
| Cost: | | | | |
| At 31 March 2022 and 2021 | 697 | - | - | 697 |
| Accumulated depreciation: | | | | |
| At 31 March 2021 | 97 | - | - | 97 |
| Depreciation for the year | 232 | - | - | 232 |
| At 31 March 2022 | 329 | - | - | 329 |
| Carrying amount: | | | | |
| At 31 March 2022 | 368 | - | - | 368 |

| | Office premise | Vessels | Vehicles | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Group | | | | |
| Cost: | | | | |
| At 31 March 2020 | - | 43,453 | 267 | 43,720 |
| Additions | 697 | 2,510 | - | 3,207 |
| Deconsolidation of a former subsidiary corporation (Note 38) | - | (45,963) | (267) | (46,230) |
| At 31 March 2021 | 697 | - | - | 697 |
| Accumulated depreciation: | | | | |
| At 31 March 2020 | - | 17,800 | 57 | 17,857 |
| Depreciation for the year | 97 | 12,894 | 63 | 13,054 |
| Deconsolidation of a former subsidiary corporation (Note 38) | - | (30,694) | (120) | (30,814) |
| At 31 March 2021 | 97 | - | - | 97 |
| Carrying amount: | | | | |
| At 31 March 2021 | 600 | - | - | 600 |

Right-of-use assets acquired under leasing arrangements are presented separately in this Note. Details of such leased assets are disclosed in Note 15.

15 LEASES – THE GROUP AS A LESSESS

Nature of the Group's leasing activities

**Office premise**

The Group leases office space for the purpose of back office operations.

**Vessels**

The Group leases vessels for the purpose of chartering and leases vehicle for business purposes.

(a) Carrying amounts of ROU assets

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Office premises (Note 14) | 368 | 600 |

(b) Depreciation charge during the year

| | 2022 | 2021 |
|---|---|---|
| | US$'000 | US$'000 |
| Office premises | 232 | 97 |
| Vessels | - | 12,894 |
| Vehicles | - | 63 |
| Total (Note 14) | 232 | 13,054 |

(c) Interest expense

| | 2022 | 2021 |
|---|---|---|
| | US$'000 | US$'000 |
| Interest expense on lease liabilities | 26 | 789 |

15 LEASES – THE GROUP AS A LESSESS (CONT'D)

(d) Lease expense not capitalised in lease liabilities

| | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Lease expense – short-term leases | - | 452 |
| Lease expense – low value leases | 28 | - |
| Total | 28 | 452 |

(e) Total income from right-of-use assets in 2022 was Nil (2021 : US$14,795,000).

(f) Total cash outflow for all leases in 2022 was US$282,000 (2021 : US$14,101,000).

(g) Addition of right-of-use assets during the financial year 2022 was Nil (2021 : US$3,207,000).

16 LEASES – THE GROUP AS A LESSOR

The Group has leased out its owned vessels to third parties for monthly lease payments. This lease is classified as an operating lease because the risks and rewards incidental to ownership of the assets are not substantially transferred.

Charter hire income from vessels is disclosed in Note 30.

17 SUBSIDIARY CORPORATIONS

| | Company | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| *Unquoted equity shares, at cost* | | |
| Beginning of financial year | 29,816 | 29,566 |
| Addition [(a)] | - | 250 |
| End of financial year | 29,816 | 29,816 |
| *Accumulated impairment loss* | | |
| Beginning and end of financial year | (29,412) | (29,412) |
| Carrying amount | 404 | 404 |

(a) On 14 April 2020, the Company has subscribed additional shares issued by one of the subsidiary corporations for a consideration of US$250,000.

17 SUBSIDIARY CORPORATIONS (CONT'D)

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 2022 | 31 March 2021 | |
| | | % | % | |
| 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 (4) | Mexico | 49 | 49 | Vessel ownership and chartering. |
| <u>Held by Vallianz International Pte. Ltd.</u> | | | | |
| 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. |

17 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 2022 | 31 March 2021 | |
| | | % | % | |
| OER Holdings Pte. Ltd. (1) | Singapore | 100 | 100 | Investment holding. |
| RI Capital Holdings Pte. Ltd. (1) | Singapore | 100 | 100 | Investment holding. |
| Samson Engineering Limited (3) | Labuan, Malaysia | 100 | 100 | Provision of shipbuilding and engineering services. |
| Holmen Heavylift Offshore Pte. Ltd. (1) | Singapore | 75 | 75 | Investment holding and vessel chartering. |
| <u>Held by Vallianz Shipbuilding and Engineering Pte. Ltd.</u> | | | | |
| Jetlee Shipbuilding & Engineering Pte. Ltd. (1) | Singapore | 100 | 100 | Provision of shipyard and engineering services. |
| <u>Held by Jetlee Shipbuilding and Engineering Pte. Ltd.</u> | | | | |
| PT United Sindo Perkasa (2) (5) | Indonesia | 95.24 | 100 | Provision of shipyard and engineering services. |
| <u>Held by Vallianz Investment Capital Pte. Ltd.</u> | | | | |
| Rawabi Vallianz International Company Limited (4)(6) | Kingdom of Saudi Arabia | 50 | 50 | Provision of offshore marine support services. |
| <u>Held by Holmen Heavylift Offshore Pte. Ltd.</u> | | | | |
| Holmen Arctic Pte. Ltd. (1) | Singapore | 75 | 75 | Vessel ownership and chartering. |

17 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 2022 | 31 March 2021 | |
| | | % | % | |
| Holmen Atlantic Pte. Ltd. [(1)] | Singapore | 75 | 75 | Vessel ownership and chartering. |
| Holmen Pacific LLC [(1)] | Marshall Island | 75 | 75 | Vessel ownership and chartering. |
| <u>Held by OER Holdings Pte. Ltd.</u> | | | | |
| OER Services Pte. Ltd. [(1)] | Singapore | 100 | 100 | Crewing management. |
| <u>Held by Newcruz International Pte. Ltd.</u> | | | | |
| 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 KAP. Hendrawinata Hanny Erwin & Sumargo, Indonesia.

(3) Reviewed by Nexia TS Public Accounting Corporation, Singapore for purposes of consolidation.

(4) Not required to be audited under the laws of the country of incorporation.

(5) On 21 December 2021, PT United Sindo Perkasa ("PTUSP") had issued 500 new ordinary shares for a total consideration of US$500,000 in cash to Rawabi Energy Company, a subsidiary corporation of the Company's ultimate holding company. Accordingly, the Group's shareholding reduced to 95.24%, whilst control is retained in PTUSP. As the effect of changes in ownership interest of PTUSP on the equity attributable to owners of the Company is not material to these financial statements, no further disclosure is made.

(6) 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. 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.

17 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 2022 | 31 March 2021 |
|---|---|---|---|
| Vessel ownership and chartering. | Singapore | 2 | 2 |
| Vessel management and chartering. | Singapore | 1 | 1 |
| Provision of offshore marine support services. | Kingdom of Saudi Arabia | 1 | 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 | 1 | 1 |
| | | 14 | 14 |

**FY2021**

On 31 December 2020, the Group had disposed its entire interest in its wholly-owned subsidiary corporation, Offshore Engineering Resources Pte Ltd ("OERPL") for a nominal consideration of US$1 to an unrelated third party. OERPL holds 99% of shareholding interest in each of Offshore Supply Resources Mexico S.A de C.V ("OSR") and Offshore Engineering Resources Mexico S.A de C.V ("OER"). OERPL has a paid-up capital of US$10,000 and each of OSR and OER has a paid-up capital of US$2,000. Due to net loss and net tangible liabilities of the three entities, the Group disposed OERPL at the nominal consideration. Following the disposal of OERPL, OERPL and together with OSR and OER will cease to be the subsidiary corporations of the Group. However, as the subsidiary corporations disposed are not material to these financial statements, no further disclosures are made.

17 SUBSIDIARY CORPORATIONS (CONT'D)

Details of non-wholly owned subsidiary corporations that have non-controlling interests to the Group are as disclosed below.

| Name of subsidiary corporations | Place of Incorpora-tion 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 2022 | 31 March 2021 | 2022 | 2021 | 31 March 2022 | 31 March 2021 |
| Resolute Pte Ltd | Singapore | 49 | 49 | (15) | (15) | 1,255 | 1,270 |
| Vallianz Marine Mexico, S.A De C.V | Mexico | 51 | 51 | - | (120) | (3,482) | (3,482) |
| Holmen Group | Singapore | 25 | 25 | (1,098) | (1,816) | (18,780) | (17,682) |
| Rawabi Vallianz Interna-tional Company Limited (1) | Kingdom of Saudi Arabia | 50 | 50 | - | - | - | - |
| PT United Sindo Perkasa (2) | Indonesia | 4.76 | - | - | - | 500 | - |
| | | | | (1,113) | (1,951) | (20,507) | (19,894) |

(1) 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.

(2) The non-controlling interests of PTUSP is not material to these financial statements, as such, no further disclosure is made.

17 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 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Current assets | 2,200 | 2,200 | 14,590 | 47,402 | 34,960 | 34,960 |
| Non-current assets | - | - | 54,047 | 54,607 | - | - |
| Current liabilities | (9,028) | (9,028) | (89,692) | (88,503) | (44,213) | (44,183) |
| Non-current liabilities | - | - | (52,900) | (84,232) | - | - |
| Equity attributable to owners of the Group | (3,346) | (3,346) | (55,466) | (53,044) | 1,306 | 1,322 |
| Non-controlling interests | (3,482) | (3,482) | (18,489) | (17,682) | 1,255 | 1,270 |

17 SUBSIDIARY CORPORATIONS (CONT'D)

| | Vallianz Marine Mexico, S.A De C.V | | Holmen Group | | Resolute Pte Ltd | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Revenue | - | - | - | - | - | - |
| (Expenses)/income | - | (236) | (4,392) | (7,261) | (30) | (31) |
| (Loss)/Profit for the year | - | (236) | (4,392) | (7,261) | (30) | (31) |
| (Loss)/Profit attributable to owners of the Group | - | (116) | (3,294) | (5,446) | (15) | (16) |
| (Loss)/Profit attributable to the non-controlling interests | - | (120) | (1,098) | (1,815) | (15) | (15) |
| (Loss)/Profit for the year | - | (236) | (4,392) | (7,261) | (30) | (31) |
| Net cash inflow from operating activities | - | 19 | 17,304 | 3,554 | - | - |
| Net cash inflow (outflow) from investing activities | - | - | 255 | 217 | - | - |
| Net cash outflow from financing activities | - | - | (17,552) | (3,750) | - | - |
| Net cash inflow (outflow) | - | 19 | 7 | 21 | - | - |

As at 31 March 2022, the Company has given undertakings to provide financial support of US$558,176,000 (31 March 2021 : US$508,090,000) to certain subsidiary corporations who were in a net current liabilities position.

## 18 ASSOCIATES

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| Unquoted equity shares, at cost [i] | - | 168,162 |
| Deemed investment [ii] | - | 82,235 |
| Accumulated impairment loss [ii] | - | (80,781) |
| Share of post-acquisition results and reserves [iii] | - | 5,982 |
| Carrying amount | - | 175,598 |

(i) Included in the unquoted equity shares, at cost is an addition of US$152,539,000 during the financial year ended 31 March 2021. The aforesaid addition refers to the recognition of the equity interest of 41% retained by the Group as investment in associate upon loss of control of subsidiary corporation, RVOS (Note 38).

(ii) 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.

(iii) The movement of share of post-acquisition results and reserves as at 31 March 2022 and 2021 is as follows:

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| Beginning of financial year | 5,982 | (2,234) |
| Share of post-acquisition results and reserves [a] | 8,052 | 8,216 |
| Disposal [b] | (14,034) | - |
| End of financial year | - | 5,982 |

(a) During the financial year ended 31 December 2021, results of RVOS amounting to US$6,006,000 from 1 October 2020 to 31 December 2020 which have been equity accounted on the basis that the Group has all the economic interests in RVOS have been included.

(b) As disclosed elsewhere in the financial statements, RVOS and PTVOM have ceased to be associates of the Group during the financial year ended 31 March 2022.

18 ASSOCIATES (CONT'D)

The details of investment in associate as at 31 March 2022 and 2021 are as follows:

| Name of associate | Country of incorporation and operation | Proportion of ownership interest and voting power held | | Principal activity |
|---|---|---|---|---|
| | | 31 March 2022 | 31 March 2021 | |
| | | % | % | |
| PT Vallianz Offshore Maritim [1] [3] | Indonesia | - | 49 | Provision of offshore marine support services |
| Rawabi Vallianz Offshore Services Company Limited [2] [3] | Kingdom of Saudi Arabia | - | 40.7 | Provision of offshore marine support services |

(1) Audited by PricewaterhouseCoopers, Indonesia.

(2) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.

(3) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for Group consolidation purposes.

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I).

| | PT Vallianz Offshore Maritim | | Rawabi Vallianz Offshore Services Company Limited | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Current assets | - | 7,848 | - | 216,217 |
| Non-current assets | - | 41,287 | - | 788,045 |
| Current liabilities | - | (51,439) | - | (360,597) |
| Non-current liabilities | - | (540) | - | (456,790) |
| | 2022 | 2021 | 2022 | 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Revenue | - | 7,877 | - | 158,607 |
| (Loss)/Profit for the year | - | (2,329) | - | 172 |

18 ASSOCIATES (CONT'D)

**FY2021**

**RVOS**

As disclose elsewhere in these financial statements, the Group had acquired all the economic interests in RVOS with effect from 1 January 2014 ("RVOS Interest Assignment"). The Group had, through Vallianz Capital Ltd, entered into the assignment agreement dated 2 May 2014 with Rawabi Holdings Company Limited ("RHC"), whereby the economic interests in RVOS held by RHC were assigned to the Group ("RVOS Interest Assignment"). Pursuant to an internal restructuring of the Group, shares in the capital of RVOS held by Vallianz Capital Ltd were first transferred to Vallianz International Pte. Ltd. on 16 March 2015 and then transferred to Vallianz Investment Capital Pte Ltd on 31 December 2017. The RVOS Interest Assignment was updated with Vallianz Investment Capital Pte Ltd entering into the assignment agreement dated 8 January 2018 with RHC.

In the recent financial years, the Government of the Kingdom of Saudi Arabia ("Government") has been reinforcing the local content requirement, and this has escalated to the Government announcing that it would cease doing business with international companies whose regional headquarters are not based in the Kingdom of Saudi Arabia. Furthermore, in line with Saudi Aramco's In-Kingdom Total Value Add requirements to drive Saudi value creation, or IKTVA, RVOS appointed a local General Manager in December 2019, to manage the day-to-day activities of RVOS towards eventual taking over of operational control of RVOS.

With the rigorous implementation measures by the Government to reinforce local content as a requirement for companies to do business in Saudi Arabia, and together with Saudi Aramco's IKTVA program, the Board had assessed that the Group no longer had the ability to direct the business activities of RVOS, and consequently the Group has deconsolidated RVOS with effect from 1 October 2020. Correspondingly, the Company and RHC have agreed that RHC will have majority representation on the board of RVOS with effect from 1 October 2020. RVOS was therefore accounted for and its results consolidated as a wholly-owned subsidiary corporation for the financial period ended from 1 April 2020 to 30 September 2020 and equity accounted for as an "Investment in Associate" with effect from 1 October 2020.

In view of the then valid RVOS Interest Assignment, from 1 October 2020 to 31 December 2020, the Company had equity account its interest in RVOS on the basis of the Group having all the economic interests in RVOS.

In December 2020, RVOS had undertaken a rights issue ("RVOS Rights Issue") where RHC had subscribed for the entire rights issue including the Group's entitlement, as the Group had renounced its entitlement. Following the completion of the RVOS Rights Issue, RHC and the Group held 59.3% and 40.7% of the shareholding interests in RVOS, respectively. Following the RVOS Rights Issue, RHC had assigned all the shares that RHC owns in RVOS (including the New RVOS Shares) to RHC's wholly-owned subsidiary corporation, Rawabi Energy Company ("REC", collectively with RHC, "Rawabi Assignor Entities").

On 30 May 2021, the Rawabi Assignor Entities issued a cessation letter such that the assignment agreement dated 8 January 2018 shall no longer be in force with effect from 31 December 2020. Accordingly, from 1 October 2020 to 31 December 2020, the results of RVOS were accounted on the basis of the Group having all the economic interests in RVOS and from 1 January 2021 onwards, it was equity accounted on the basis of the Group having 40.7% economic interests in RVOS.

18 ASSOCIATES (CONT'D)

**FY2022**

**RVOS**

In the previous financial year ended and as at 31 March 2021, the Group equity accounted its 40.7% interest in RVOS as Investment in Associate. During the financial year ended 31 March 2022, prior to partial disposal of the investment in RVOS, dividends of US$31,487,000 was declared by RVOS. Part of this dividend of US$27,224,000 was used to offset against the shareholder's advances received from RHC.

As disclosed in Note 12 to the financial statements, on 12 January 2022, the Group completed its partial disposal of 20.93% shareholding interest in RVOS for proceeds of US$80,000,000, which was used to set off the shareholder advances. Accordingly, the Group's shareholding interest in RVOS has reduced from 40.7% to 19.77%. The Board has assessed that the Group will no longer have the ability to exercise significant influence over RVOS. Consequently, RVOS ceased to be an associate of the Group and the Group ceased equity accounting of the results of RVOS from the date of completion of disposal. The Group's remaining 19.77% interests in RVOS is accounted for as "financial assets at fair value through other comprehensive income" in the statement of financial position of the Group whose fair value at the date of disposal was US$60,853,000, which was determined using a discounted cash flow model. The value was determined by an independent valuer who relied on management's forecasts and estimates to derive the underlying assumptions to be applied for the remeasurement.

This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

| | 2022<br>US$'000 |
|---|---|
| Proceeds of disposal | 80,000 |
| Add: Fair value of investment retained (19.77%) | 60,853 |
| Less: Carrying amount of investment on the date of loss of significant influence | (137,320) |
| Gain on disposal | 3,533 |

**PTVOM**

The Group had disposal its entire 49% interest in PTVOM for a consideration of US$2,850,000. The cost of investment on disposal date had been fully impaired, as a result, a gain on disposal of US$2,850,000 has been recognised in the current financial year. Consequently, other receivables due from PTVOM previously classified as deemed investment in associate to better reflect the non-current nature of the asset has been reclassified to non-current other receivables.

19 DERIVATIVE FINANCIAL INSTRUMENTS

The Group engages in interest rate swaps to manage its exposure to varying interest rates. A loss on derivative instrument of Nil (31 March 2021 : US$1,713,000) was recognised in profit or loss for the year (Note 31). However, as the fair values of these swaps are not material to these financial statements, no further disclosures are made.

## 20 TERM LOANS

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| Loans | 123,574 | 175,225 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (32,209) | (32,680) |
| Amount due for settlement after 12 months | 91,365 | 142,545 |
| - Within 2 to 5 years | 2,420 | 142,545 |
| - After 5 years | 88,945 | - |
| Amount due for settlement after 12 months | 91,365 | 142,545 |
| *Term loans are represented by:* | | |
| Term loan I | 88,945 | 142,546 |
| Term loan II | 31,729 | 31,729 |
| Term loan III | 2,900 | 950 |
| | 123,574 | 175,225 |

As at 31 March 2022 and 2021, the Group has various bank loans with repayment terms of up to 2030.

The carrying amount of floating rate loans amounting to US$120,674,000 (31 March 2021 : US$174,275,000) 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$2,900,000 (31 March 2021 : US$950,000), by discounting their future cash flows at the market rate, to be US$2,732,000 (31 March 2021 : US$923,000). 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 13) 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 41);

(vi) the unquoted preference shares held by the Group (Note 12); and

(vii) shares in subsidiary corporations incorporated in Singapore.

20 TERM LOANS (CONT'D)

**Term loan I**

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 8.2 years and the maturity of these borrowings were extended to December 2022.

During the financial year ended 31 March 2020, 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. The non-current portion of the term loan owed to the other financial institution amounting to US$14,592,000 has been classified as current liabilities as at 31 March 2020, 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.

On 19 February 2021, the Company has entered into a debt-restructuring agreement with two financial institutions and there is a principal moratorium period until 31 March 2022. The financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023. The final maturity date was extended to 96 months from the effective date. On or from the effective date, an aggregate amount of US$50,000,000 shall immediately be reconstituted into US$50,000,000 in principal amount of bonds as part of the debt-restructuring agreement. Prior to the settlement via bonds, the outstanding principal of the Group was US$145,099,000. On 22 June 2021, approval has been obtained from shareholders for proposed issuance of convertible bonds to two financial institutions and the bonds, Series A and Series B Convertible Bonds, had been issued on 12 August 2021. Refer to Note 25 to the financial statements for further disclosure on convertible bonds.

On the final maturity date, the Group shall make a bullet repayment or payment of the outstanding principal after deducting all amounts previously repaid or paid through the cash sweep. Commencing from 1 April 2022 until final maturity date or until the date on which the balance of the outstanding principal is repaid and discharged in full, the independent accountant will determine the cash generated by the Singapore Fleet (vessels owned by the Group), for the six month period ending on each determination date (31 March and 30 September of each financial year) after deducting (i) operational costs, (ii) sales and general administrative expenses, (iii) professional fees and expenses, (iv) tax, (v) interest payment, incurred by the Singapore Fleet, and (vi) US$1 million (the "Surplus Cash"). The Group shall apply such Surplus Cash generated from the Singapore Fleet to the lenders toward the prepayment of the outstanding principal (the "Cash Sweep"). If the amount of Surplus Cash is negative or less than US$100,000 for any period ending on Surplus Cash Determination Date, the amount of Surplus Cash shall be deemed to be zero.

20 TERM LOANS (CONT'D)

**Term loan II**

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 2021 | Financing cash flow (i) | Non-cash changes Repayment of term loans via convertible bond | 31 March 2022 |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Term loans | 175,225 | (1,651) | (50,000) | 123,574 |

| | 1 April 2020 | Financing cash flow (i) | Non-cash changes Deconsolidation of a subsidiary corporation | 31 March 2021 |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Term loans | 743,839 | 57,076 | (625,690) | 175,225 |

(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.

## 21 TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Outside parties | 20,726 | 36,565 | 1 | - |

The average credit period on trade payables is 30 days (31 March 2021 : 30 days) and no interest is charged on the balances.

## 22 OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Outside parties | 4,205 | 5,432 | 423 | 593 |
| Subsidiary corporations | - | - | 318,318 | 161,736 |
| Related companies | 17,053 | 5,162 | - | 5,891 |
| Associate | - | - | - | 881 |
| Accruals | 32,135 | 28,306 | 17,041 | 13,200 |
| | 53,393 | 38,900 | 335,782 | 182,301 |

The average credit period on other payables due to outside parties is 30 days (31 March 2021 : 30 days) and no interest is charged on the balances.The amounts due to subsidiary corporations, related companies and associate are unsecured, interest-free and repayable on demand.

23 LEASE LIABILITIES (THE GROUP AS LESSEE)

Lease liabilities

| | Group 2022 | Group 2021 |
|---|---|---|
| | US$'000 | US$'000 |
| Maturity analysis: | | |
| Year 1 | 255 | 252 |
| Year 2 | 151 | 251 |
| Year 3 | 4 | 147 |
| Year 4 | 4 | - |
| Year 5 | 6 | - |
| | 420 | 650 |
| Less: Unearned interest | (19) | (43) |
| | 401 | 607 |
| Analysed as: | | |
| Current | 241 | 225 |
| Non-current | 160 | 382 |
| | 401 | 607 |

The Group does not face a significant liquidity risk with regard to its lease liabilities.

The table below details changes in the Group's liabilities 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 cash flows as cash flows from financing activities.

| | 1 April 2021 | Principal and interest payment | Non-cash Additions | Non-cash Interest expense | Non-cash De-consolidation of a former subsidiary corporation | 31 March 2022 |
|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Lease liabilities | 607 | (254) | 22 | 26 | - | 401 |

| | 1 April 2020 | Principal and interest payment | Non-cash Additions | Non-cash Interest expense | Non-cash De-consolidation of a former subsidiary corporation | 31 March 2021 |
|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Lease liabilities | 26,347 | (13,649) | 3,207 | 789 | (16,087) | 607 |

## 24 DEFERRED TAX

| | Group | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 |
| Deferred tax liabilities | 1,613 | 1,780 |

The movements in deferred tax (assets) and liabilities are as follows:

| | Group Accelerated tax depreciation |
|---|---|
| | US$'000 |
| At 1 April 2020 | 20,975 |
| Credit to profit or loss (Note 34) | (1,903) |
| Deconsolidation of a former subsidiary corporation (Note 38) | (17,916) |
| Others | 620 |
| Effects of currency translation difference | 4 |
| At 31 March 2021 | 1,780 |
| Credit to profit or loss (Note 34) | (134) |
| Others | (33) |
| At 31 March 2022 | 1,613 |

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 Nil (31 March 2021: Nil).

## 25 CONVERTIBLE BONDS

As disclosed in Note 20 to the financial statements, on 12 August 2021, the Company issued Series A and Series B Convertible Bonds with a nominal value of US$50,000,000 in aggregate, and US$43,766,662 and US$6,233,338 respectively, to two financial institutions. The bonds bear interest for each interest period at the rate equal to the six-month USD LIBOR per annum and are payable in cash semi-annually in arrears on each interest payment date by way of Surplus Cash as defined in Note 20 to the financial statements. If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalised and be paid in the form of additional Series A and B Convertible Bonds. The bonds are due for repayment 96 months from the issue date at their nominal value of US$50,000,000 or may be converted into ordinary shares of the Company at the option of the holder, at any time from the issue date up to the close of business (at the specified office of the issue) on the date falling three business days prior to the maturity date, at the initial rate of S$0.10 per share, subject to adjustment stipulated in the agreements with the respective financial institutions.

The fair value of the liability component, included in non-current, is calculated using a weighted average effective interest rate of the Group. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

25 CONVERTIBLE BONDS (CONT'D)

The carrying amount of the liability component of the convertible bonds at the reporting date is derived as follows:

| | 2022 |
|---|---|
| | US$'000 |
| Group and Company | |
| Face value of convertible bonds at issuance | 50,000 |
| Equity conversion component on initial recognition | (6,679) |
| Liability component on initial recognition | 43,321 |
| Accumulated amortisation of interest expense | 539 |
| Accumulated payments of interest | (20) |
| | 43,840 |

26 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | '000 | '000 | US$'000 | US$'000 |
| | Number of ordinary shares | | | |
| Issued and paid up: | | | | |
| At the beginning of the year | 559,354 | 559,354 | 347,746 | 347,746 |
| Issuance of new ordinary shares pursuant to the completion of 2020 SOSA arrangement (i) | 652,266 | - | 34,528 | - |
| At the end of year | 1,211,620 | 559,354 | 382,274 | 347,746 |

(i) On 4 October 2021, the Company announced the completion of the 2020 Set-off and Settlement Arrangement ("SOSA Arrangements"), pursuant to which 652,266,000 new ordinary shares in the capital of the Company had been allotted and issued at the agreed price of S$0.09 per SOSA Subscription Share in accordance with the terms of the Settlement Agreements which comprise 405,546,000, 238,337,000 and 8,383,000 SOSA Subscription Shares issued to RHC, a corporate shareholder placed under judicial management and wholly-owned subsidiary corporation of the corporate shareholder placed under judicial management respectively.

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 financial year are ranked pari passu with the existing ordinary shares of the Company.

## 27 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.

During the financial year ended 31 March 2021, the Group has breached the financial covenants imposed by the Perpetual Securities and has secured a waiver for the breaches from the sole Perpetual Securities holder which remains effective till 31 March 2022. Subsequent to the financial year ended 31 March 2022, the Company had obtained an extension of waiver which will remain effective till 31 March 2023.

## 28 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiary corporations into United States dollar 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 | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| At beginning of the year | 46 | 153 |
| Net currency translation differences of financial statements of foreign subsidiary corporations | (22) | (107) |
| At end of the year | 24 | 46 |

## 29 SHAREHOLDER'S ADVANCES

Pursuant to the loan agreement entered into with RHC 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 RHC (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, RHC 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. RHC 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, RHC 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. As disclosed in Note 26 to the financial statements, during the financial year ended 31 March 2022, the Company has settled the aforesaid amount by way of issuance of ordinary shares.

During the financial year ended 31 March 2022, the Group received cash advances from its corporate shareholder, RHC, amounting to US$3,701,000 (31 March 2021 : US$13,187,000) and as at the financial year-end, has net payables of US$16,852,000 (31 March 2021 : US$15,054,000) for payment on behalf made by RHC. As disclosed elsewhere in the financial statements, during the financial year ended 31 March 2022, the Company has settled the aforesaid amount by way of issuance of ordinary shares, set-off for dividend receivables and proceeds from disposal of investment in associate, RVOS.

As at 31 March 2022, the Group has trade and other payables of US$13,675,000 (31 March 2021 : US$108,251,000) owing to RHC. The directors of RHC has provided a Letter of Undertaking to classify 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 RHC.

## 30 REVENUE

The Group derives its revenue from chartering and shipyard 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 39).

Disaggregation of the Group's revenue for the year is as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Charter hire (time and bareboat charter) | 31,376 | 71,532 |
| Shipyard and vessel management services income | 32,774 | 17,067 |
| | 64,150 | 88,599 |

All the Group's revenue is recognised over time.

As of 31 March 2022 and 2021, 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.

## 31 OTHER INCOME, NET

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Net foreign exchange (loss)/gain | (527) | 1,460 |
| Gain on disposal of property, plant and equipment | - | 1,150 |
| Gain on disposal of associates | 6,383 | - |
| Loss allowance for trade and other receivables (Notes 8 and 9) | (961) | (121) |
| Bad debt written off | (1,040) | (119) |
| Creditors written back | 2,253 | - |
| Fair value loss of derivative financial instruments (Note 19) | - | (1,713) |
| Others | 234 | 195 |
| | 6,342 | 852 |

## 32 EXCEPTIONAL ITEMS

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Compensation to a vendor for past dispute settlement (i) | - | 8,517 |

(i) During the financial year ended 31 March 2021, the Group has agreed with a vendor to a compensation of US$8.5 million for the final settlement on the remaining claims arising from a dispute in the prior financial years.

## 33 FINANCE COSTS

These comprise interest on loans, amortised facility fees, convertible bonds and interest on lease liabilities paid to outside parties (Note 20, 23 and 25) and interest on loan from ultimate holding company (Note 5).

## 34 INCOME TAX CREDIT

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Current income tax | | |
| - charge to profit or loss | - | 1,812 |
| - under provision in prior year | 64 | - |
| Deferred income tax | | |
| - (credit)/charge to profit or loss (Note 24) | (134) | 12 |
| - over provision in prior year (Note 24) | - | (1,915) |
| Total | (70) | (91) |

Domestic income tax is calculated at 17% (31 March 2021 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Six Singapore subsidiary corporations (31 March 2021 : six 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 | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Loss before tax | (3,548) | (25,053) |
| Share of profit of associate | (8,052) | (8,216) |
| Loss before tax and share of profit of associate | (11,600) | (33,269) |
| Income tax credit calculated at 17% | (1,972) | (5,656) |
| Effect of expenses that are not deductible | 4,709 | 9,934 |
| Effect of income that are not subjected to tax | (3,384) | (3,704) |
| Effect of different tax rates of subsidiary corporations operating in other jurisdictions | (2,264) | 302 |
| Tax losses not carried forward | - | 16 |
| Utilisation of deferred tax asset previously not recognised | - | (52) |
| Deferred tax benefit not recognised | 2,777 | 877 |
| Under/(over) provision of tax in prior year | 64 | (1,915) |
| Others | - | 107 |
| Total | (70) | (91) |

## 34 INCOME TAX CREDIT (CONT'D)

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 | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Amount at beginning of year | 25,016 | 20,163 |
| Arising during current year | 16,335 | 5,158 |
| Utilised during the year | - | (305) |
| Amount at end of year | 41,351 | 25,016 |
| Deferred tax benefit on above not recorded | 7,030 | 4,253 |

No deferred tax asset has been recognised on the above due to the unpredictability of future profit streams.

## 35 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Fees to auditors of the Company: | | |
| - Audit fees | 187 | 178 |
| Audit fees to other auditors of the Group | 4 | 43 |
| Depreciation of property, plant and equipment (Note 13) | 5,837 | 15,101 |
| Directors' remuneration (including directors' fees) | 997 | 950 |
| Employee benefits expense (including directors' remuneration) | 3,944 | 6,285 |
| Defined contribution benefits included in employee benefits expense | 237 | 199 |
| Management fee expenses | - | 1,448 |
| Net foreign exchange loss / (gain) | 527 | (1,460) |

36 LOSS PER SHARE

**Basic**

Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

**Diluted**

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants and convertible bonds.

The warrants and convertible bonds are anti-dilutive as the Group recorded a loss for the financial years ended 31 March 2022 and 31 March 2021.

The calculation of the basic and diluted loss per share attributable to the ordinary owners of the company is based on the following data:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | US$'000 | US$'000 |
| Loss | | |
| Loss for the year attributable to owners of the Company | (2,365) | (23,011) |
| Number of shares ('000) | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 879,232 | 559,354 |
| Weighted average number of ordinary shares for the purposes of diluted loss per share | 879,232 | 559,354 |
| Basic loss per share | (0.27) | (4.11) |
| Diluted loss per share | (0.27) | (4.11) |

## 37 COMMITMENTS

As at 31 March 2022, the Group has no capital commitments for the acquisition of property, plant and equipment. As at 31 March 2021, the Group has capital commitments amounting to US$2,810,000 for the acquisition of property, plant and equipment.

Details of the Company's commitments for guarantees provided for the subsidiary corporations and associate has been included in Note 4(b)(iv) under credit risk management.

## 38 DECONSOLIDATION OF A FORMER SUBSIDIARY CORPORATION

As disclosed in Notes 18 to the financial statements, on 1 October 2020, the Group deconsolidated the financial results of Rawabi Vallianz Offshore Services Company Limited ("RVOS") as a result of loss control in RVOS.

The net assets and liabilities of RVOS at the date of deconsolidation was as follows:

| | **2021**<br>**US$'000** |
|---|---:|
| **Non-current assets** | |
| Property, plant and equipment | 744,301 |
| Right-of-used assets | 15,416 |
| | 759,717 |
| **Current assets** | |
| Cash and cash equivalents | 24,565 |
| Trade and other receivables | 113,929 |
| Inventories | 5,698 |
| | 144,192 |
| Total assets | 903,909 |

38 DECONSOLIDATION OF A FORMER SUBSIDIARY CORPORATION (CONT'D)

The net assets and liabilities of RVOS at the date of deconsolidation was as follows (cont'd):

| | **2021** **US$'000** |
|---|---|
| **Non-current liabilities** | |
| Bank borrowings | 510,577 |
| Lease liabilities | 6,910 |
| Retirement benefit obligations | 2,262 |
| Deferred tax liability | 17,916 |
| Total non-current liabilities | 537,665 |
| | |
| **Current liabilities** | |
| Trade and other payables | 52,115 |
| Bank borrowings | 115,113 |
| Lease liabilities | 9,177 |
| Income tax liability | 3,105 |
| Total current liabilities | 179,510 |
| Total liabilities | 717,175 |
| | |
| Net assets derecognised | 186,734 |
| Less: Non-controlling interest derecognised | (43,868) |
| Net assets retained and reclassified as investment in associates | (142,866) |
| Net assets disposed of | - |

The aggregate cash inflows arising from the deconsolidation of RVOS:

| | **2021** **US$'000** |
|---|---|
| Consideration received from disposal | - |
| Less: Cash and cash equivalents in subsidiary corporation deconsolidated | (24,565) |
| Net cash inflow on disposal | (24,565) |

39 SEGMENT INFORMATION

The executive directors of the Group, who review the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

(i) Vessel chartering: chartering of vessels;

(ii) Shipyard and vessel management services : in-house fabrication and engineering services such as ship building, fabrication works and ship repairs, as well as consultancy and vessel project management; 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.

39 SEGMENT INFORMATION (CONT'D)

Information regarding the operations of each reportable segment is included below.

| | Vessel chartering | | Shipyard and vessel management services | | Investment holding | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Revenue** | | | | | | | | |
| External sales | 31,376 | 71,519 | 32,774 | 17,067 | - | 13 | 64,150 | 88,599 |
| **Results** | | | | | | | | |
| Segment results | (25) | 257 | 6,754 | (3,485) | (12,248) | (4,060) | (5,519) | (7,288) |
| Finance costs | (1,834) | (12,227) | - | 78 | (4,247) | (5,315) | (6,081) | (17,464) |
| **Operating profit/(loss) from ordinary activities and before share of results of associate** | (1,859) | (11,970) | 6,754 | (3,407) | (16,495) | (9,375) | (11,600) | (24,752) |
| Exceptional expenses | - | - | - | (8,517) | - | - | - | (8,517) |
| Share of results of associate | 8,052 | 8,216 | | - | - | - | 8,052 | 8,216 |
| Loss before tax | | | | | | | (3,548) | (25,053) |
| Income tax credit | | | | | | | 70 | 91 |
| Loss for the year | | | | | | | (3,478) | (24,962) |

39 SEGMENT INFORMATION (CONT'D)

| | Vessel chartering | | Shipyard and vessel management services | | Investment holding | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Segment assets and segment liabilities | | | | | | | | |
| Segment assets | 64,488 | 220,419 | 52,833 | 30,432 | 111,431 | 50,968 | 228,752 | 301,819 |
| Segment liabilities | 116,453 | 152,764 | 57,453 | 41,062 | 68,710 | 58,034 | 242,616 | 251,860 |
| Deferred tax liabilities | | | | | | | 1,613 | 1,780 |
| Total liabilities | | | | | | | 244,229 | 253,640 |

39 SEGMENT INFORMATION (CONT'D)

| | Vessel chartering | | Shipyard and vessel management services | | Investment holding | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Other information | | | | | | | | |
| Loss allowance/(reversal of loss allowance) for trade and other receivables (Note 31) | 587 | 320 | 374 | (199) | - | - | 961 | 121 |
| Depreciation of property, plant and equipment (Note 13) | 4,178 | 13,704 | 1,555 | 1,224 | 104 | 173 | 5,837 | 15,101 |
| Bad debts written off (Notes 31) | 1,040 | 119 | - | - | - | - | 1,040 | 119 |
| Net foreign exchange loss/(gain) (Note 31) | 79 | 18 | 343 | (1,041) | 105 | (437) | 527 | (1,460) |
| (Gain)/loss on disposal of property, plant and equipment (Note 31) | - | (1,641) | - | 491 | - | - | - | (1,150) |
| Associates (Note 18) | - | 160,755 | - | - | - | 14,843 | - | 175,598 |
| Additions to property, plant and equipment (Note 13) | 2,891 | 25,223 | 1,696 | 583 | - | 218 | 4,587 | 26,024 |

39 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 31 March 2021, the Group derived charter hire and shipyard and vessel management services income amounting to approximately US$57,896,000 from a third party. During the financial year ended 31 March 2022, the Group did not derived revenue from a single major customer.

40 LEGAL PROCEEDINGS AND ARBITRATION

(i) Arrest of vessel in United Arab Emirates

On 12 January 2017, World Fuel Services (Singapore) Pte Ltd ("WFS") obtained a court judgment under the UAE Federal Maritime Law 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 the vessel, Rawabi 18 owned by Samson Marine Pte Ltd ("SMPL"), a wholly-owned subsidiary corporation. The judgement debt arose from non-payment for bunkers supplied to Rawabi 18 while the vessel was under the charter of Swiber Offshore Construction Pte Ltd ("SOC"), a related party which has been 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 and interest payable of US$81,000. The judicial authorities in the Emirate of Dubai has granted permission for the vessel to be dry-docked to effect necessary maintenance under guard of Dubai Maritime City Authority (DMCA) during the financial year.

Subsequently, a commercial settlement was arrived at with WFS on 10 June 2022 and the arrest was lifted on 30 June 2022.

## 41 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 respective counterparties to the guarantees is US$170,673,000 (31 March 2021 : US$175,225,000) (Note 4(b)(iv)) for guarantees provided to subsidiary corporations and US$12,727,000 (31 March 2021 : US$13,327,000) (Note 4(b)(iv)) for guarantees provided to related company.

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 March 2022 and 2021.

## 42 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 2022 and which the Group has not early adopted.

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-2020

<u>Effective for annual periods beginning on or after 1 January 2023</u>

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

<u>Effective date is deferred indefinitely</u>

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

# SHAREHOLDINGS STATISTICS

AS AT 24 JUNE 2022

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 227 | 7.40 | 9,302 | 0.00 |
| 100 – 1,000 | 601 | 19.58 | 341,718 | 0.03 |
| 1,001 – 10,000 | 1,513 | 49.30 | 6,304,675 | 0.52 |
| 10,001 – 1,000,000 | 706 | 23.00 | 45,839,000 | 3.78 |
| 1,000,001 AND ABOVE | 22 | 0.72 | 1,159,125,738 | 95.67 |
| **Total** | **3,069** | **100.00** | **1,211,620,433** | **100.00** |

### TWENTY LARGEST SHAREHOLDERS

| No. | Shareholder's Name | No. of Shares Held | % |
|---|---|---|---|
| 1 | DBS NOMINEES PTE LTD | 734,504,480 | 60.62 |
| 2 | PHILLIP SECURITIES PTE LTD | 364,335,389 | 30.07 |
| 3 | ONG KAR LOON (WANG JIALUN) | 11,812,066 | 0.97 |
| 4 | GU JIAN LIN | 5,696,433 | 0.47 |
| 5 | RAFFLES NOMINEES (PTE) LIMITED | 4,504,104 | 0.37 |
| 6 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 4,347,651 | 0.36 |
| 7 | TOH BOON KENG | 4,232,899 | 0.35 |
| 8 | UOB KAY HIAN PTE LTD | 3,197,825 | 0.26 |
| 9 | CHAN KWAN BIAN | 3,033,338 | 0.25 |
| 10 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 2,710,797 | 0.22 |
| 11 | LIM OON HOCK OR LEW MOE KIEN | 2,639,566 | 0.22 |
| 12 | CROWN SHIP LIMITED | 2,569,800 | 0.21 |
| 13 | OCBC SECURITIES PRIVATE LTD | 2,530,878 | 0.21 |
| 14 | CHERAYATH AJAY ANDREWS | 1,800,000 | 0.15 |
| 15 | MAYBANK SECURITIES PTE. LTD | 1,739,469 | 0.14 |
| 16 | NG CHEE KEONG | 1,557,701 | 0.13 |
| 17 | TAN DAH CHING (CHEN DAQING) | 1,520,000 | 0.13 |
| 18 | CITIBANK NOMINEES SINGAPORE PTE LTD | 1,491,478 | 0.12 |
| 19 | LING YONG WAH | 1,459,480 | 0.12 |
| 20 | LOH GEOK CHENG | 1,290,266 | 0.11 |
| | **Total** | **1,156,973,620** | **95.48** |

# SHAREHOLDINGS STATISTICS

AS AT 24 JUNE 2022

| CLASS OF SHARES | NO. OF SHARES | % |
|---|---|---|
| ORDINARY | 1,211,620,433 | 100.00 |
| TREASURY | NIL | 0.00 |
| TOTAL ISSUED SHARES | 1,211,620,433 | 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 COMPANY HOLDING LIMITED | 723,106,389 | 59.68 | NIL | 0.00 |
| SWIBER HOLDINGS LIMITED | 353,439,723 | 29.17 | 8,382,620[(1)] | 0.69 |
| SHEIKH ALTURKI ABDULAZIZ ALI A | NIL | 0.00 | 723,106,389[(2)] | 59.68 |

(1) By virtue of Section 4 of the Securities and Futures Act 2001, Swiber Holdings Limited (Judicial Managers Appointed) is deemed to have an interest in the shares of Vallianz Holdings Limited held by Swiber Corporate Pte. Ltd. (In Creditors' Voluntary Liquidation). Swiber Holdings Limited (Judicial Managers Appointed) holds 100% of the issued share capital of Swiber Corporate Pte. Ltd. (In Creditors' Voluntary Liquidation).

(2) By Virtue of Section 4 of the Securities and Futures Act 2001, Sheikh AlTurki, Abdulaziz Ali A is deemed to have an interest in 723,106,389 shares held by Rawabi Company Holding Limited.

**PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS**

Based on information available to the Company as at 24 June 2022, 10.04% 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 Friday, 22 July 2022 at 2.00 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 2022 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Darren Yeo Chee Neng, a director who is retiring pursuant to Article 105 of the Company's Constitution.

   Mr. Darren Yeo Chee Neng, upon re-election as Director of the Company, remains as the Executive Director and the Vice Chairman of the Board.

   *[See Explanatory Note (a)]* **(Resolution 2)**

3. To re-elect Mr. Osman Ibrahim, a director who is retiring pursuant to Article 109 of the Company's Constitution.

   Mr. Osman Ibrahim, upon re-election as Director of the Company, remains as the Non-Executive Non-Independent Director and the Chairman of the Board.

   *[See Explanatory Note (b)]* **(Resolution 3)**

4. To re-appoint Mr. Ling Yong Wah pursuant to Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rule 720(4) of the Rules of Catalist ("Rules of Catalist").

   Mr. Ling Yong Wah, upon re-appointment as Director of the Company, remains as the Executive Director and the Chief Executive Officer of the Company.

   *[See Explanatory Note (c)]* **(Resolution 4)**

5. To approve the payment of Directors' fees of US$238,000 for the financial year ending 31 March 2023. **(Resolution 5)**

6. 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 6)**

7. 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:-

8. **Authority to allot and issue shares (the "Share Issue Mandate")**

   "That pursuant to Section 161 of the Companies Act 1967 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 Company ("**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) options, 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 was in force,

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 any 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 Catalist Rules; 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 (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 I of the Letter to Shareholders dated 7 July 2022 (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)**

10. **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with the Holmen Group**

"That:

(1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for 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 2 of the Letter to Shareholders dated 7 July 2022 appended to the Annual Report, with the Holmen 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 "**Holmen IPT Mandate**");

(2) the Holmen 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 Holmen IPT Mandate and/or this Resolution."

*[See Explanatory Note (f)]* **(Resolution 9)**

BY ORDER OF THE BOARD

**Chong Pei Wen (Ms)**
Company Secretary
7 July 2022

Singapore

# NOTICE OF ANNUAL GENERAL MEETING

**EXPLANATORY NOTES:-**

(a) In relation to Resolution 2 proposed above, Mr. Darren Yeo Chee Neng is an Executive Director and the Vice Chairman of the Company. There is no relationship (including immediate family relationships) between Mr. Yeo and the other directors, the Company or its 5% shareholders and the detailed information on Mr. Yeo is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2022 Annual Report.

(b) In relation to Resolution 3 proposed above, Mr. Osman Ibrahim is the Non-Executive Non-Independent Director of the Company. He is also the Group President and Chief Executive Officer of Rawabi Holding Company Limited, a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Mr. Osman and the other directors, the Company and the detailed information on Mr. Osman is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2022 Annual Report.

(c) In relation to Resolution 4 proposed above, Mr. Ling Yong Wah is an Executive Director and the Chief Executive Officer of the Company. There is no relationship (including immediate family relationships) between Mr. Ling and the other directors, the Company and the detailed information on Mr. Ling is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2022 Annual Report.

(d) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM 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.

(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.

(f) The Ordinary Resolution 9 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Holmen Group as defined in Chapter 9 of the Rules of Catalist.

**IMPORTANT NOTES:**

1. 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, the AGM of the Company will be convened and held by electronic means through a "live" webcast ("**Live AGM Webcast**"). **NO PHYSICAL ATTENDANCE TO THE AGM IS PERMITTED**.

   Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM which has been uploaded on SGXNet and the Company's website on the same day.

2. The Annual Report, letter to shareholders, notice of AGM and proxy form will be sent to the shareholders solely by electronic means via publication on the Company's website at the URL http://www.vallianzholdings.com/newsroom.html and SGXNet. Printed copies of these documents **WILL NOT** be despatched to shareholders.

# NOTICE OF ANNUAL GENERAL MEETING

3. **Registration of shareholders**

   (i) All shareholders who wish to watch or listen to Live AGM Webcast proceedings must pre-register online by 2.00 p.m. on 19 July 2022, at the URL https://conveneagm.sg/vallianz_agm2022 for verification purposes.

   (ii) Shareholders who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Members and SRS investors) and wish to follow the proceedings of AGM through the Live AGM Webcast must inform their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to pre-register by 5.00 p.m. on 12 July 2022 in order to allow sufficient time for their respective relevant intermediaries to in turn pre-register their interest with the Company.

   (iii) Following authentication of the shareholders' status as shareholders, authenticated shareholders will receive an email notification, and would be able to access the Live AGM Webcast proceedings using the account credentials created upon completion of registration.

   (iv) Shareholders who do not receive an email by 10.00 a.m. on 21 July 2022, but who have registered by the Registration Deadline should contact the Company at the email address at sg.is.enquiry@sg.tricorglobal.com.

4. **Submission of questions in advance**

   (i) Shareholders who pre-register to watch or listen to the Live AGM Webcast may also submit questions related to the resolutions to be tabled for approval at the AGM. All questions must be submitted by 2.00 p.m. on 16 July 2022 at the URL https://conveneagm.sg/vallianz_agm2022.

   (ii) The Company will address substantial and relevant questions received from the shareholders relating to the agenda of the AGM prior to the AGM via SGXNet and the Company's website.

   (iii) The Company will publish the minutes of the AGM on SGXNet and on the Company's website within one month from the date of AGM, and the minutes will include the responses to substantial and relevant questions from shareholders which were addressed prior to the AGM.

5. **Completion of the proxy form**

   (i) Shareholders will not be able to vote online on the resolutions to be tabled for approval at the AGM. Instead, if shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the meeting to vote on their behalf.

   (ii) Shareholders (whether individual or corporate) appointing the Chairman of the meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

   (iii) The duly completed and signed proxy form appointing the Chairman of the AGM as proxy must be submitted to the Company by 2.00 p.m. on 20 July 2022 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;

(iv) For CPFIS Members or SRS investors who wish to exercise their votes by appointing the Chairman of the AGM as their proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) and submit their voting instructions at least seven (7) working days before the AGM (i.e. by 12 July 2022) in order to allow sufficient time for their respective relevant intermediaries to submit the proxy form to appoint the chairman of the meeting to vote on their behalf by 2.00 p.m. on 20 July 2022.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM 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 AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

(v) In the case of a shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 2.00 p.m. on 19 July 2022, as certified by The Central Depository (Pte) Limited to the Company.

6. **Reminder**

Shareholders who wish to attend the Live AGM Webcast are reminded that the AGM is private. Invitations to attend the AGM shall not be forwarded to anyone who is not a shareholder of the Company or who is not authorized to attend the Live AGM Webcast. Recording of the Live AGM Webcast in whatever form is also strictly prohibited.

The Company asks for shareholders' indulgence as the AGM progresses in the event of any technical disruptions. The Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's announcements on SGXNet or the Company's website for any changes or updates on the AGM.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (a) consents to the collection, use and disclosure of the shareholder'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 the appointment of the Chairman of the AGM as proxy 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.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

Mr. Darren Yeo Chee Neng, Mr. Osman Ibrahim and Mr. Ling Yong Wah are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 22 July 2022 ("**AGM**") (collectively, the "**Directors**" and each a "**Director**").

Pursuant to Rule 720(5) of the Rules of Catalist of the SGX-ST, the information relating to the Directors as set out in Appendix 7F of the Rules of Catalist of the SGX-ST is disclosed below:

| | **Mr. Darren Yeo Chee Neng** | **Mr. Osman Ibrahim** | **Mr. Ling Yong Wah** |
|---|---|---|---|
| Date of Appointment | 1 December 2012 | 8 December 2021 | 17 March 2014 |
| Date of last re-election and re-appointment | 31 July 2019 | – | 31 July 2019 |
| Age | 53 | 59 | 56 |
| Country of principal residence | Singapore | Saudi Arabia | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr. Darren Yeo Chee Neng as the Executive Director 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 the Executive Director and Vice Chairman of the Company. | The re-election of Mr. Osman Ibrahim as the Non-Executive Director 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 the Non-Executive Chairman of the Company. | The re-appointment of Mr. Ling Yong Wah as the Executive 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 the Executive Director and CEO of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive | Non-Executive | Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Vice Chairman of the Board | Chairman of the Board | Executive Director and CEO |
| Professional qualifications | Bachelor of Engineering, University of Singapore | 1. Bachelor of Science in Accounting<br>2. Master Degree in Finance | Member of the Institute of Chartered Accountants in England and Wales. |
| Working experience and occupation(s) during the past 10 years | 2007 to 30 November 2012<br>– Executive Director (re-designated as Non-Executive Director with effect from 1 December 2012) of Swiber Holdings Limited (Judicial Managers Appointed)<br><br>1 December 2012 to 12 January 2015<br>– Chief Executive Officer and Executive Director of Vallianz Holdings Limited<br><br>– Non-Executive Director of Swiber Holdings Limited (Judicial Managers Appointed) | January 2009 to Present<br>– Group President and Chief Executive Officer of Rawabi Holding Company Limited | June 2010 to March 2014<br>– Chairman of Audit Committee of Kreuz Holdings Limited<br><br>May 2005 to December 2021<br>– Chairman of Audit Committee and member of Nominating Committee of Frencken Group Limited<br><br>17 March 2014 to current<br>– Executive Director of Vallianz Holdings Limited |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

| | Mr. Darren Yeo Chee Neng | Mr. Osman Ibrahim | Mr. Ling Yong Wah |
|---|---|---|---|
| | 13 January 2015 to 19 June 2016<br>– Executive Director and Deputy Chief Executive Officer of Swiber Holdings Limited (Judicial Managers Appointed)<br><br>20 June 2016 to 2 September 2016<br>– Chief Executive Officer, Group President and Executive Director of Swiber Holdings Limited (Judicial Managers Appointed)<br><br>13 January 2015 to current<br>– Executive Vice Chairman of Vallianz Holdings Limited | | |
| Shareholding interest in the listed issuer and its subsidiaries | 2,000,000 (direct interest)<br>297,493 (deemed interest) | – | 1,526,146 |
| 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 | No |
| Conflict of Interest (including any competing business) | No | No | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments (Including Directorships) | | | |
| Past (for the last 5 years) | 1. Aster Marine Pte Ltd<br>2. Bitachon Limited (fka Kreuz Engineering Limited)<br>3. Carizon Pte Ltd<br>4. Deepsea Venture (L) Inc<br>5. Deltatek Offshore Limited<br>6. Deltatek Offshore Ltd.<br>7. Equatoriale Offshore Pte Ltd<br>8. Equatoriale Services Pte Ltd.<br>9. Equatoriale International Pte Ltd.<br>10. Ideal Dynamic Management Pte Ltd<br>11. Jago Offshore Services Pte Ltd<br>12. Maxwell Offshore Resources Pte Ltd | Nil | 1. Deepsea Leader Venture (L) Inc<br>2. Four Fugus Pte Ltd<br>3. Frencken Group Limited<br>4. MDSV 1 (L) Inc<br>5. Offshore Engineering Resources Pte Ltd<br>6. OLV Offshore Services (M) Sdn Bhd |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

| | Mr. Darren Yeo Chee Neng | Mr. Osman Ibrahim | Mr. Ling Yong Wah |
|---|---|---|---|
| | 13. Meadow Offshore OY<br>14. Oceanic Crusader Pte Ltd<br>15. OER Offshore Pte Ltd<br>16. Offshore Engineering Resources Pte Ltd<br>17. PAPE Engineering Pte Ltd<br>18. Quetzal Offshore Pte Ltd<br>19. Southsea Marine Pte Ltd<br>20. Southsea Offshore Pte Ltd<br>21. Swiber Assets Pte Ltd<br>22. Swiber Atlantis Pte Ltd<br>23. Swiber Capital Pte Ltd<br>24. Swiber Holdings Limited<br>25. Swiber Engineering Ltd<br>26. Swiber Offshore Marine Pte Ltd<br>27. Swiber Marine Pte Ltd<br>28. Swiber Offshore Mexico S.A. De C.V.<br>29. Swiwar Offshore Pte Limited<br>30. Swiber PJW 3000 Pte Ltd<br>31. Tuscan Offshore Pte Ltd<br>32. Vallianz Capital Holdings Pte Ltd<br>33. Whitmer Offshore Pte Ltd | | |
| Present | 1. Vallianz Holdings Limited<br>2. Deepsea Leader Venture (L) Inc<br>3. Hamilton Offshore Services Pte. Ltd.<br>4. Holmen Arctic Pte. Ltd.<br>5. Holmen Atlantic Pte. Ltd.<br>6. Holmen Heavylift Offshore Pte. Ltd.<br>7. Jetlee Shipbuilding & Engineering Pte Ltd<br>8. Jubilee Travel Pte. Ltd.<br>9. MDSV 1 (L) Inc<br>10. Newcruz International Pte. Ltd.<br>11. Newcruz Shipbuilding & Engineering Pte. Ltd.<br>12. OER Holdings Pte. Ltd.<br>13. OER Services Ltd<br>14. OER Services Pte. Ltd.<br>15. OLV Offshore Services (M) Sdn Bhd<br>16. OxFam Properties Pte Ltd<br>17. PTSB Holdings Pte. Ltd.<br>18. Rawabi Vallianz Offshore Services Co. Ltd<br>19. Resolute Pte. Ltd.<br>20. RI Capital Holdings Pte. Ltd.<br>21. Samson Marine Pte. Ltd<br>22. Samson Engineering Limited<br>23. Vallianz Capital Ltd<br>24. Vallianz Corporate Services Pte. Ltd. | 1. Vallianz Holdings Limited<br>2. Rawabi Holding Company Ltd<br>3. Rawabi Oil & Gas Co. Ltd<br>4. Rawabi Specialized Contracting Co. Ltd<br>5. Rawabi Electric Co. Ltd<br>6. Rawabi Specialized Enclosures Co. Ltd<br>7. Rawabi Wireless Solution Co. Ltd<br>8. Rawabi Integrated Gas Co. Ltd<br>9. Rawabi Travel & Tourism Co. Ltd<br>10. Frank's Rawabi Co. Ltd, KSA<br>11. Rawabi Emec, KSA<br>12. Rawabi BUTEC Co. Ltd<br>13. RISAL, KSA<br>14. Gabas Wire Factory<br>15. Rawabi Dry Ice<br>16. United Safety Ltd, Canada<br>17. Redsea Consulting, Canada<br>18. Rawabi Archer Co. Ltd<br>19. Rawabi Cetco Co. LLC<br>20. Rawabi Pason Co. Ltd<br>21. Rawabi Geolog Co. Ltd<br>22. Rawabi United Safety Services Co. Ltd<br>23. Rawabi Contracting and Services Co., Egypt<br>24. Rawabi Vallianz Offshore Services Co. Ltd<br>25. Magnom Saudi Properties, Egypt | 1. Vallianz Holdings Limited<br>2. Hamilton Offshore Services Pte. Ltd.<br>3. Holmen Arctic Pte. Ltd.<br>4. Holmen Atlantic Pte. Ltd.<br>5. Holmen Heavylift Offshore Pte. Ltd.<br>6. Holmen Pacific LLC<br>7. Jetlee Shipbuilding & Engineering Pte Ltd<br>8. Jubilee Travel Pte. Ltd.<br>9. MN Investment Holdings (Pte) Ltd<br>10. Newcruz International Pte. Ltd.<br>11. Newcruz Shipbuilding & Engineering Pte. Ltd.<br>12. OER Holdings Pte. Ltd.<br>13. OER Services Ltd<br>14. OER Services Pte. Ltd.<br>15. OER Offshore Pte Ltd<br>16. PTSB Holdings Pte. Ltd.<br>17. Rawabi Vallianz Offshore Services Co. Ltd<br>18. Resolute Pte. Ltd.<br>19. RI Capital Holdings Pte. Ltd.<br>20. Samson Marine Pte. Ltd<br>21. Samson Engineering Limited<br>22. Vallianz Capital Ltd<br>23. Vallianz Corporate Services Pte. Ltd.<br>24. Vallianz International Pte. Ltd.<br>25. Vallianz Marine Pte. Ltd. |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

| | Mr. Darren Yeo Chee Neng | Mr. Osman Ibrahim | Mr. Ling Yong Wah |
|---|---|---|---|
| | 25. Vallianz International Pte. Ltd.<br>26. Vallianz Marine Mexico S.A. De C.V.<br>27. Vallianz Marine Pte. Ltd.<br>28. Vallianz Offshore Capital Mexico S.A. De C.V.<br>29. Vallianz Offshore Marine Pte. Ltd.<br>30. Vallianz Shipbuilding & Engineering Pte. Ltd.<br>31. Vallianz Investment Capital Pte. Ltd. | | 26. Vallianz Offshore Capital Mexico S.A. De C.V.<br>27. Vallianz Offshore Marine Pte. Ltd.<br>28. Vallianz Shipbuilding & Engineering Pte. Ltd.<br>29. Vallianz Investment Capital Pte. Ltd. |

**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.**

| | | | |
|---|---|---|---|
| (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 | 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. Darren Yeo Chee Neng 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 | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

| | Mr. Darren Yeo Chee Neng | Mr. Osman Ibrahim | Mr. Ling Yong Wah |
|---|---|---|---|
| (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 | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulator requirement that relate 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 | 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 | 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 | 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 | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

| | | Mr. Darren Yeo Chee Neng | Mr. Osman Ibrahim | Mr. Ling Yong Wah |
|---|---|---|---|---|
| (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 | No |
| (j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–<br><br>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br><br>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<br><br>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<br><br>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 Messrs. Darren Yeo Chee Neng in relation to Swiber Holdings Limited in 2016 in relation to alleged infringements under Section 199 of the Securities and Futures Act 2001. Investigations are still ongoing. | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

| | Mr. Darren Yeo Chee Neng | Mr. Osman Ibrahim | Mr. Ling Yong Wah |
|---|---|---|---|
| (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 | No |
| **Disclosure applicable to the appointment of Director only** | | | |
| Any prior experience as a director of a listed company?<br><br>If yes, please provide details of prior experience.<br><br>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.<br><br>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. Darren Yeo Chee Neng as a director of the Company. | Not applicable, as this relates to the re-election of Mr. Osman Ibrahim as a director of the Company. | Not applicable, as this relates to the re-appointment of Mr. Ling Yong Wah 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. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the annual general meeting (the "**AGM**") are set out in the Notice of AGM dated 7 July 2022.
2. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. 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. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing the Chairman of the AGM as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 July 2022.

*I/We ______________________________ (Name) *NRIC/Passport No. ______________

of ____________________________________________

being *a shareholder/shareholders of **VALLIANZ HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

the Chairman of the Annual General Meeting ("**AGM**")

as *my/our proxy to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means on 22 July 2022 at 2.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the AGM 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 AGM 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 AGM 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 AGM 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 2022 together with the Directors' Statement and Independent Auditor's Report thereon. | | | |
| 2. | Re-election of Director pursuant to Article 105.<br>Mr. Darren Yeo Chee Neng | | | |
| 3. | Re-election of Director pursuant to Article 109.<br>Mr. Osman Ibrahim | | | |
| 4. | Re-appointment of Director pursuant to Rule 720(4) of the Rules of Catalist<br>Mr. Ling Yong Wah | | | |
| 5. | Approval of the payment of Directors' fees of US$238,000 for the financial year ending 31 March 2023. | | | |
| 6. | Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. | | | |
| 7. | Authority to allot and issue shares pursuant to the Share Issue Mandate. | | | |
| 8. | Renewal of Shareholders' Mandate for Interested Person Transactions with Rawabi Group. | | | |
| 9. | Renewal of Shareholders' Mandate for interested Person Transactions with Holmen Group. | | | |

**Note:**

* Please delete accordingly

Dated this ______________ day of July 2022

| Total No. of Shares held in | |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

____________________________________

*Signature(s) of Shareholder(s)/ Common Seal of Corporate shareholder

**IMPORTANT:** Please read notes overleaf

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**Notes:**

1. If the shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the shareholder 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 shareholder of the Company.

2. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be held by way of electronic means and shareholders of the Company will not be able to attend the AGM in person.

3. If a shareholder (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 shareholder (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 shareholder who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 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 shareholder (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**.

5. The Chairman of the AGM, as a proxy, need not be a shareholder of the Company.

6. The instrument appointing the Chairman of the AGM 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.

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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

7. 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 2.00 p.m. on 20 July 2022, and in default the instrument of proxy shall not be treated as valid.

   **Shareholders are** strongly encouraged to submit completed proxy forms via electronic mail**.**

8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM 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 AGM as proxy.

9. In the case of a shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 2.00 p.m. on 19 July 2022, 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 shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 July 2022.

Fold this flap for sealing

**Vallianz Holdings Limited**
1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632

+65 6911 6200

**www.vallianzholdings.com**

VALLIANZ