



ANNUAL REPORT

2020

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. the ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Our Business

Viking Offshore and Marine Limited is listed on the Catalist Board of Singapore Exchange and based in Singapore with a presence in the Asian region and customers all over the world. Further complementing our regional presence, we have a network of service agents spanning the globe. Through our wholly owned subsidiaries, Viking provides offshore and marine system solutions to yards, vessels owners and oil majors around the world. The strength of our products and solutions lies in our robust engineering designs, superior project delivery and many track records over the years.

Our deep engineering and systems know-how, coupled with our years of experience, allow us to adapt our system solution to be portable for onshore and non-oil and gas-centric applications. Increasingly, our system solutions are being accepted and popularised beyond our oil and gas, and offshore and marine customers.

To strengthen our business with more stable and predictable earning streams, we made a strategic move into asset management services. We are constantly on the lookout for attractively valued assets and chartering them to customers from the offshore and marine, and oil and gas industry. As our value proposition, we offer tailored and creative solutions and structures that allow our customers the use of assets for their operational needs and to accommodate their financial capacity.

Viking's business is now cemented along two major pillars – offshore and marine services and asset chartering services.

OFFSHORE AND MARINE SERVICES

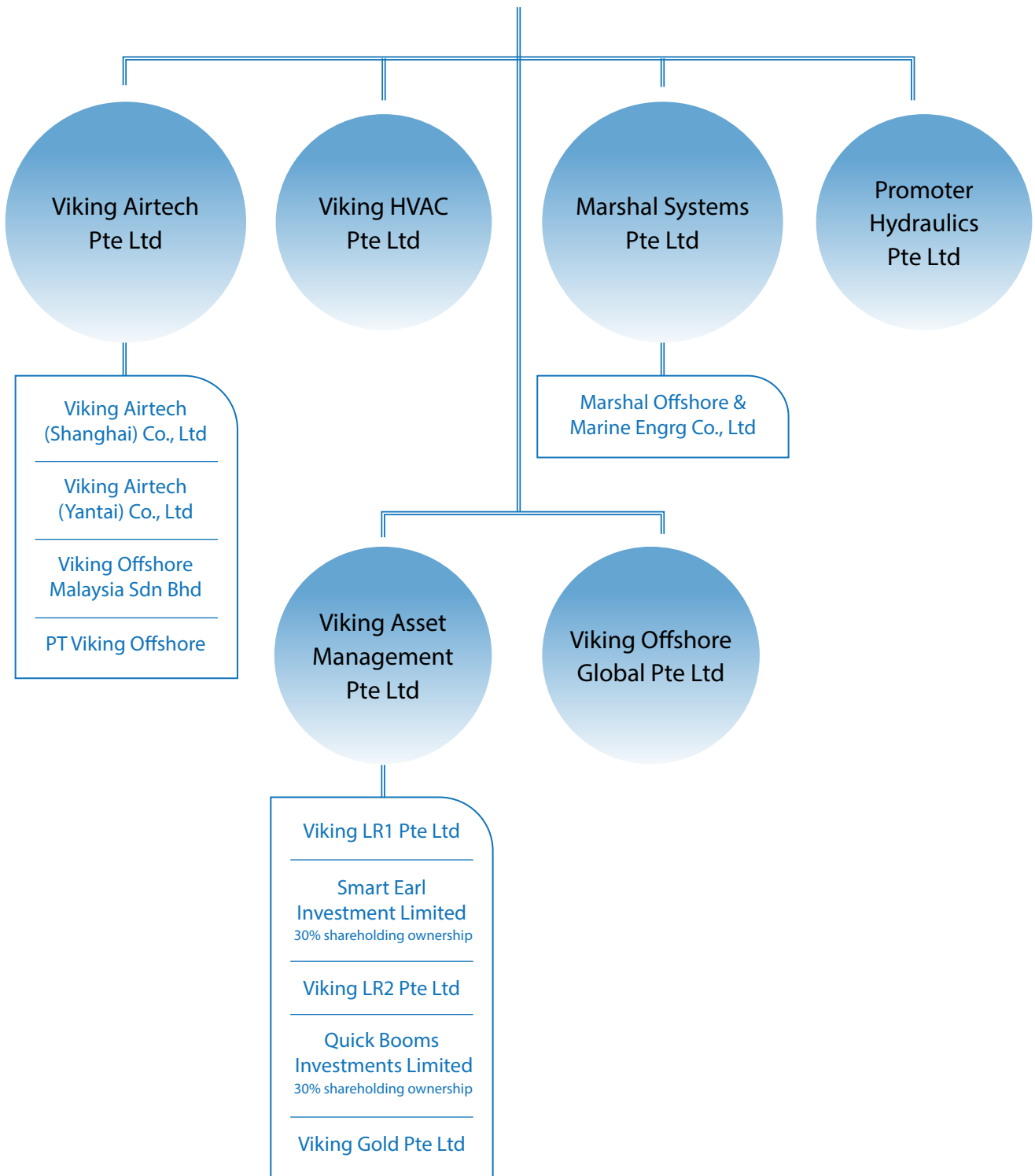
- Heating, Ventilation, Air-Conditioning & Refrigeration
- Fire & Gas Detection
- Control & Instrumentation
- Marine Telecommunication
- Winches, Power Pack & Deck Machinery

ASSET CHARTERING SERVICES

- Chartering Services
- Asset Financing

Group Structure

VIKING OFFSHORE AND MARINE LIMITED Listed on Singapore Exchange



Financial Summary

FINANCIAL PERFORMANCE (\$MILLION)

	2016	2017	2018	2019	2020
Revenue	46.4	38.7	30.1	21.3	17.2
Gross Profit	18.8	15.4	11.5	6.0	5.0
Gross Margin	41%	40%	38%	28%	29%
Net Loss Before Tax	(17.1)	(13.5)	(28.2)	(31.5)	(25.4)
Net Loss After Tax	(15.9)	(13.2)	(28.0)	(32.0)	(26.1)

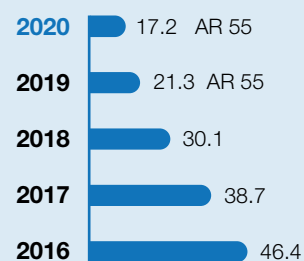
FINANCIAL POSITION (\$MILLION)

	2016	2017	2018	2019	2020
Total Assets	146.5	130.1	101.8	73.8	29.3
Total Liabilities	71.6	65.2	64.8	69.0	50.0
Shareholder's Equity	74.9	64.9	37.0	4.8	(20.7)
Net Current Assets/ (Liabilities)	5.5	25.4	12.1	(20.9)	(21.7)
Cash & Cash Equivalents	4.7	6.1	3.6	2.4	2.6

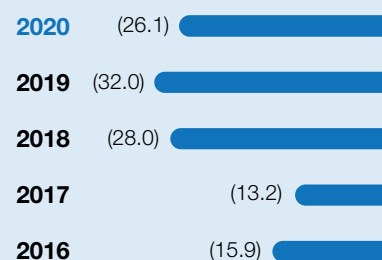
CASH FLOW (\$MILLION)

	2016	2017	2018	2019	2020
Opening Cash Balance	7.5	4.7	6.0	3.6	2.4
Net Cash Flow From Operating Activities	2.6	3.0	2.0	0.2	1.2
Net Cash Flow Used In Investing Activities	(0.2)	-	-	-	(0.2)
Net Cash Flow Used In Financing Activities	(5.2)	(1.6)	(4.6)	(1.4)	(0.8)
Ending Cash Balance	4.7	6.1	3.6	2.4	2.6

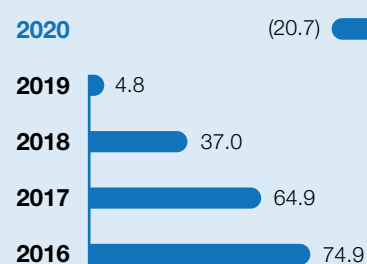
REVENUE (\$MILLION)



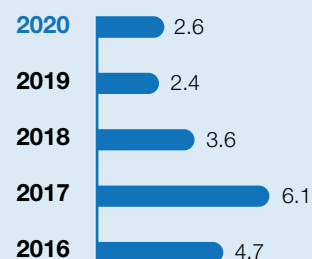
NET LOSS AFTER TAX (\$MILLION)



NET (LIABILITIES)/ASSETS (\$MILLION)



CASH AND CASH EQUIVALENTS (\$MILLION)



Chairman and CEO's Report

Dear Shareholders

As we once again address you in our annual report, we cannot help but look back to this time two years ago when Viking entered into corporate restructuring and debt moratoria. A lot has happened since then; not only to our business but also in and around the world as we speak. While challenges remain and there is much more work to be done, we are at least seeing the light at the end of the tunnel. Our proposed scheme of arrangement has been approved by the majority of our creditors and sanctioned by the Court and we are looking forward to exit the restructuring regime and rebuild our business. For that, we thank all our shareholders, employees, customers, suppliers, and creditors for their patience and support during this difficult period.

As we were navigating our restructuring journey, the world has been battling COVID-19 – a global pandemic impacting healthcare and economic fronts on a scale the world has never seen. Despite our efforts to actively engage our customers and to participate in every revenue opportunity, we had to grapple with the impact of inevitable cancellations, deferrals, delays in committed customer projects, and the loss of potential bids. The pressure on the top line of the Group was not relieved by the escalating cost as a result of implementing safety measures in response to the COVID-19 pandemic and the lower resource utilisation.

With the multi-faceted challenges facing us due to our restructuring effort, the COVID-19 pandemic situation, and the continued laggard of the offshore and marine industry, business sustainability and cashflow conservancy were the key priorities for the Group in year 2020.

Offshore and Marine Services

In the offshore and marine services business segments, we were able to continue to meaningfully operate the business, albeit under much financial constraints. We had to take the difficult but necessary measures to right-size our workforce and manage wages, and scrutinise every discretionary spending.

Our order intake for the year was lower compared to the prior year across all the lines of business. This was consistent with the industry trend of slower and lower newbuild opportunities in the offshore sector. Furthermore, the marine sector was also impacted with deferral of projects due to

slower marine traffic as a result of the COVID-19 pandemic. The low business activities in year 2020 coupled with the lower orderbook carried forward from the prior year further exacerbated our business performance. An exception to this performance trend was seen in our winches and deck machinery business; which saw year-on-year revenue growth and improvement in profit margins.

To negate the low newbuild segment, we focused our efforts on the supply of parts and services which continued to see good demand in year 2020. Unfortunately, the safety measures arising from the COVID-19 pandemic and travel restrictions impacted the securing and the execution of service jobs. As a result, our overall business levels were compromised.

These trends in the industry and in our business performance were also reflected in the geographical markets we serve. Lesser newbuilds in the offshore sector impacted our major markets such as China and Singapore, resulting in a corresponding decrease in revenue contribution from these markets. While we are seeing better prospects from the emerging markets, the far lesser volume contribution compared to the major markets could not make up for the shortfalls. While our business mix reflects the industry patterns, we recognise the need to accelerate our order intake as well as to seek out larger project opportunities in order to raise business levels.

We anticipate the difficult industry conditions to persist and the COVID-19 pandemic situation to remain uncertain. To sustain and navigate our Offshore and Marine Services business through this period will require us to relentlessly pursue higher order intake rates in parts and services areas, while selectively bidding on the limited new turnkey projects with our reduced resources capacity. We recognise and expect that continued stringent expense management and spending discipline, while painful, remains necessary for us to sustain the business going forward.

Asset Management Services

Given the current difficult conditions facing the industry as well as our financial situation, we have divested out of this business segment. Our focus in this segment primarily centres around the recovery of outstanding receivables from the defaulted charterers as well as actively seeking opportunities to monetise the assets.

Chairman and CEO's Report

While we have impaired the value of the assets in our accounting books, we continue to pursue every possible avenue to extract value from our favourable arbitration award in Singapore against the defaulted Chinese charterer of the land rigs.

On the property asset front, we were able to dispose of our factory property and re-assign all the tenants' leases to the new owner in an arrangement that satisfied the interests of the various parties. The proceeds from the asset disposal were channelled to repay the mortgage at a negotiated reduced book value, thereby discharging our entire bank debt. Additionally, we negotiated a leaseback arrangement with the new owners of the property for a reduced space to support our operational needs. This action delivers a positive major step in our restructuring exercise and lighten our operating burden going forward.

Corporate Restructuring

On the restructuring front, there have been some unexpected challenges. We entered into definitive agreements twice in the year with two potential lead investors; however these were subsequently derailed and lapsed due to difficulty in meeting certain condition precedent and aligning the interests of creditors and investors respectively. The COVID-19 pandemic and volatility of oil prices further complicated discussions and negotiations.

We were granted various extensions for court-approved moratoria which allow us to continue our restructuring plans and efforts. Every extension application is tedious and rife with challenges and entails substantial corporate work and creditors' support. And for this, we are appreciative of our restructuring team for their tireless effort and undaunted attitude in accomplishing the crucial tasks at hand.

We are cautiously optimistic with the current situation and glad to report that our two-year journey is finally yielding some results. With the latest capital injection and a loan proposal by our third round of potential investors and a debt restructuring plan via a scheme of arrangement approved by the majority of our creditors and sanctioned by the Court, we can see a path out of this debt moratoria regime.

Given the major changes to the shareholders' equity, we would require shareholders' approval and we ask for your continued support. We believe this is the best course of action for shareholders as they preserve equity for the

future. While we recognise that the scheme of arrangement may not satisfy the full face-value of the debts, we believe this solution to be the best possible outcome for the creditors under the present situation. We thank the creditors for their support and ask for their continued patience to complete the process.

Financial Review

The Group's revenue decreased to S\$17.2 million in the financial year ended 31 December ("FY") 2020, as compared to S\$21.3 million in FY2019, mainly due to the lower order intake for the year and lower order book carried forward from the prior year as a result of the continued difficult industry conditions and the Group's financial situation. This challenging situation was further setback by the delays and deferment of projects (both existing and potential) due to the COVID-19 pandemic and the ensuing pandemic safety measures.

Gross profit margin improved year-on-year from 28% in FY2019 to 29% for FY2020. This better-than-expected performance is due to the better revenue mix of parts and services component which yielded higher margins. Notwithstanding the better revenue mix, the gross profit dollar is lower in tandem with the overall lower revenue for the year.

Other income increased mainly due to the government grant support under the COVID-19 relief measures, especially in Singapore operations; and proceeds from settlement of a major customer dispute. These are one-offs that were absent in the prior year results.

Total expenses, excluding one-off impairment charges, decreased year-on-year. This is mainly due to the prudent expense management efforts coupled with lower discretionary spending from lower business levels. The expense reduction would otherwise be more pronounced if not for the incurring of restructuring-related expenses. The impairment charges mainly resulted from accounting for valuation of certain assets on the Balance Sheet; and were recorded in other operating expenses. These material items and their accounting effects were as follows:

1. impairment loss on goodwill of S\$6.3 million related to the acquisition of the Offshore and Marine Services businesses. This accounting adjustment is to reflect

Chairman and CEO's Report

the lower carrying value of the business due to weaker orderbooks and cashflow projections;

2. impairment loss on inventories of S\$9.8 million pertaining to a land rig, slow moving stocks and work in progress. The land rig was impaired as the need for evaluating the asset in Morocco could not be performed as a result of travel restriction due to the COVID-19 pandemic. The business slowdown also resulted in slow moving inventory items and accordingly their book value adjusted.

As a result of the above, the Group recorded a net loss after tax of S\$26.1 million. As a result of this, the Group's net liabilities stands at S\$20.7 million as at 31 December 2020.

The above explained impairment losses resulted in the corresponding reduction in non-current assets and inventories accordingly in the Balance Sheet. Additionally, the disposal of the property asset also contributed to the decrease in non-current assets and the repayment of the corresponding bank mortgage resulted in the reduction in both current and non-current liabilities. Current liabilities were further reduced from the lesser supplier payables due to the lower business activity and shortened payment cycle. Conversely, the lower business activities also resulted in lesser customer billings and receivables recorded in current assets.

Cash and cash equivalents as at 31 December 2020 was marginally higher than that at the prior year-end. The higher cashflow from operations was offset by the net outflow in financing activities due to the repayment of term loans as a result of the disposal of the property asset. While the Group recorded a net loss for FY2020, a large contribution to the losses were non-cash impairment items.

Looking Ahead and Going Forward

By no means are we out of the woods. While oil prices are seeing some recovery, the ongoing challenges in the offshore and marine industry will continue. The pandemic situation around the world is far from over and remain highly uncertain with potential new waves and virus variants. Economic recovery, if any, will be gradual and business activities will be measured.

Against this challenging and uncertain backdrop, our business focus remains unwavering – to sustain and steer

the Group through these challenges and to exit the debt moratoria regime. To this end, it is imperative for the Group to relentlessly work with our shareholders, creditors, and potential investors to expeditiously complete the moratoria exit process. Thereafter, together with our new shareholders, we will conduct a strategic review into our businesses so as to plot our future course and embark on a new chapter together for the Group.

Concurrently, our existing operating business units need to navigate the difficult business climate with aggressive order intakes, improved productivity, and prudent spending management. We continue to maintain our faith to pilot our way out of this prolonged challenging business climate and our debt restructuring process, and to ultimately emerge with a renewed vigour and direction going forward.

A lot has happened, we have come a long way, and more needs to be done. Let us work together and press on to overcome these challenges to succeed in the new world order.

Thank you.

MR ANDY LIM

Chairman and Executive Director

MR NG YEAP CHONG

Chief Executive Officer and Executive Director

Board Members

ANDY LIM, 63

Chairman and Executive Director

Mr Lim was appointed Chairman and Executive Director of the Company on 15 June 2009. He is also the Founder and Chairman of private equity firm Tembusu Partners Pte Ltd, and Chairman of the MoneyWorld Group of Companies. His other board appointments include Independent Director of Top Glove Corporation Berhad. His past board appointments include President of Enterprise 50 Association, Chairman of Alpha Singapore, Council Member of the National Council for Anti-Drug Abuse, Board of Trustee for Honour Singapore and a member of the Home Affairs Uniformed Service Invest Board of Trustee. In 2016, Mr Lim was appointed Honorary Consul General to the Republic of Lithuania after serving as Honorary Consul for 12 years. Mr Lim holds an Engineering degree (First Class Honours) from Cambridge University and a Masters in Business Administration from University of California at Los Angeles (UCLA).

NG YEAP CHONG, 54

Chief Executive Officer and Executive Director

Mr Ng joined the Group in August 2010 as the Chief Operating Officer of the Company and was appointed Executive Director of the Company on 22 February 2018 and subsequently appointed Chief Executive Officer on 30 April 2019. Currently Mr Ng also serves as the Managing Director of the Company's operating subsidiaries, viz., Viking Airtech Pte Ltd, Marshal Systems Private Limited, and Promoter Hydraulics Pte Ltd. Mr Ng has more than 25 years of professional experience covering Sales & Marketing, Program Management, and Operations & Training in both public and private sectors. An Overseas Merit Scholar (SAF), Mr Ng was with the Republic of Singapore Navy for more than 10 years. Prior to joining the Group, he served as Asia Consulting Solution Director (Oracle Consulting Services, 2007-2010), Vice President (UOB, 2000-2007), and Assistant Head (Spring Singapore 1999-2000). Mr Ng holds a Master of Arts from University of Oxford and a MBA (Accountancy) from Nanyang Technological University. Mr Ng is a Certified Financial Analyst (CFA), and a Financial Risk Manager (FRM).

LEE SUAN HIANG, 70

Lead Independent Director

Mr Lee was appointed Independent Director of the Company on 16 April 2010. He had a varied career as Deputy Managing Director of the Economic Development Board and Chief Executive of SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research, National Arts Council and Real Estate Developers' Association of Singapore. He was also the Chairman of PSB Corporation, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation. He is the Immediate Past-President of the EDB Society and a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing, and World Academy for Productivity Science and currently holds directorship appointments with several other private and public listed companies. Mr Lee was awarded the Public Administration (Gold) Medal in 1998, World SME Association Award in 2001, Japan External Trade Organisation Award in 2002 and Chevalier de l'Ordre des Arts et Lettres from France in 2010.

TAN WEE PENG KELVIN, 56

Independent Director

Mr Tan was appointed Independent Director of the Company on 25 June 2009. He has more than 20 years of professional experience including senior management positions at AETOS Security Management, PSA International, and Temasek Holdings, the last being the Managing Director of its Private Equity Funds Investment Unit. He was a consultant advising companies investing in China, and also served with the Singapore Police Force. Mr Tan is an Adjunct Associate Professor with the NUS Business School. A Local Merit Scholar (Police Service), Mr Tan holds a Bachelor in Accountancy (First Class Honours) and a Master in Business Administration from the National University of Singapore. He also attended the Programme for Management Development at Harvard Business School. Mr Tan currently holds directorship appointments and advisory positions with several other private companies and a public-listed company.

Board Members

PHUA SIOK GEK CYNTHIA, 62

Independent Director

Ms Phua was appointed as Independent Director of the Company on 1 June 2015. Ms Phua has over 30 years of experience in the real estate industry having held the position of Executive Vice President of Singbridge Corporate Pte Ltd, Executive Director of Retail Services in Knight Frank Pte Ltd, General Manager of the Real Estate Unit in NTUC FairPrice, Managing Director of SLF Management Services Pte Ltd and CEO of Bishan-Toa Payoh Town Council. Cynthia was involved in the overseas projects in Singbridge and in Knight Frank. At FairPrice, Cynthia headed the company's real estate investment, development, sourcing and management of the

retail spaces. Under Cynthia's leadership, FairPrice and Cheers expanded their footprint in Singapore from 103 to over 254 outlets island-wide. Between 2001 and 2011 Cynthia was also an elected Member of Parliament in the Aljunied Group Representation Constituency and Chairman of Aljunied Town Council. Cynthia holds a B. Sc (Estate Management) Honors from the National University of Singapore. She also attended the Advanced Management Programme in Harvard Business School. Cynthia currently is a management consultant and holds directorship and advisory appointments in other charitable and social organisations.

Executive Management

LAW REN KAI KENNETH, 37

Chief Financial Officer

Mr Law was appointed Chief Financial Officer in April 2016. Mr Law previously held the position of Group Financial Controller when he joined the Group in April 2015. Mr Law began his career in a professional service firm in London before joining a Big 4 accounting firm providing assurance services to public listed companies and multinational clients in various industries including healthcare, manufacturing, property development and banking. He was also involved in corporate exercises in relation to fund raising during his assurance tenure. He subsequently had a stint in an SME company as CFO and was responsible for the corporate affairs and finance function of the company. Mr Law holds a Bachelor of Science (Honours) degree in Accounting and Finance from the London School of Economics and Political Science and is an associate of the Institute of Chartered Accountants in England and Wales and associate member of the Institute of Singapore Chartered Accountants.

RAYMOND GOH TIAN CHOO, 43

Group General Manager, Viking Airtech Pte Ltd

Raymond Goh joined Viking Airtech Pte Ltd in 2002 and was appointed as Group General Manager since September 2018. Since joining, Raymond has been responsible for sales, marketing, tender, and procurement. Having spending 18 years working in the marine & offshore industry, Raymond's insights on the markets was instrumental in securing a number of large and complex onshore, offshore & marine projects in Singapore and abroad. Raymond also played an important role in setting up the operations of Viking Airtech in Malaysia, Indonesia, and Vietnam. Raymond holds a Masters in Business Administration from University of Adelaide, and has working experience at shipyards before joining Viking Airtech.

ANDY LIM, 63

Chairman and Executive Director

NG YEAP CHONG, 54

Chief Executive Officer and Executive Director

Corporate Information

COMPANY REGISTRATION

Viking Offshore and Marine Limited
(listed on the Singapore Exchange)
Registration: 199307300M

REGISTERED OFFICE

Viking Offshore and Marine Limited
21 Kian Teck Road
Singapore 628773
Tel: (65) 6601 9500
Fax: (65) 6601 9600
Email: info@vikingom.com
Website: www.vikingom.com

BANKERS

United Overseas Bank Limited
Overseas-Chinese Banking
Corporation Limited
RHB Bank Berhad

AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-In-Charge:
Vincent Toong Weng Sum
(wef financial year ended
31 December 2019)

COMPANY'S SPONSOR

ZICO Capital Pte. Ltd.
8 Robinson Road #09-00
ASO Building
Singapore 048544

SHARE REGISTRAR & SHARE TRANSFER OFFICE

M&C Services Pte Ltd
112 Robinson Road #05-01
Singapore 068902

BOARD OF DIRECTORS

Andy Lim

Chairman and Executive Director

Ng Yeau Chong

Chief Executive Officer and
Executive Director

Lee Suan Hiang

Lead Independent Director

Tan Wee Peng Kelvin

Independent Director

Phua Siok Gek Cynthia

Independent Director

AUDIT COMMITTEE

Tan Wee Peng Kelvin (Chairman)
Lee Suan Hiang
Phua Siok Gek Cynthia

NOMINATING COMMITTEE

Lee Suan Hiang (Chairman)
Tan Wee Peng Kelvin
Phua Siok Gek Cynthia

REMUNERATION COMMITTEE

Phua Siok Gek Cynthia (Chairwoman)
Tan Wee Peng Kelvin
Lee Suan Hiang

COMPANY SECRETARY

Lin Moi Heyang
Lotus Isabella Lim Mei Hua

Financial Review

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Corporate Governance Report

For the year ended 31 December 2020

The board of directors (the “**Board**” or “**Directors**”) of Viking Offshore and Marine Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) recognises the importance of corporate governance and is committed to ensuring the practices recommended in the Code of Corporate Governance 2018 issued in August 2018 (the “**Code**”) are practiced throughout the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long term shareholders’ value and protect the interests of shareholders.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December (“**FY**”) 2020, with specific reference made to the Principles and the Provisions of the Code, which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

While it is always the objective of the Group to ensure all the Provisions of the Code are followed strictly, however, in view of the current lean cost structure and financial position of the Group as well as the ongoing debt and corporate restructuring exercises of the Group which involve interests of existing and incoming shareholders and various other stakeholders, there are situations and reasons where full compliance with the Provisions of the Code may not be feasible or may not be meaningful for the Group at this stage in time. In this regard, where there are areas of the current practices which deviate from the Provisions of the Code, appropriate explanations are provided accordingly, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

I. BOARD MATTERS

The Board’s Conduct of Affairs

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

Provision 1.1

Principal Duties of the Board

The Company is headed by an effective Board to lead and control its operations and affairs. The Board is entrusted with the responsibility for the overall management and corporate governance of the Group including establishing strategic objectives and providing entrepreneurial leadership.

In addition, the Board has an obligation to shareholders of the Company (“**Shareholders**”) and other stakeholders of the Company to safeguard their interests and the Company’s assets by establishing a framework of prudent and effective controls which enables risk to be assessed and managed.

To elaborate further; the Board has the responsibility to fulfil its role which includes the following:

1. Approve the corporate direction and strategy of the Company and monitor the performance of the management of the Company (“**Management**”);
2. Approve the nomination of Directors and appointment of key managerial personnel of the Group;
3. Approve the annual budget, major funding proposals and investment proposals of the Group, and ensure the necessary financial and human resources are in place for the Company to meet its objectives;

Corporate Governance Report

For the year ended 31 December 2020

4. Establish a framework of prudent and effective controls which enables risks to be properly assessed and managed, including safeguarding of Shareholders' interests and Group's assets;
5. Identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
6. Review the financial performance of the Group and necessary reporting compliance of the Group with all laws, rules and regulations;
7. Set Company's values and standards (including ethical standards) and ensure that obligations to Shareholders and other stakeholders are understood and met;
8. Assume responsibility for corporate governance of the Group; and
9. Consider sustainability issues, e.g. environmental and social factors, as part of the strategic formulation of the Group.

Code of Business Conduct and Ethics

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors are expected to be cognizant of their statutory duties, and to discharge them objectively in the interest of the Company.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors, officers and employees of the Group, on the areas of ethical risk and sets a framework where integrity and accountability are paramount. The Company is also committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law.

Directors are regarded as executive, non-executive and independent according to their differing roles, although all Directors have the same statutory duties. In FY2020, all Directors were reminded, and took note, of the different roles they have in the Company.

Conflict of Interests

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and shall in any event recuse himself or herself from the decision-making.

Pursuant to Section 156 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), each Director is to declare to the Company his or her interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions.

Corporate Governance Report

For the year ended 31 December 2020

[Provision 1.2](#)

Director Competencies

All Directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all Directors, a listed Board will generally have different classes of directors with different roles:

- **Executive Directors (EDs)** are members of Management who are involved in the day-to-day running of the business. They work closely with the Non-Executive Directors on the long-term sustainability and success of the businesses. They provide insights and recommendations on the Group's operations at the Board and Board Committees (as defined herein) meetings.
- **Non-Executive Directors (NEDs)** are Non-Executive Non-Independent Directors who do not participate in the business operations. They constructively challenge Management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of Management's performance in achieving the strategic objectives as well as the appointment, assessment and remuneration of the Executive Directors and key personnel.
- **Independent Directors (IDs)** are Non-Executive Independent Directors who are unrelated to any of the Directors and deemed to be impartial by the Board. Independent Directors have similar duties as the Non-Executive Directors, with the additional responsibility of providing independent and objective advice and insights to the Board and Management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

Directors' Orientation and Training

The Company does not have a formal training program for the Directors but the Directors are continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and accounting developments may be in writing or disseminated by way of briefings or presentations. To get a better understanding of the Group's businesses, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management.

All new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic direction and industry-specific knowledge, corporate functions and governance practices, as well as the expected duties of a Director of a listed company. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company, organised by the Singapore Institute of Directors ("SID") as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company.

Corporate Governance Report

For the year ended 31 December 2020

The Company encourages the Directors to be members of the SID, and for them to receive regular journal updates and training from SID to stay abreast and be apprised of developments in financial, legal, regulatory requirements, and the business environment. The Company also encourages the Directors to attend training courses organised by the SID or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public listed company in Singapore, and such training will be funded by the Company.

All Directors are provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority (“ACRA”) and other relevant regulatory bodies which are relevant to the Group and/or Directors are circulated to the Board. In addition, the Audit Committee Chairman, the external auditors and the Management will regularly keep the Board abreast of changes and development within the accounting and financial reporting areas.

[Provision 1.3](#)

Matters Requiring Board's Approval

The Board has delegated the day-to-day operations of the Group to Management while reserving key matters for the Board's approval. The Company has in place internal guidelines on matters which specifically require the Board's decision or approval, which has been clearly communicated to Management, including but not limited to the following:

- (a) approval of announcements released via SGXNet, including financial results announcements;
- (b) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual reports;
- (c) dividend matters;
- (d) authorisation of banking facilities and corporate guarantees;
- (e) approval of change in corporate business strategy and direction;
- (f) appointment and cessation of Directors and key Management;
- (g) any matters relating to general meetings, Board and Board committees; and
- (h) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

In addition, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key Management. Such delegation guidelines are reviewed on a regular basis and accordingly revised when necessary.

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[Provision 1.4](#)

Delegation by the Board

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, the Board has established a number of Board committees, namely the Audit Committee (the “**AC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”). Each of the Board Committees functions within clearly defined terms of references and operating procedures endorsed by the Board, which are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. The Board Committees will also review their terms of reference on a regular basis to ensure their continued relevance and the effectiveness of each Board Committee is also constantly reviewed by the Board. The composition and description of each Board Committee are set out in this report. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised for alignment with the Code.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior Management to attend their meetings.

[Provision 1.5](#)

Board and Board Committees Meetings

The schedule of all the Board and Board Committees meetings as well as the annual general meeting of the Company (“**AGM**”) for the calendar year is jointly planned and decided by the Board members one quarter in advance. The Board meets at least once a quarter during the year and whenever warranted by particular circumstances. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board would have informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

The Company’s Constitution allows the Board meetings to be conducted by means of conference telephone, videoconferencing, audio visual, or other electronic means of communication by which all persons participating in the meeting can hear one another contemporaneously. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

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The attendance of each Director at meetings of the Board and Board Committees during FY2020 as well as the frequency of such meetings held is set out in the table below:

Attendance of Board Members	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings	4	4	1	1
Mr Andy Lim	4 / 4	NA	NA	NA
Mr Ng Yeau Chong	4 / 4	NA	NA	NA
Mr Lee Suan Hiang	4 / 4	4 / 4	1 / 1	1 / 1
Mr Kelvin Tan Wee Peng	4 / 4	4 / 4	1 / 1	1 / 1
Ms Cynthia Phua Siok Gek	4 / 4	4 / 4	1 / 1	1 / 1

If a Director is unable to attend a Board or Board Committees meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairman of the Board or the Board Committees of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2020. In view of this, the Board does not limit the maximum number of listed company board representation its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Company and adequately carrying out his or her duties as a Director. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board and the NC will review the requirement to determine the maximum number of listed Board representations as and when they deem fit.

[Provision 1.6](#)

Access to Information

All Directors have unrestricted access to the Company's records and information. From time to time, they are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of Management.

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Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meetings.

The Board receives quarterly financial performance results, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

[Provision 1.7](#)

Access to Management and Company Secretary

The Directors have separate and independent access to Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

The Directors may also liaise with Management as and when required to seek additional information. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or their representatives attend all the Board and Board Committees meetings and prepares minutes of meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Independent Professional Advice

Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties and responsibilities, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

[Board Composition and Guidance](#)

Principle 2: 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.

[Provision 2.1](#)

Director's Independence

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

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The NC, shall conduct an annual review to determine the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval.

For FY2020, the Independent Directors, namely:

- Mr Lee Suan Hiang,
- Mr Kelvin Tan Wee Peng, and
- Ms Cynthia Phua Siok Gek

have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

Some of the Independent Directors own shares and warrants in the Company; however, each of their shareholdings and warrant holdings are minimal (representing less than 5.0% of the total issued shares in the Company) and the Independent Directors are not in a foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

Duration of Independent Directors' Tenure

While the NC and the Board recognise that Independent Directors who may have served in such office for an aggregate period of more than nine (9) years may have developed relationships, *inter alia*, with the Company and/or Management, such Independent Directors would also have developed significant insights into the Group's businesses and operations and may be able to continue providing significant and valuable contributions to the Board. Where there are such Directors, the NC and the Board will review vigorously their continuing contributions and independence and may exercise its discretion to extend the tenure of these Directors where appropriate.

Two of the Independent Directors, namely Mr Lee Suan Hiang, and Mr Kelvin Tan Wee Peng, have served on the Board for more than nine (9) years. In view of this, the other Directors have been asked to particularly review and assess the continued independence of both Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng.

After due consideration and taking into account the views of the NC, the Board continues to regard Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng as independent notwithstanding the length of tenure of their service, after taking into consideration, *inter alia*, the guidelines for independence as provided for under the Code, the absence of potential conflicts of interest for the Independent Directors which may arise through, *inter alia*, a shareholding interest in the Company and/or business dealings directly or indirectly with the Group, and they have demonstrated independence in character and judgment, through, amongst others, their contributions to Board discussions and deliberations and ability and preparedness to exercise independent business judgment and/or decisions with the view to the best interests of the Company, without undue reliance, influence or consideration of the Group's interested parties such as the Chief Executive Officer ("CEO"), the other non-Independent Directors, controlling Shareholders and/or their associates.

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Notwithstanding the result of the assessment of independence of the Independent Directors, the Board decides to gradually move towards strict compliance of the rules. In order to balance the need to ensure independence of the Independent Directors and the Company's interest of minimising disruption to the Board, the Board decides to retain Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng as Independent Directors. The Board will concurrently and actively seek out suitable candidates as part of its succession plan going forward.

[Provision 2.2](#)

Proportion of Independent Non-Executive Directors

In view that the Chairman is not an Independent Director, the Board comprises a majority of three (3) Directors (out of a five (5) member Board) who are Independent Directors.

[Provision 2.3](#)

Proportion of Non-Executive Directors

The Board comprises a majority of three (3) Directors (out of a five (5) member Board) who are Non-Executive Directors.

[Provision 2.4](#)

Board Composition and Size

As at the date of this report, the Board comprises the following five (5) Directors, two (2) of whom are Executive Directors and three (3) of whom are Non-Executive and Independent Directors:

Executive Directors

Mr Andy Lim	Executive Director and Chairman
Mr Ng Yeau Chong	Executive Director and CEO

Non-Executive Directors

Mr Lee Suan Hiang	Non-Executive and Lead Independent Director
Mr Kelvin Tan Wee Peng	Non-Executive and Independent Director
Ms Cynthia Phua Siok Gek	Non-Executive and Independent Director

The Company conducts an annual review of the size and composition of the Board and Board Committees to ensure that both aspects continue to meet the needs of the Group in managing the businesses as well as maintaining a strong independent element within the composition of the Board and Board Committees. The Board will continuously review this with a view to enhance corporate governance practices in tandem with proposed changes to the Code.

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The NC is of the view that the current size and composition of the Board and Board Committees are appropriate and conducive to the scope and nature of the Group's business, and for facilitating effective exchanges and decision making. The Board proactively seeks to maintain a balanced mix of experiences, competences, and attributes among the Directors, and this is reflected in the diversity of the composition of the Board and Board Committees in terms of background and competencies. Such experiences and competencies include finance and accounting, sales and marketing, strategic planning, investment management, relevant industry knowledge, entrepreneurial and management experience, familiarity with regulatory requirements and risk management. The Management is provided with full and direct access to the Board which also actively provides guidance and a broad range of views and perspectives.

Board Diversity

The Board's policy in identifying nominees for directorship is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making, regardless of gender. In recognition of the importance and value of gender diversity in the composition of the Board, the Company has a female Director on its Board for a number of years. Each Director has been appointed based on his or her skills, experience and knowledge, and is expected to bring forth his or her experience and expertise to the Board for the continuous development of the Group.

All Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and Shareholders.

Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

The Directors, in particular the Non-Executive Directors, are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Directors to engage in informed and constructive discussions. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by Management on major decisions and prospective business deals.

[Provision 2.5](#)

Meeting of Independent Directors without Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

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The Independent Directors are encouraged to meet, without the presence of Management, so as to facilitate a more effective check on Management. During FY2020, the Independent Directors have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of Directors and key management personnel ("KMPs").

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separation of the Role of Chairman and CEO

The Chairman of the Board and the CEO should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and Management responsible for managing the Group's business operations. For FY2020, the positions of the Chairman and the CEO are held by Mr Andy Lim and Mr Ng Yeau Chong respectively. The spouse of the CEO, Mr Ng Yeau Chong, is a cousin of the Chairman, Mr Andy Lim.

Provision 3.2

Role of Chairman and Chief Executive Officer

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management and effective communication with Shareholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with Management, as well as facilitates effective contribution of Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

- (a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary and her representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (b) ensuring that all agenda items are adequately and openly debated at the Board meetings;
- (c) ensuring that all Directors receive complete, adequate and timely information; and
- (d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Chairman and the relevant Board Committees, and recommended to the Board for its consideration and approval. The performance and remuneration package of the CEO is reviewed periodically by the NC and the RC. As the majority of the members of the Board comprises Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

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[Provision 3.3](#)

Lead Independent Director

The Board has a Lead Independent Director, Mr Lee Suan Hiang, to provide leadership *in situations* where the Chairman, who is not independent, is conflicted. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between Shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and development of succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration.

The Lead Independent Director makes himself available at all times when Shareholders have concerns and for which contact through the normal channels of the Chairman, the CEO or Management have failed to resolve or is inappropriate.

The Lead Independent Director also makes himself available to Shareholders at the Company's general meetings.

There were no query or request on any matters which requires the Lead Independent Director's attention received in FY2020.

Independent Director Meetings in Absence of Other Directors

Where necessary, the Lead Independent Director shall lead the meetings among the Independent Directors without the presence of other Directors. The Lead Independent Director shall provide feedback to the Chairman of the Board after such meetings, if it is necessary.

[Board Membership](#)

Principle 4: 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 4.1](#)

Roles and Duties of Nominating Committee

The Board established the NC with written terms of reference which clearly set out its authority and duties, and reports to the Board directly. The terms of reference of the NC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the NC is responsible for:

1. regularly and strategically reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;
2. identifying and nominating candidates to fill Board vacancies as they occur;

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3. requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;
4. sending the newly-appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;
5. determining the orientation programs for new Directors, and recommending opportunities for the continued training and professional development of the Directors;
6. recommending the membership of the Board Committees to the Board;
7. reviewing the independent status of Non-Executive Directors (in accordance with Catalist Rules 406(3)(d)(i), (ii), and (iii), and Provision 2.1 of the Code) and that of the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;
8. developing the performance evaluation framework for the Board, the Board Committees and individual Directors and propose objective performance criteria for the Board, the Board Committees and individual Directors;
9. recommending that the Board removes or reappoints a Non-Executive Director at the end of his or her term, and recommend the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;
10. reviewing other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;
11. reviewing and ensure that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;
12. reviewing the Board with its succession plans for the Board Chairman, Directors, CEO and KMPs of the Company;
13. keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and
14. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

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[Provision 4.2](#)

Nominating Committee Composition

As at the date of this report, the NC comprises the following three (3) members, all of whom, including the NC Chairman, are Non-Executive and Independent Directors:

Mr Lee Suan Hiang	Chairman
Mr Kelvin Tan Wee Peng	Member
Ms Cynthia Phua Siok Gek	Member

The composition of the NC is in compliance with the Code which requires the majority of the NC members, including the NC Chairman, to be independent.

The Lead Independent Director, Mr Lee Suan Hiang, is the NC Chairman.

[Provision 4.3](#)

Nomination and Selection of Directors

Where a vacancy arises pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC can also approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board and the Board approves such appointment.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors, amongst others, to consider succession planning and refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

Re-election of Directors

The Company's Constitution provides that:

- at each AGM, at least one-third of the Directors for the time being shall retire from office by rotation and submit themselves for re-election, provided that all Directors shall retire from office at least once every three (3) years. Rule 720(4) of the Catalist Rules also provides that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

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- the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself or herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. Between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by the drawing of lots. A retiring Director shall be eligible for re-election.
- the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by the Company's Constitution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Pursuant to the Company's Constitution, Mr Andy Lim and Ms Phua Siok Gek, Cynthia will retire as Directors of the Company at the forthcoming AGM. The NC and the Board have evaluated their eligibility and suitability for re-election taking into consideration, *inter alia*, their skills, experience, performance and their contribution of guidance and time to the Board. Mr Andy Lim and Ms Phua Siok Gek, Cynthia, being the retiring Directors, have abstained from deciding on their own nomination. The NC has recommended and the Board has agreed for Mr Andy Lim and Ms Phua Siok Gek, Cynthia be put forward for re-election at the forthcoming AGM.

Pursuant to Rule 720(5) of the Catalist Rules, information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules are disclosed in the Notice to Annual General Meeting enclosed in this annual report.

Alternate Director

Currently, there are no Alternate Director appointed to the Board and/or the various Board Committees, and there have not had such requirement in the past nor the Board foresees a need for such arrangement. In the event that should such a need arises in the future, the NC and the Board may consider and approve such appointment on an ad-hoc basis, subject to a complete review of the suitability of the proposed candidate for the Alternate Director.

[Provision 4.4](#)

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and Practice Guidance, and taking into consideration whether the Directors fall under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors have submitted their confirmation of independence annually for the NC's review. In respect of the Company's current Independent Directors, namely;

- Mr Lee Suan Hiang;
- Mr Kelvin Tan Wee Peng; and
- Ms Cynthia Phua Siok Gek;

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the Board, based on the review conducted by the NC, is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2020, the Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

[Provision 4.5](#)

Directors' Time Commitments

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

As time requirements of each director are subjective, the NC and the Board have decided not to fix a maximum limit on the number of listed company board representations a Director can hold. The NC and the Board consider that the multiple listed company board representations held presently by the Directors do not impede their respective performance in carrying out their duties as a Director to the Company.

The NC and the Board have reviewed each Director's other listed company board representations and their principal commitments. The NC and the Board took into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's other listed company board representations and principal commitments, and the respective Directors' actual conduct and participation during the Board and Board Committee meetings, including availability and attendance at regular scheduled meetings and ad-hoc meetings, in making the determination, and are satisfied that all the Directors have been able to and have adequately carried out their duties as a Director of the Company notwithstanding their multiple listed company board representations and other principal commitments.

The members of the Board and the details of their other listed company board representations and principal commitments as at the date of this report, are set out in Appendix A of this report.

Information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement of this annual report.

[Board Performance](#)

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

[Provisions 5.1 and 5.2](#)

Performance Criteria

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

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The NC, together with the Board, has established a performance evaluation framework for the Board, Board Committees and individual Directors, proposed performance criteria and assist in the conduct of the evaluation, analyses the findings and reports the results to the Board. In addition, there exists a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Directors to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

The performance criteria which has been adopted include the adequacy and timeliness of information provided to the Board and the Board Committees, adequacy of process for monitoring and reviewing Management's performance, timeliness and adequacy of disclosures and communications with Shareholders and other stakeholders. In addition, the NC will have regard to whether a Director has adequate time and attention to devote to the Company, in the case of Directors with multiple listed company board representations and other principal commitments.

A peer to peer review was adopted by the Board in addition to evaluating the performance of the Board and the Board Committees as a whole. The performance of all Directors, including the Chairman, were individually reviewed by their fellow Directors, taking into consideration, *inter alia*, the Director's competencies, commitment, contributions and performance at Board and Board Committee meetings and discussions, including attendance, preparedness, participation and candour.

Annually, the NC will lead the Board effectiveness review through an open face-to-face meeting where each predetermined attribute and criteria is discussed and challenged rigorously to reach a consensus on the assessment. Each of the attributes will be scored and instances are cited to demonstrate and substantiate against each attribute score as evidential support. Quantitative and qualitative factors are considered in developing the attributes which include areas of evaluation with respect to Board functions, Board meetings, Board structure and communication. In addition, the Board is also measured on its effectiveness in formulating strategic plans for the Management and monitoring the progress and performance against the set objectives. The Board Committees are also evaluated for their effectiveness against their respective terms of reference.

The NC has, without the engagement of external facilitator, assessed the Board and Board Committees overall performance to-date and is of the view that the performance and effectiveness of the Board as a whole and Board Committees were satisfactory in FY2020.

Based on the summary of the evaluation together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each of the individual Directors had met its performance objective in FY2020.

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II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: There Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director should be involved in deciding his own remuneration.

Provision 6.1

Roles and Duties of Remuneration Committee

The Board established the RC with written terms of reference which clearly set out its authority and duties, and reports to the Board directly. The terms of reference of the RC, which was revised and adopted for alignment with the Code and Catalyst Rules, sets out its duties and responsibilities. Amongst them, the RC is responsible for:

1. determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
2. ensuring that the level and structure of remuneration of the Board and KMPs are appropriate and proportionate to the sustained performance and value creation of the Company;
3. setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMPs;
4. recommending proposed Non-Executive Directors' fees for Shareholders' approval;
5. monitoring the level and structure of remuneration for KMPs relative to the internal and external peers and competitors;
6. ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;
7. reviewing the remuneration of employees related to the Directors, CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
8. reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
9. obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;
10. overseeing any major changes in employee benefits or remuneration structures;
11. reviewing the design of all long-term and short-term incentive schemes for approval by the Board and Shareholders;

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12. ensuring that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;
13. setting performance measures and determining targets for any performance-related pay schemes operated by the Company;
14. ensuring that a significant and appropriate proportion of Executive Directors' and KMPs' remuneration is structured so as to link rewards to corporate and individual performance;
15. working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
16. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

The RC reviews the performance objectives (including weightage between quantitative financial performance figures as well as qualitative business development and management attributes). Directors' fees are set according to the remuneration framework. All Independent Directors are paid Directors' fees, subject to approval of the Shareholders at the AGMs.

The RC may, from time to time, and where necessary or required, seek advice from external consultants in designing the remuneration framework and policies, and fixing the remuneration packages of individual Directors and Management of the Company. This is to ensure that competitive compensation and progressive policies, with appropriate mix of short and long term incentives, are in place to attract, retain and motivate competent and committed Management.

[Provision 6.2](#)

Remuneration Committee Composition

As at the date of this report, the RC comprises the following three (3) members, all of whom, including the RC Chairman, are Non-Executive and Independent Directors:

Ms Cynthia Phua Siok Gek	Chairman
Mr Lee Suan Hiang	Member
Mr Kelvin Tan Wee Peng	Member

The composition of the RC is in compliance with the Code which requires all members of the RC to be non-executive directors and the majority of whom, including the RC Chairman, to be independent.

[Provision 6.3](#)

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors/ CEO and the KMPs based on the performance of the Group, the individual Director and the KMPs. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

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The RC will also review the Company's obligations under the employment contracts entered into with the Executive Directors and KMPs that would arise in the event of termination of these employment contracts. This is to ensure that such employment contracts contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

[Provision 6.4](#)

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No external expert was engaged by the Company in FY2020.

[Level and Mix of Remuneration](#)

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

[Provisions 7.1 and 7.3](#)

Remuneration of Executive Directors and KMPs

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate Directors and KMPs. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMPs.

The Executive Directors do not receive Directors' fees. The remuneration packages of Mr Andy Lim, Executive Director and Chairman of the Company, and Mr Ng Yeau Chong, Executive Director and CEO of the Company, are reviewed and recommended to the Board by the RC, and endorsed by the Board. Having reviewed the individual remuneration package and considered the financial condition of the Company, the RC is of the view and acknowledged that the Company is not in a financially capable position to achieve market competitiveness. Further reviews and adjustment to the remuneration packages may be made in the future when the situation and condition permits.

[Provision 7.2](#)

Remuneration of Non-Executive Directors

The remuneration of Independent Directors takes into account their level and quality of contribution and their respective responsibilities, including Board Committees' appointment holder, attendance and time spent at Board and/or Board Committee meetings. Independent Directors are paid a basic fixed fee for their participation at the Board level; and those who serve on the respective Board Committees are paid additional fees for such services. The Directors' fees are pro-rated according to their appointment and retirement date for the year, where applicable. No Director decides his own fees.

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To ensure competitiveness, the Company conducts periodic reviews of Directors' remuneration to benchmark its Directors' fees against the amounts paid by other comparable listed companies. Directors' fees for the year are made in accordance to the remuneration framework that has been reviewed and recommended by the RC in the past. There is no change to the current remuneration framework and fee structure. No Director is involved in deciding his or her own remuneration. The Independent Directors have not been compensated to the extent that their independence is compromised.

It remains the practice of the Company to pay Directors' fees throughout the year during the Directors' respective tenure of service. In this regard, the Company will be seeking Shareholders' approval at the forthcoming AGM of the Company, for the payment of Directors' fees proposed for the financial year ending 31 December 2020.

For better alignment with Shareholders' interest, Directors and KMPs of the Company are encouraged to purchase the Company's shares from the open market and to hold such shares on a long term basis, subject to their compliance with applicable laws and regulations. Independent Directors may purchase and hold Company's shares provided their independence remain uncompromised during the period and at any point in time. All shareholdings of the Company's shares by Directors and KMPs will be declared in a timely manner and fully disclosed in compliance with regulations and reporting requirements.

Disclosure on Remuneration

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

Provision 8.1

Remuneration Policy and Criteria

The compensation packages for employees including the Executive Directors and the KMPs comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and KMPs commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

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Disclosure on Remuneration of Directors and CEO

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2020 is as follows:

Name of Director	Directors'					
	Fee (%)	Salary (%)	Bonus (%)	Allowance (%)	Shares (%)	Total (%)
Below S\$250,000						
Mr Andy Lim ⁽¹⁾	-	100	-	-	-	100
Mr Ng Yeau Chong	-	97	-	3	-	100
Mr Lee Suan Hiang	100	-	-	-	-	100
Mr Kelvin Tan Wee Peng	100	-	-	-	-	100
Ms Cynthia Phua Siok Gek	100	-	-	-	-	100

Note 1: A substantial shareholder

Disclosure on Remuneration of Key Management Personnel

A breakdown of the remuneration bands payable to the top three (3) KMPs ⁽¹⁾ (who are not Directors or the CEO) for FY2020, is as follows:

Name of Key Management Personnel	Directors'					
	Fee (%)	Salary (%)	Bonus (%)	Allowance (%)	Shares (%)	Total (%)
Below S\$250,000						
Mr Kenneth Law Ren Kai	-	94	-	6	-	100
Mr Raymond Goh	-	95	-	5	-	100
Mr Ong Choo Guan ⁽²⁾	-	-	-	100	-	100

Note 1: The Group had only three (3) KMPs in FY2020.

Note 2: Resigned as at 30 November 2020.

The aggregate total remuneration paid to the top three (3) KMPs (who are not Directors or the CEO) is approximately S\$0.24 million for FY2020 (FY2019 - S\$0.25 million).

None of the KMPs is a substantial Shareholder or is an immediate family member of a Director or the CEO or a substantial Shareholder.

The RC will review the remuneration of the Directors and the KMPs from time to time. All Directors and KMPs are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2020.

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Save as disclosed above, the Code recommends that:

- (a) the Company should fully disclose the amount and breakdown of remuneration of each individual Director and the CEO on a named basis; and
- (b) the Company should disclose the details of the remuneration of employees who are substantial Shareholders, or are immediate family members of a Director or the CEO or a substantial Shareholder, in incremental bands of S\$100,000.

The Board has decided not to disclose the aforementioned details as recommended by the Code, given the competitive business environment and possible negative impact on the Group's business interest, the disclosure of such detailed remuneration could have an adverse effect on working relationships and contributions to the operations of the Group.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

[Provision 8.2](#)

Disclosure on Remuneration of Employees who are Substantial Shareholders, or are Immediate Family Members of a Director, the CEO or a Substantial Shareholder

Saved as disclosed above under Provision 8.1 – Disclosure on Remuneration of Directors and CEO, there were no employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S\$100,000 during FY2020.

[Provision 8.3](#)

Details of Share-Based Remuneration Incentive Plans

The RC also administers the Company's share-based remuneration incentive plans; namely, the Viking Long Term Incentive Plan (the "**VLTI**"), and the Viking Offshore and Marine Limited Share Option Scheme (the "**VOM Scheme**"). The VLTI and VOM Scheme comply with the relevant rules as set out in Chapter 8 of the Catalist Rules. Through the VLTI and VOM Scheme, the Company aims to foster a greater ownership culture within the Group by directly aligning the interests and rewards of key executives with the interest of the Shareholders, and to participate and share in the Group's growth and success.

Under the terms of the VOM Scheme and VLTI, all employees of the Group companies are eligible to participate in the incentive plans. The Company plans to use these incentive plans towards the remuneration mix of senior Management and senior executives. This will afford the Company greater flexibility and effectiveness in designing compensation packages in its efforts to attract, motivate and retain valued talented senior Management and senior executives and to also reward them for the performance of the Company and that of the individual.

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While the Company intends to use the VOM Scheme towards efforts to retain talented senior Management and senior executives, the VLTIP is geared towards motivating senior Management and senior executives towards achievement of target-based performance objectives. The VLTIP targets senior Management in key positions who shoulder the responsibility of the Company's performance as well as influence the growth and performance of the Company through high performance. It also serves as motivation to key senior Management in delivering high performance and aligning to enhancing longer term Shareholders' value.

Under the VLTIP, most of the grant of share awards will be conditional upon the achievement of pre-determined and agreed performance targets for the year for the individuals or collective group of individuals. These share awards represent individual's right to receive fully-paid shares of the Company when and if their predetermined conditions have been met. The number of shares to be released will vary with the achievement level of the individual employee.

In using the VOM Scheme towards the retention of talented employees, the grant of options is made based on the retention value assessed on the individual on whom the options were granted. There are no predetermined performance targets on which the grant is conditional upon, these options are expected to vest after twelve (12) months and exercisable within sixty (60) months from date of grant.

The RC is of the opinion that the current share scheme, including the vesting period and exercise conditions is in line with the remuneration and incentive framework for the directors and key management personnel. The RC will evaluate the use of vesting schedules, whereby only a portion of the benefits can be exercised each year, as and when appropriate.

The Directors and KMPs are encouraged to keep their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.

The maximum number of Company's shares which can be released under the combined limits of both the VLTIP and VOM Scheme will not exceed ten percent (10%) of the issued share capital of the Company.

During FY2020, no share awards or options under the VLTIP and VOM Scheme respectively was granted by the Company.

Further details of the VLTIP and VOM Scheme which include, size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant and vesting schedule are disclosed in the Directors' Statement and the notes to financial statements of this annual report.

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III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: 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 the interests of the company and its shareholders.

[Provision 9.1](#)

Nature and Extent of Risks

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the AC, internal and external auditors.

The Group has in place an Enterprise Risk Management Framework to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control system.

[Provision 9.2](#)

Assurance from the Chief Executive Officer, Chief Financial Officer and Key Management Personnel

The Board and the AC review, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The Board has received written assurance from the CEO and the Chief Financial Officer ("CFO") that, as at 31 December 2020, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has also received written assurance from the CEO, the CFO and the relevant KMPs that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2020 to address the risks that the Group considers relevant and material to its business operations.

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Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, as well as the said assurances set out above, the Board is satisfied and the AC concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2020 to address the risks that the Group considers relevant and material to its business operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit Committee

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

Provision 10.1

Roles and Duties of the Audit Committee

On behalf of the Board, AC undertakes the monitoring and review of the system of internal controls. Amongst others, the primary responsibilities of the AC are to assist the Board in providing oversight over the Company's performance in areas of internal controls, financial and accounting practices, operational and compliance controls, and corporate and financial risk management. Significant findings are reported to the Board and recommended remedial plans are implemented towards improving overall controls and risk management environment of the Company.

The Board established the AC with written terms of reference which clearly set out its authority and duties, and reports to the Board directly. The terms of reference of the AC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the AC is responsible for:

1. reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;
2. overseeing and reviewing the adequacy and effectiveness of the Company's risk management function;
3. overseeing Management in establishing the risk management framework of the Company;
4. reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;
5. reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;

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6. reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
7. recommending to the Board the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;
8. ensuring that the Company complies with the requisite laws and regulation;
9. ensuring that the Company has programmes and policies in place to identify and prevent fraud;
10. overseeing the establishment and operation of the whistleblowing process in the Company;
11. reviewing all interested person transactions and related party transactions; and
12. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to, and the co-operation of, Management and full discretion to invite any Director or senior management to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly. The AC is kept abreast by the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

[Provisions 10.2 and 10.3](#)

Audit Committee Composition

As at the date of this report, the AC comprises the following three (3) members, all of whom, including the AC Chairman, are Non-Executive and Independent Directors:

Mr Kelvin Tan Wee Peng	Chairman
Mr Lee Suan Hiang	Member
Ms Cynthia Phua Siok Gek	Member

The composition of the AC is in compliance with the Code which requires all members of the AC to be non-executive directors and the majority of whom, including the AC Chairman, to be independent.

The Board is of the view that the members of the AC are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. No former partner or Director of the Company's existing auditing firm is a member of the AC and the members of AC also confirmed that they have no financial interest in the auditing firm.

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[Provision 10.4](#)

Internal Audit Function

The Board recognises that it has the responsibility to maintain a system of internal control processes to safeguard Shareholders' investments and the Group's business and assets. Periodic review and testing of the system of internal controls is an important exercise to ensure that the control mechanism in place is working in the intended manner for which it is designed for. While the importance of working internal controls cannot be discounted, the Board also recognises that the size of the Group may not warrant and it will not be a cost-effective or efficient solution to have an internal audit function and team within the organisational setup.

Accordingly, the Group will achieve the objective of an internal audit function through engaging an outside reputable independent professional accounting firm to perform an internal audit on the business operations. The Group will ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The scope of the internal audit as well as the terms of engagement are determined by the AC. The internal auditor has unrestricted access to all the Group's documents, records, properties and personnel, including access to the AC, and has the appropriate standing within the Group. All such internal audit reports, including findings and recommendations, are communicated to the AC for review and concurrence, with Management provided with similar report for implementation and follow-up actions. Key audit findings and recommendations are tabled for discussion at the AC meetings, and the timeliness and progress of implementing the corrective or improvement actions are measured and reported.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The AC reviews at least annually the internal audit report and approves the annual internal audit plans to ensure the independence, adequacy and effectiveness of this outsourced internal audit function. The AC will implement the changes when the Group's operations and size grows to a point whereby a staffed internal audit team will be required. Considering the above condition and solution, the AC and the Board are reasonably assured that the objective of an internal audit function can and is achieved through a balanced and measured manner.

The internal audit for FY2018 was completed at the end of 2018, and during 2019, the Group implemented the improved processes and measures as recommended by the internal auditors. Since June 2019, the Group underwent a debt restructuring and moratoria exercise which affected the implementation/roll out of the internal audit for FY2019 and onwards. The Group expects to complete its debt restructuring and moratoria exercise in FY2021 and to resume the internal audit plan no later than FY2022. Given the low business activity level and, the COVID-19 pandemic in FY2020 and FY2021 as well as the consistent internal audits performed prior to FY2019 and the results thereof, the AC and the Board are of the opinion that the risks are mitigated with close management supervision.

External Audit Function

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services. The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to Shareholders' approval at the AGM.

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Ernst & Young LLP (“EY”) has been re-appointed as the external auditors of the Company at the last AGM. To maintain independence, the Company does not engage EY for any other corporate services and there were no non-audit fees paid to EY in FY2020.

In reviewing the nomination of EY for re-appointment for FY2021, the AC has considered the adequacy of the resources, experience and competence of EY, and has taken into account the Audit Quality Indicators relating to EY firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The Board also considered the audit team’s ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines. EY is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act.

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by EY and have recommended the nomination of EY for re-appointment as external auditors of the Company for the ensuing year be tabled for Shareholders’ approval at the forthcoming AGM.

For FY2020, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies (if any) of the Group, other than those of the Company.

[Provision 10.5](#)

Meeting Auditors without the Management

In performing its functions, the AC and Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with Management, the CFO, and external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group’s financial statements.

At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately. The AC has separately met with the external auditors once in the absence of Management for FY2020.

Whistle Blowing Policy

The Company has in place a whistle blowing policy where employees of the Company may raise concerns about possible corporate improprieties in matters of financial reporting or other matters in confidence. To ensure an independent investigation of such matters and appropriate follow-up action is taken, all whistle blowing reports are sent to the AC Chairman and/or members who are also Independent Directors.

Details of the whistle blowing policy and arrangements have been made available to all employees. In addition, on a quarterly basis, the Corporate Secretary and the AC will perform a simulation test to ensure that the channels of communication for the whistle blowing reporting process remain functional.

No such whistleblowing report was received for FY2020.

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Audit Committee Activities

In FY2020, the AC had, among others, carried out the following activities:

- (a) reviewed the quarterly and full-year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;
- (b) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (c) reviewed IPTs of the Group;
- (d) reviewed and approved the annual audit plan of the external auditors;
- (e) reviewed the independence of the external auditors;
- (f) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and
- (g) met with the external auditors once without the presence of Management.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1

Shareholders' Participation in General Meetings

The Board welcomes the view of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an *ad hoc* basis. The Board encourages active Shareholders' participation in general meetings, including AGMs and extraordinary general meetings ("EGMs"). It believes that general meetings are an opportune forum and suitable platform for Shareholders and the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such Shareholders' meetings onsite at its premises in order to provide Shareholders with greater opportunity to understand and appreciate the Company's business operations.

For general meetings, the Company sends its annual report(s), circular(s) and Notice of AGM/EGM (where applicable) to all Shareholders. The Notice of AGM/EGM will also be published in either The Straits Times or The Business Times newspapers and will be made available on SGXNet and the Company's corporate website.

At general meetings of the Company, Shareholders have the opportunity to raise questions to the Board and Management, and clarify with them any issues they may have relating to the resolutions to be passed.

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The Company conducts the voting for all resolutions by poll at all general meetings for greater transparency in the voting process.

In FY2020, due to the COVID-19 pandemic, the Company's AGM (in respect of FY2019) on 29 June 2020 and the Company's EGM on 30 October 2020 (collectively, the "**2020 General Meetings**") were held by way of electronic means, through "live webcast" and "audio-only means". The notices of the 2020 General Meetings were not published in the newspapers, but were instead disseminated to Shareholders through publication on SGXNet and the Company's website, in accordance with the alternative arrangements for holding of the 2020 General Meetings approved by the relevant authorities. The notices of the 2020 General Meetings detailed the alternative arrangements for the 2020 General Meetings, during the COVID-19 pandemic. Shareholders participated in the 2020 General Meetings via electronic means, voting by appointing the Chairman of each general meeting as proxy and their questions (if any) in relation to any resolution set out in the notices of 2020 General Meetings were sent to the Company in advance of the 2020 General Meetings, and responses to the queries were provided via announcement on SGXNet and the Company's website. The Company did not receive any queries from Shareholders before the 2020 General Meetings. Minutes of the 2020 General Meetings had also been published by the Company on its corporate website and on the SGXNet within one (1) month from the respective date of the 2020 General Meetings.

[Provision 11.2](#)

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGM/EGM agenda is provided in the explanatory notes to the Notice of AGM/EGM in the annual report/circular to Shareholders.

[Provision 11.3](#)

Interaction with Shareholders

At general meetings of the Company, Shareholders are given the opportunity to raise questions to the Directors and Management relating to the Company's business or performance, and clarify with them any issues they may have relating to the resolutions to be passed. Management, as well as the respective chairperson of the Board, AC, RC and NC will be present and available to address all comments or queries raised by Shareholders at general meetings of the Company. The external auditors of the Company are also present at the AGM to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

All Directors, the Management and the external auditors were present virtually at the last AGM held on 29 June 2020. All Directors and the Management were present virtually at the EGM held on 30 October 2020.

Save for the 2020 General Meetings, there were no other general meetings of the Company held during FY2020.

Corporate Governance Report

For the year ended 31 December 2020

[Provision 11.4](#)

Absentia Voting

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

[Provision 11.5](#)

Minutes of General Meetings

The proceeding of each of the general meetings will be properly recorded and prepared by the Company Secretary or her representative, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available on the Company's corporate website.

[Provision 11.6](#)

Dividend Policy

The Company currently does not have a fixed dividend policy. Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

- (a) the level of the Group's cash and retained earnings;
- (b) the Group's actual and projected financial performance;
- (c) the Group's projected levels of capital expenditure and other investment plans;
- (d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST; and
- (e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any).

In view of the Group's loss-making position for FY2020 and that the Group is undergoing court sanctioned restructuring, the Board has not recommended any dividends for FY2020.

Corporate Governance Report

For the year ended 31 December 2020

Engagement with Shareholders

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

[Provisions 12.1, 12.2 and 12.3](#)

Investor Relations Practices

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

Disclosures of Information

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

Communication to Shareholders is normally made through:

- (a) annual reports that are prepared and issued to all Shareholders;
- (b) annual and quarterly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Outside of the financial announcement periods, when necessary and appropriate, the Chairman and/ or the CEO will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

Dialogue with Shareholders

The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the general meetings, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and EGMs, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

Corporate Governance Report

For the year ended 31 December 2020

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: 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.

[Provisions 13.1 and 13.2](#)

Stakeholders' Engagement

The Company and the Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Five (5) stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, customers, shareholders, employees, suppliers and regulators.

The Company and the Group have undertaken a process to determine the environmental, social and governance factors for the Group, which important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) are disclosed under the Sustainability Report for FY2020 of the Company, which was released on 31 May 2021 on SGXNet and the Company's corporate website.

[Provision 13.3](#)

Corporate Website

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at <http://www.vikingom.com> through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

VI. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

All interested person transactions are subject to review by the AC to ensure compliance with established procedures.

Corporate Governance Report

For the year ended 31 December 2020

The Company has not obtained a general mandate from its Shareholders in respect of interested person transactions for FY2020. The aggregate value of interested person transactions entered into during FY2020 is as follows:

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 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Mr Andy Lim	Chairman and Executive Director, and a controlling Shareholder	S\$3,058,654 ^{(1), (2)}	-

Notes:

- The interested person transaction relates mainly to financial assistance provided by companies which are controlled by Mr Andy Lim to the Company's subsidiaries in support of funding requirements for specific transactions and purposes.
- Viking LR2 Pte Ltd (the "LR2"), a wholly-owned subsidiary of Viking Asset Management Pte Ltd which in turn is wholly-owned by the Company, entered into a loan agreement with Tembusu Growth Fund II Ltd ("Tembusu") whereby Tembusu granted a 2-year term loan to LR2 up to an aggregate amount of S\$6 million ("Loan"). Mr Andy Lim is also a director and shareholder of Tembusu Partners Pte Ltd (being the investment vehicle and fund manager of Tembusu). Accordingly, the Company is of the view that Tembusu should be deemed an associate of Mr Andy Lim and thus an "interested person" of the Company for the purposes of Chapter 9 of the Catalist Rules. The interest on the Loan shall be at the rate of 5% per annum and payable every 6-monthly period. LR2 shall repay the loan in full after 24 months from the First Drawdown Date (the "Maturity Date") by way of paying to Tembusu such amount representing an internal rate of return of 15% per annum on the Loan (less all interest which have been paid prior to the Maturity Date). The First Drawdown Date is in December 2014. The Maturity Date was extended for 6 months to June 2017 on similar terms and subsequently a portion of the Loan amounting to S\$4 million was agreed to be extended to April 2018. As at 31 December 2020, the Loan remains outstanding, and is secured via a corporate guarantee provided by the Company.

On 10 January 2020, the Company entered into a conditional placement agreement ("**Jan 2020 Placement Agreement**") with Ruddin Advisory Limited and Blue Ocean Capital Partners Pte. Ltd. ("**Blue Ocean Capital**"), in relation to a proposed placement of new shares in the capital of the Company ("**Shares**") for a cash consideration of S\$4,000,000 and S\$1,000,000, respectively. Blue Ocean Capital is an "interested person" of the Company for the purposes of Chapter 9 of the Catalist Rules. Accordingly, the proposed issuance and allotment of the new Shares to Blue Ocean Capital will constitute an interested person transaction pursuant to Chapter 9 of the Catalist Rules. On 14 July 2020, the Company announced that as the conditions precedent set out in the Jan 2020 Placement Agreement had not been satisfied as of the long-stop date of 9 July 2020, the Jan 2020 Placement Agreement had accordingly lapsed and ceased to have further effect.

On 13 November 2020, the Company entered into a conditional placement agreement ("**Nov 2020 Placement Agreement**") with Mr Li Suet Man, Blue Ocean Capital and Mr Ng Yeau Chong (Executive Director and Chief Executive Officer of the Company), in relation to a proposed placement of new Shares for a cash consideration of S\$3,000,000, S\$700,000 and S\$300,000, respectively. Each of Blue Ocean Capital and Mr Ng Yeau Chong

Corporate Governance Report

For the year ended 31 December 2020

is an "interested person" of the Company for the purposes of Chapter 9 of the Catalist Rules. Accordingly, the proposed issuance and allotment of the new Shares to each of Blue Ocean Capital and Mr Ng Yeau Chong will constitute interested person transactions pursuant to Chapter 9 of the Catalist Rules. On 14 January 2021, the Company announced that the parties to the Nov 2020 Placement Agreement had entered into an agreement to mutually agreed not to proceed with the transactions contemplated under the Nov 2020 Placement Agreement.

VII. MATERIAL CONTRACTS

The Company has entered into an agreement with the Executive Director and CEO, Mr Ng Yeau Chong, for an incentive fee of 3% on the amount of monies secured from any investor transaction which he is instrumental in securing. This agreement was made prior to Mr Ng Yeau Chong's appointment as CEO of the Company, and was approved by the Board. In FY2020, the agreement had lapsed and as at the date of this report, no payment of the aforementioned incentive fee was made by the Company to Mr Ng Yeau Chong.

Save as disclosed above, and in the section entitled "Interested Person Transactions", and the Directors' Statement and Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

VIII. DEALINGS IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to the best practices on dealings in the securities:

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;
- (b) Directors and officers of the Company are discouraged from dealing in the Company's securities on short-term considerations; and
- (c) The Company, its Directors and its officers are prohibited from dealing in the Company's securities (i) during the periods commencing two (2) weeks before the announcement of the Company's quarterly financial statements and one (1) month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

IX. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees payable or paid to the Company's Sponsor, ZICO Capital Pte. Ltd., for FY2020.

Appendix A: Listed Company Directorship and Principal Commitments

As at the date of this report, the members of the Board and their details are set out below:-

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships or Chairmanships both present in other listed companies and other principal commitments
Andy Lim	30 April 2018 (shall retire and be subject to re-election at the forthcoming AGM)	Executive	Chairman	<ul style="list-style-type: none"> Master in Business Administration, University of California at Los Angeles Bachelor Degree in Engineering, University of Cambridge, United Kingdom (1st Class Honours) 	<p><u>Present Directorships</u></p> <ul style="list-style-type: none"> Independent Director, Top Glove Corporation Berhad <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> Chairman, Tembusu Partners Pte Ltd Chairman, MoneyWorld Asia Pte Ltd
Ng Yeau Chong	29 June 2020	Executive	Chief Executive Officer	<ul style="list-style-type: none"> Master in Business Administration (Accounting), Nanyang Technological University Master of Arts (Oxford University, UK) CFA Institute Chartered Financial Analyst (CFA) Certification Global Association of Risk Professional (GARP) Financial Risk Manager (FRM) Certification 	<p><u>Present Directorships</u></p> <p>Nil</p> <p><u>Other Principal Commitments</u></p> <p>Nil</p>
Lee Suan Hiang	28 June 2019	Non-Executive and Independent	<ul style="list-style-type: none"> Lead Independent Director Chairman, Nominating Committee Member, Remuneration Committee Member, Audit Committee 	<ul style="list-style-type: none"> BA (Hons) Industrial Design (Engineering) Fellow, Singapore Institute of Directors Fellow, Chartered Management Institute, UK Fellow of the Chartered Institute of Marketing, UK 	<p><u>Present Directorships</u></p> <ul style="list-style-type: none"> Anacle Systems Ltd MindChamps Preschool Ltd Leader Environmental Technologies Ltd <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> Chairman, Global Cultural Alliance Ltd

Appendix A: Listed Company Directorships and Principal Commitments

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships or Chairmanships both present in other listed companies and other principal commitments
Kelvin Tan Wee Peng	29 June 2020	Non-Executive and Independent	<ul style="list-style-type: none"> Chairman, Audit Committee Member, Nominating Committee Member, Remuneration Committee 	<ul style="list-style-type: none"> Bachelor in Accountancy (1st Class Honours) Master in Business Administration 	<p><u>Present Directorships</u></p> <ul style="list-style-type: none"> UnUsUaL Limited <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> Adjunct Associate Professor, NUS Business School
Cynthia Phua Siok Gek	30 April 2018 (shall retire and be subject to re-election at the forthcoming AGM)	Non-Executive and Independent	<ul style="list-style-type: none"> Chairwoman, Remuneration Committee Member, Nominating Committee Member, Audit Committee 	<ul style="list-style-type: none"> Bachelor of Science, Estate Management (2nd Class Upper Honours) Advanced Management Program (2001), Harvard Business School 	<p><u>Present Directorships</u></p> <ul style="list-style-type: none"> Nil <p><u>Other Principal Commitments</u></p> <ul style="list-style-type: none"> Nil

Directors' Statement

The directors hereby present their statement to the members together with the audited consolidated financial statements of Viking Offshore and Marine Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 December 2020 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, based on the factors as described in Note 2.1 to the financial statements, the Directors have prepared these financial statements on a going concern basis as they are of the view that there are reasonable grounds to believe that the Company will be able restructure its major debts and subsequently pay its debts as and when they fall due.

2. Directors

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

Lim Andy
Ng Yeau Chong
Lee Suan Hiang
Tan Wee Peng Kelvin
Phua Siok Gek, Cynthia

3. Arrangements to enable directors to acquire shares, debentures and warrants

Except as described in the paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares, debentures or warrants of the Company or any other body corporate.

Directors' Statement

4. Directors' interests in shares, debentures and warrants

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct Interest			Deemed Interest		
	At the beginning of financial year	At the end of financial year	At 21 January 2021	At the beginning of financial year	At the end of financial year	At 21 January 2021
<i>Ordinary shares of the Company</i>						
Lim Andy	243,643,120	243,643,120	243,643,120	29,400,000	29,400,000	29,400,000
Lee Suan Hiang	3,570,000	3,570,000	3,570,000	–	–	–
Ng Yeau Chong	1,540,000	1,540,000	1,540,000	–	–	–
Tan Wee Peng Kelvin	2,000,000	2,000,000	2,000,000	–	–	–
<i>Warrants</i>						
Lim Andy	34,806,160	34,806,160	34,806,160	4,200,000	4,200,000	4,200,000
Lee Suan Hiang	510,000	510,000	510,000	–	–	–
Tan Wee Peng Kelvin	325,000	325,000	325,000	–	–	–
Ng Yeau Chong	220,000	220,000	220,000	–	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Directors' Statement

5. Options

At an extraordinary general meeting held on 3 November 2010, the shareholders approved the Viking Offshore and Marine Limited Share Option Scheme (the "VOM Scheme") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible group of employees and directors. There were no share options granted to or exercised by the directors and employees of the Company and its subsidiaries during the financial year pursuant to the VOM Scheme.

6. Viking Long Term Incentive Plan

The Viking Long Term Incentive Plan (the "VLTIP") was approved by the shareholders at an extraordinary general meeting held on 15 December 2011 and is administered by the Committee. Persons eligible to participate in the VLTIP are selected by Group Employees (including Group Executive Directors) and Group Non-Executive Directors at the absolute discretion of the Committee.

The awards under the VLTIP (the "Awards") give the right to a participant to receive fully-paid ordinary shares free of charge, upon the participant achieving the prescribed performance targets and upon expiry of the prescribed vesting period.

No Awards were granted during the financial year.

7. Warrants

At the end of the financial year, details of the outstanding warrants are as follows:

Date of issue	Warrants outstanding at 1.1.2020	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 31.12.2020	Date of expiration
4.07.2017	97,491,109	–	–	–	97,491,109	3.07.2022

On 4 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Right Shares") at an issue price of \$0.018 for each Right Share and 97,491,109 free detachable warrants ("Warrants") pursuant to a renounceable and non-underwritten right cum warrants issue. Each Warrant carries the right to subscribe for a new ordinary share in the capital of the Company at an exercise price of \$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

Directors' Statement

8. Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Review the audit plans of the internal and external auditors of the Group and the Company and ensure the adequacy of the Group's system of accounting controls and the Group and the co-operation given by the Company's management to the external and internal auditors;
- Review the quarterly, half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before submitting to the Board of Directors; such reviews will also include the review of the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;
- Review and report to the Board at least annually, with the management and the internal auditor on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems established by the management;
- Review the adequacy and effectiveness of the Group's internal audit function; including the audit plans for the year;
- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Review the cost effectiveness and the independence and objectivity of the external auditor;
- Review the nature and extent of non-audit services provided by the external auditor;
- Review the currency of the whistle-blowing policies and the reported incidents, including the appropriate investigations and ensuring appropriate follow-up actions, where necessary;
- Make recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor; and
- Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Directors' Statement

9. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lim Andy
Director

11 June 2021

Ng Yeau Chong
Director

Independent Auditor's Report

For the financial year ended 31 December 2020

Independent auditor's report to the members of Viking Offshore and Marine Limited

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Viking Offshore and Marine Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The Group incurred a net loss of \$26,088,085 during the financial year ended 31 December 2020 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by \$21,659,153 and \$20,645,958 respectively. As at 31 December 2020, the Group's total borrowings amounting to \$15,817,296 were in default and were classified as current liabilities, and exceeded its cash and bank balances of \$2,558,604 as at 31 December 2020. Additionally, as disclosed in Note 2.1 to the financial statements, the finalization of the proposed scheme of arrangement, which have been approved by the High Court, and the conditional share placement of \$2,000,000 in new ordinary shares and loan agreement for an interest-free of \$1,000,000 with two potential investors to the Company are subject to various conditions, amongst others, the approval of shareholders at an extraordinary general meeting and the receipt of the said funding. These conditions and events indicate the existence of material uncertainties which may cast significant doubt on the abilities of the Group and the Company to continue as going concerns.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the use of the going concern assumption in the preparation of the financial statements as the outcome of the proposed Scheme and other mitigation plans are yet to be concluded satisfactorily as at the date of these financial statements and is inherently uncertain.

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2020 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were prepared on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the balance sheets. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets.

Independent Auditor's Report

For the financial year ended 31 December 2020

Independent auditor's report to the members of Viking Offshore and Marine Limited

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 Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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 responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

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 the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sum.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 June 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Continuing operations			
Revenue	4	17,186,656	21,272,913
Cost of sales		(12,205,644)	(15,294,359)
Gross profit		4,981,012	5,978,554
Other items of income			
Other income	5	1,390,607	185,250
Finance income	8	7,375	14,431
Other items of expense			
Marketing and distribution expenses		(127,431)	(304,949)
Administrative expenses		(7,844,675)	(8,294,192)
Other operating expenses	6(a)	(16,652,185)	(22,306,181)
Impairment losses on financial assets, net	6(c)	(175,278)	(4,305,489)
Finance costs	8	(6,955,530)	(2,449,100)
Loss before tax from continuing operations	6	(25,376,105)	(31,481,676)
Income tax (expense)/credit	10	(84,825)	127,488
Loss for the year from continuing operation		(25,460,930)	(31,354,188)
Discontinued operations			
Loss after tax for the year from discontinued operations	9	(627,155)	(634,788)
Loss for the year		(26,088,085)	(31,988,976)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		553,589	(176,310)
Other comprehensive income for the year, net of tax	29(a)	553,589	(176,310)
Total comprehensive income for the year		(25,534,496)	(32,165,286)
Loss attributable to:			
Owners of the Company, net of tax		(26,046,209)	(31,978,210)
Non-controlling interest		(41,876)	(10,766)
		(26,088,085)	(31,988,976)
Total comprehensive income attributable to:			
Owners of the Company, net of tax		(25,492,918)	(32,154,520)
Non-controlling interest		(41,876)	(10,766)
		(25,534,794)	(32,165,286)
Loss per share (cents per share)			
- Basic	11	(2.37)	(2.91)
- Diluted	11	(2.37)	(2.91)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
Non-current assets					
Property, plant and equipment	12	141,237	19,426,840	7,284	947
Intangible assets	13	832,493	7,207,258	–	–
Right-of-use asset	14	–	1,440,772	–	–
Investment in subsidiaries	15	–	–	4,459,572	29,505,120
Investment in associates	16	–	–	–	–
Quoted equity investments	17	4	40,324	4	40,324
		973,734	28,115,194	4,466,860	29,546,391
Current assets					
Inventories	18	2,233,378	13,137,110	–	–
Trade receivables	19	19,142,822	24,116,978	–	–
Prepayments		116,221	39,188	14,950	14,287
Other receivables and deposits	20	1,046,145	1,223,580	168,209	66,660
Contract assets	21	3,202,673	4,835,593	–	–
Due from subsidiaries (non-trade)	25	–	–	–	36,467
Cash and cash equivalents	22	2,558,604	2,364,347	18,192	25,078
		28,299,843	45,716,796	201,351	142,492
Current liabilities					
Trade payables	23	2,562,997	5,666,459	–	–
Contract liabilities	21	937,562	2,899,078	–	–
Other payables and accruals	24	30,634,576	24,908,421	1,489,386	997,332
Tax payable		6,565	11,126	–	–
Due to subsidiaries (non-trade)	25	–	–	19,357,923	27,332,355
Lease liabilities	14	–	61,639	–	–
Loans and borrowings	26	8,661,438	25,922,398	–	–
Redeemable exchangeable bonds	27	7,155,858	7,155,424	–	–
		49,958,996	66,624,545	20,847,309	28,329,687
		(21,659,153)	(20,907,749)	(20,645,958)	(28,187,195)
Net current liabilities					
Non-current liabilities					
Deferred tax liabilities	10	572	885,246	–	–
Lease liabilities	14	–	1,473,694	–	–
		572	2,358,940	–	–
Net (liabilities)/ assets					
		(20,685,991)	4,848,505	(16,179,098)	1,359,196
Equity					
Share capital	28(a)	102,604,532	102,604,532	102,604,532	102,604,532
Treasury shares	28(b)	(527,775)	(527,775)	(527,775)	(527,775)
Reserves		(122,710,106)	(97,217,486)	(118,255,855)	(100,717,561)
Equity attributable to equity holders of the parent					
		(20,633,349)	4,859,271	(16,179,098)	1,359,196
Non-controlling interest		(52,642)	(10,766)	–	–
Total equity		(20,685,991)	4,848,505	(16,179,098)	1,359,196

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2020

2020 Group	Note	Attributable to owners of the Company					Equity attributable to owners of the Company, total	Non- controlling interest	Total equity
		Share capital (Note 28(a))	Treasury shares (Note 28(b))	Accumulated profits	Other reserves (Note 29)	Total reserves			
		\$	\$	\$	\$	\$	\$	\$	
As at 1 January 2020		102,604,532	(527,775)	(95,811,001)	(1,406,485)	(97,217,486)	4,859,271	(10,766)	4,848,505
Loss for the year			-	(25,419,054)	-	(25,419,054)	(25,419,054)	(41,876)	(25,460,930)
<u>Other comprehensive income</u>									
Foreign currency translation	29	-	-	-	553,589	553,589	553,589	-	553,589
Other comprehensive income for the year, net of tax		-	-	-	553,589	553,589	553,589	-	553,589
Total comprehensive income for the year		-	-	(25,419,054)	553,589	(24,865,465)	(24,865,465)	(41,876)	(24,907,341)
Changes in ownership interests in subsidiary									
Disposal of subsidiary		-	-	(627,155)	-	(627,155)	(627,155)	-	(627,155)
At 31 December 2020		102,604,532	(527,775)	(121,857,210)	(852,896)	(122,710,106)	(20,633,349)	(52,642)	(20,685,991)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

For the year ended 31 December 2020

2019 Group	Note	Attributable to owners of the Company					Equity attributable to owners of the Company, total	Non- controlling interest	Total equity
		Share capital (Note 28(a))	Treasury shares (Note 28(b))	Accumulated profits	Other reserves (Note 29)	Total reserves			
		\$	\$	\$	\$	\$	\$	\$	
As at 1 January 2019		102,604,532	(527,775)	(63,832,791)	(1,230,175)	(65,062,966)	37,013,791	-	37,013,791
Loss for the year		-	-	(31,343,422)	-	(31,343,422)	(31,343,422)	(10,766)	(31,354,188)
<u>Other comprehensive income</u>									
Foreign currency translation	29	-	-	-	(176,310)	(176,310)	(176,310)	-	(176,310)
Other comprehensive income for the year, net of tax		-	-	-	(176,310)	(176,310)	(176,310)	-	(176,310)
Total comprehensive income for the year		-	-	(31,343,422)	(176,310)	(31,519,732)	(31,519,732)	(10,766)	(31,530,498)
Changes in ownership interests in subsidiary									
Disposal of subsidiary		-	-	(634,788)	-	(634,788)	(634,788)		(634,788)
At 31 December 2019		102,604,532	(527,775)	(95,811,001)	(1,406,485)	(97,217,486)	4,859,271	(10,766)	4,848,505

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

For the year ended 31 December 2020

2020 Company	Attributable to owners of the Company					Total equity
	Share capital (Note 28(a)) \$	Treasury shares (Note 28(b)) \$	Accumulated profits \$	Other reserves (Note 29) \$	Total reserves \$	\$
At 1 January 2020	102,604,532	(527,775)	(100,831,617)	114,056	(100,717,561)	1,359,196
Loss for the year, representing total comprehensive income for the year	-	-	(17,538,294)	-	(17,538,294)	(17,538,294)
At 31 December 2020	102,604,532	(527,775)	(118,369,911)	114,056	(118,255,855)	(16,179,098)
2019 Company						
At 1 January 2019	102,604,532	(527,775)	(59,103,933)	114,056	(58,989,877)	43,086,880
Loss for the year, representing total comprehensive income for the year	-	-	(41,727,684)	-	(41,727,684)	(41,727,684)
At 31 December 2019	102,604,532	(527,775)	(100,831,617)	114,056	(100,717,561)	1,359,196

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Loss before tax from continuing operations		(25,376,105)	(31,481,676)
Loss before tax from discontinued operation	9	(707,728)	(655,046)
Adjustments for:			
Amortisation of intangible assets	6(a)	10,046	16,984
Gain on disposal of subsidiary	9	(758,319)	–
Depreciation of property, plant and equipment		1,481,408	1,881,066
Depreciation of right-of-use assets		99,305	119,167
Impairment loss on contract asset	6(a)	–	160,705
Impairment loss on trade receivables		96,123	4,305,489
Impairment loss on other receivables		36,467	–
Loss/(gain) on disposal of plant and equipment		1,518	(161)
Write back of allowance for doubtful debt	5	–	(99,597)
Interest expense		8,064,780	3,419,771
Interest income	8	(7,375)	(14,431)
Inventories written down	6(a)	9,800,736	13,439,052
Intangible assets written down	6(a)	20,337	–
Inventories written off	6(a)	69,389	1,407,752
Impairment loss on goodwill	6(a)	6,344,574	6,285,774
Unrealised exchange loss		444,648	79,082
Fair value loss on quoted equity investments	6(a)	–	10,085
Impairment loss on quoted equity investment	6(a)	40,320	–
Operating cashflows before working capital changes		(339,876)	(1,125,984)
Changes in working capital:			
Inventories		1,033,606	315,406
Trade receivables		4,809,445	(1,046,393)
Other receivables, deposits and prepayments		(140,073)	(109,618)
Contract assets		1,632,920	1,600,938
Trade payables		(3,107,072)	2,545,260
Other payables and accruals		(913,805)	(2,069,395)
Contract liabilities		(1,794,008)	83,621
Cash flows from operations		1,181,137	193,835
Interest received		7,375	14,431
Income taxes paid		(450)	(11,112)
Net cash flows generated from operating activities		1,188,062	197,154

Consolidated Cash Flow Statement (cont'd)

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(33,754)	(15,514)
Proceeds from disposal of property, plant and equipment		–	43,211
Net cash outflow from disposal of subsidiary		(129,293)	–
Cash flows (used in)/from investing activities		<u>(163,047)</u>	<u>27,697</u>
Cash flows from financing activities			
Interest paid		–	(262,249)
Payment of principal portion of lease liabilities		(264,472)	(301,905)
Repayment of bank borrowings		(540,809)	(844,153)
Cash flows used in financing activities		<u>(805,281)</u>	<u>(1,408,307)</u>
Net decrease in cash and cash equivalents		219,734	(1,183,456)
Effects of exchange rate changes on cash and cash equivalents		(25,477)	(56,141)
Cash and cash equivalents at beginning of year		2,364,347	3,603,944
Cash and cash equivalents at end of year	22	<u>2,558,604</u>	<u>2,364,347</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

1. Corporate information

Viking Offshore and Marine Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 21 Kian Teck Road, Singapore 628773.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

Going concern

The Group incurred a net loss of \$26,088,085 (2019: \$31,988,976) during the financial year ended 31 December 2020 and as at that date, the Group’s and the Company’s current liabilities exceeded its current assets by \$21,659,153 and \$20,645,958 respectively (2019: \$20,907,749 and 28,187,195). As at 31 December 2020, the Group’s total borrowings (made up of loans and borrowings and redeemable exchangeable bonds) amounting to \$15,817,296 (2019: \$33,077,822) were classified as current liabilities. The Group’s total borrowings that are due for repayment in the next 12 months exceeded its cash and bank balances of \$2,558,604 (2019: \$2,364,347) as at 31 December 2020.

Further, in June 2019, the High Court of Singapore had granted a moratorium against enforcement actions and legal proceedings by creditors against the Company and a wholly-owned subsidiary of the Company, Viking Asset Management Pte. Ltd. pursuant to section 211B and section 211C respectively of the Companies Act, Chapter 50.. Since then, the Company and the subsidiary have been undergoing a court-supervised process to reorganise their liabilities. In February 2021, the Company proposed a scheme of arrangement (the “Scheme”) involving the settlement of the amounts owing which was accepted by its creditors and for which the High Court has approved. In addition, the Company entered into a conditional share placement and loan agreement with two potential investors for a placement of \$2,000,000 in new shares and an additional interest-free loan of \$1,000,000 to the Company. Both the finalisation of the proposed Scheme and the proposed placement of shares and loan agreement are subject to various conditions, amongst others, the approval of shareholders at an extraordinary general meeting and the receipt of the said funding.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Going concern (cont'd)

The above conditions and events indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2020 is still appropriate after taking into consideration the following assumptions and measures:

- a. The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme. The finalisation of the Scheme is subjected to shareholder approval at an extraordinary general meeting and the completion of share placement agreement;
- b. The Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the "Investors") in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 ("Proposed Placement") and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders' loan of total \$1,000,000 repayable 12 months from the loan drawdown (the "Loan")

The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme. The Proposed Placement is subject to, amongst others, approval from the shareholders at an extraordinary general meeting as well as the finalisation of the Scheme;

- c. The Group is taking active steps in containing costs and continue to explore its assets divestment plan to pare down its liabilities; and
- d. The Group expects that it will generate adequate cash flows from operations and secure sufficient financing from potential investors to meet its obligations as and when they fall due.

The Board of Directors are of the view that the Group and the Company will be able to successfully complete the financial restructuring exercise and accordingly, the Board of Directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Going concern (cont'd)

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2020 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were prepared on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the balance sheets. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to SFRS(I) 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 June 2020
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts, SFRS(I) 16 Leases: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3: Business Combination: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1- 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold buildings	–	24 years
Computers and office equipment	–	1 to 8 years
Renovation, furniture and fixtures	–	3 to 10 years
Motor vehicles	–	5 to 10 years
Machinery	–	5 to 10 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(i) *Customer relationships*

Customer relationships were acquired in business combination and relate to relationships with both local and overseas shipyards and are amortised over their useful lives ranging 5 to 10 years.

(ii) *Software*

An acquired software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributed cost of preparing the asset for its intended use. These costs are amortised to the profit or loss using the straight-line method over their estimated useful lives of 10 years. The remaining amortisation period of software is nil year (2019: 1 years).

(iii) *Club membership*

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 28 years. The remaining amortisation period of club membership is 14 years (2019: 15 years).

2.8 Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of non-financial assets (cont'd)

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

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

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

Investments in equity instruments

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

Derecognition

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average for one of the subsidiary and first-in first-out basis for the rest of the Group.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.15 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Redeemable exchangeable bonds

Redeemable exchangeable bonds with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract.

On issuance of redeemable exchangeable bonds, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are de-recognised with a corresponding recognition of share capital.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.18 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and China companies in the Group make contributions to the defined contribution pension schemes in the respective countries. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) *Employee equity compensation plans*

Employees of the Group receive remuneration in the form of share options and share awards as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options and awards at the date on which the options and awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options and awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share-based payment reserve is transferred to retained earnings upon expiry of the share option or share award.

2.19 *Leases*

(a) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue from sale of goods is recognized upon the satisfaction of performance obligation when goods are delivered to the customer.

(b) *Project revenue*

The Group principally operates fixed price contracts. Revenue is recognized when control over the products has been transferred to the customer over time, by reference to the stage of completion of the contract activity at end of reporting period (the percentage of completion method).

In applying the percentage of completion method, revenue recognized corresponds to the total project revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated cost to complete.

For products whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognized when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and typically triggered upon achievement of specified construction milestones. A contract asset is recognized when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognized when the Group has not yet performed under the contract but has received advance payment from the customer. Contract assets are transferred to receivables when the right to consideration become unconditional. Contract liabilities are recognized as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalized if these costs are recoverable. Costs to fulfil a contract are capitalized if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract cost are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognizes the related revenue. An impairment loss is recognized in profit or loss to the extent that the carrying amount of the capitalized contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the cost that relates directly to providing the goods and that have not been recognized as expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.20 Revenue (cont'd)

(c) *Rendering of services*

Revenue from rendering of services is recognized upon satisfaction of performance obligation when services are rendered.

(d) *Rental income from equipment and industrial space*

Rental income from operating leases on equipment and industrial space is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) *Chartering services*

Revenue from rendering of chartering services is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

(f) *Management fee*

Management fee income is recognised as and when the management services are rendered.

(g) *Dividend income*

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

(h) *Interest income*

Interest income is recognised using the effective interest method.

2.21 Taxation

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.21 Taxation (cont'd)

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.21 Taxation (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

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

2.24 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised in profit or loss over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Financial Statements

For the financial year ended 31 December 2020

3. Significant accounting judgements and estimates

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

(a) *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(b) *Key sources of estimation uncertainty*

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

(i) Revenue recognition from projects

The Group recognises project revenue by when control over the products has been transferred to the customer over time, by reference to the stage of completion of the contract activity at end of reporting period (the percentage of completion method). The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of contract assets and contract liabilities at the end of each reporting period are disclosed in Note 21 to the financial statements. If the estimated total contract cost had been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been \$2,755,010 (2019: \$1,509,510) lower and \$3,693,060 (2019: \$1,942,689) higher respectively.

(ii) Impairment of goodwill and investment in subsidiaries

As disclosed in Notes 13 and 15 to the financial statements, the recoverable amounts of the cash generating units which goodwill and costs of investment in subsidiaries have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Notes 13 and 15 to the financial statements.

The carrying amounts of the goodwill and investment in subsidiaries as at 31 December 2020 are \$817,948 (2019: \$7,162,522) and \$4,459,572 (2019: \$29,505,120) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2020

3. Significant accounting judgements and estimates (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(iii) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Notes 19 and 21.

The carrying amount of trade receivables and contract assets as at 31 December 2020 are \$19,142,822 and \$3,202,673 (2019: \$24,116,978 and \$4,835,593) respectively.

(iv) Allowance for inventory obsolescence

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances, including but not limited to, the inventories own physical conditions, their market selling prices, and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Company's inventories at the end of the reporting period is disclosed in Note 18 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

4. Revenue

(a) Disaggregation of revenue

Segments	Offshore and marine	
	2020	2019
	\$	\$
Group		
Primary geographical markets		
Australia	317,806	6,676
Europe	333,023	1,763,203
Indonesia	2,916,468	1,846,075
Malaysia	723,927	1,682,847
Middle East	1,036,059	1,120,386
People's Republic of China	1,401,782	1,693,716
Singapore	10,304,323	12,395,586
Vietnam	25,095	202,036
Others	128,173	562,388
	<u>17,186,656</u>	<u>21,272,913</u>
Major service lines		
Sale of goods	6,548,579	4,741,054
Project revenue	8,020,558	13,631,332
Rendering services	2,617,519	2,900,527
	<u>17,186,656</u>	<u>21,272,913</u>
Timing of transfer of goods or services		
At a point in time	6,548,579	4,741,054
Over time	10,638,077	16,531,859
	<u>17,186,656</u>	<u>21,272,913</u>

(b) Recognition of project revenue over time

For the project revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects.

The determination of total budgeted costs, progress towards completion, variation orders and claims and remaining costs to completion for each contract requires significant management judgement and estimation. Management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar projects, analysed by different geographical areas for the past years.

Notes to the Financial Statements

For the financial year ended 31 December 2020

5. Other income

	Group	
	2020	2019
	\$	\$
Government grants	776,565	15,882
Gain on disposal of plant and equipment	–	161
Rental income	9,463	16,600
Sale of scrap material	26,028	4,652
Recharge of utilities	–	14,379
Slow moving stock recovery	15,370	–
Write back of allowance for doubtful debts	–	99,597
Gain from final settlement from legal dispute	470,766	–
Others	92,415	28,979
	1,390,607	180,250

6. Loss before tax from continuing operations

The following items have been included in arriving at loss before tax from continuing operations:

	Group	
	2020	2019
	\$	\$
(a) <i>Other operating expenses include:</i>		
Depreciation of property, plant and equipment	152,586	236,416
Amortisation of intangible assets	10,046	16,984
Intangible assets written down	20,337	–
Inventories written down	9,800,736	13,439,052
Inventories written off	69,389	1,407,752
Fair value loss on quoted equity investments	–	10,085
Impairment loss on contract asset	–	160,705
Impairment loss on goodwill	6,344,574	6,285,774
Foreign exchange loss, net	528,863	68,923
Impairment loss on quoted equity investment	40,320	–
Write-off of advances to suppliers	–	337,024
	–	337,024

Notes to the Financial Statements

For the financial year ended 31 December 2020

6. Loss before tax from continuing operations (cont'd)

	Group	
	2020	2019
	\$	\$
(b) <i>Other disclosure items:</i>		
Audit fees paid to:		
- Auditors of the Company	142,250	142,250
- Other auditors	10,772	13,255
Employee benefits expense (Note 7)	5,257,281	5,470,894
Operating lease expenses relating to short-term leases (Note 14)	245,313	267,393
	<hr/>	<hr/>
(c) <i>Impairment loss on financial assets, net:</i>		
Impairment loss on trade and other receivables, net	132,590	4,305,489
	<hr/>	<hr/>

7. Employee benefits

	Group	
	2020	2019
	\$	\$
Salaries and bonuses	4,463,483	4,385,406
Central Provident Fund contributions	543,849	683,273
Other short-term benefits	249,949	402,559
	<hr/>	<hr/>
	5,257,281	5,471,238
	<hr/>	<hr/>

These include the amount shown as key management personnel compensation in Note 30(b).

8. Finance income/(costs)

	Group	
	2020	2019
	\$	\$
Finance income:		
Interest income on:		
- fixed deposits	7,375	14,431
	<hr/>	<hr/>

Notes to the Financial Statements

For the financial year ended 31 December 2020

8. Finance income/(costs) (cont'd)

	Group	
	2020	2019
	\$	\$
Finance costs:		
Interest expense on:		
- loans and borrowings	3,399,766	1,592,236
- redeemable exchangeable bonds	3,555,764	856,864
	6,955,530	2,449,100

9. Discontinued operations

On 30 October 2020, the Group completed the disposal of the entire issued share capital of its wholly owned subsidiary, Viking Facilities Management and Operation Pte Ltd (“VFMO”). The entire results from the disposal group are presented separately on the consolidated statement of comprehensive income as “discontinued operations”.

The summarised financial information of the discontinued operations are as follows:

	2020	2019
	\$	\$
Revenue	1,540,360	2,420,931
Other income	252,132	200,735
Administrative expenses	(608,095)	(892,572)
Other operating expenses	(1,039,451)	(1,297,404)
Impairment losses on financial assets	(115,449)	(116,065)
Finance costs	(1,109,250)	(970,671)
Unrealised exchange gain	2,383	-
Fair value adjustments on depreciation	(388,677)	-
Gain on disposal of subsidiary	758,319	-
	(707,728)	(655,046)
Loss before tax from discontinued operations		
Income tax credit	80,573	20,258
	(627,155)	(634,788)
Loss from discontinued operations, net of tax		

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. Discontinued operations (cont'd)

The book value of assets and liabilities as at date of disposal on 30 October 2020 are as follows:

	\$
Assets	
Property, plant and equipment	17,838,567
Right-of-use assets	1,341,467
Trade and other receivables	126,498
Cash and cash equivalents	129,293
	<u>19,435,825</u>
Liabilities	
Borrowings	(16,103,458)
Other payables and accruals	(451,591)
Lease liabilities	(1,503,390)
Deferred tax liability	(892,038)
	<u>(18,950,477)</u>
Net assets disposed	485,348
Discharge of liabilities in related companies	(1,143,667)
Proceeds from disposal	(100,000)
	<u>(758,319)</u>

Cash flow statement disclosures

The cash flows attributable to the discontinued operations for the year ended 31 December are as follows:

	2020	2019
	\$	\$
Operating cash flows	14,204	1,502,386
Investing cash flows	–	(719,095)
Financing cash flows	79,886	(808,989)
Net cash flows	<u>94,090</u>	<u>(25,698)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. Discontinued operations (cont'd)

Loss per share disclosures

	Group	
	2020	2019
	\$	\$
Loss per share from discontinued operations attributable to the owners of the Company (cents per share)		
Basic	(0.11)	(0.11)
Diluted	(0.11)	(0.11)

10. Taxation

The major components of income tax credit for the years ended 31 December 2020 and 2019 are:

	Group	
	2020	2019
	\$	\$
Current income (credit)/tax – continuing operations	(3,112)	16,856
Deferred income tax – continuing operations		
- movement of temporary differences	87,937	(128,081)
- over provision in respect of previous years	–	(16,263)
Income tax expense/(credit) attributable to continued operation	84,825	(127,488)
Deferred income tax – discontinued operations		
- movement of temporary differences	(80,573)	(20,258)
Income tax expense/(credit) attributable to discontinued operation	(80,573)	(20,258)
Total income tax expenses/(credit) recognised in profit or loss	4,252	(147,746)

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. Taxation (cont'd)

The reconciliation between tax credit and the product of accounting loss multiplied by the applicable corporate tax rates for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020	2019
	\$	\$
Accounting loss before tax from continuing operations	(25,376,105)	(31,481,676)
Accounting loss before tax from discontinued operation	(707,728)	(655,046)
Tax at 17% (2019: 17%)	(4,434,252)	(5,463,243)
Adjustments:		
Non-deductible expenses	3,995,446	4,704,631
Income not subject to tax	(1,455,791)	(15,152)
Deferred tax assets not recognised	1,901,961	903,109
Utilisation of previously unrecognised tax assets	–	(273,689)
Tax effect of fair value adjustments	–	(128,081)
Over provision of deferred income tax in respect of previous years	–	(16,263)
Effect of different tax rates in different countries	–	109,428
Others	(3,112)	31,514
Income tax expense/(credit) recognised in profit or loss	4,252	(147,746)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$32,468,500 (2019: \$20,806,560) available for offset against future taxable profits of certain subsidiaries in which the losses arose, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which certain subsidiaries operate. The tax losses have no expiry date.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2019: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately \$Nil (2019: \$670,000). The deferred tax liability is estimated to be approximately \$Nil (2019: \$110,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. Taxation (cont'd)

Deferred taxation

Deferred taxation relates to the following:

Group	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deferred tax asset				
Provisions	-	-	-	5,531
<i>Total deferred tax asset</i>	<u>-</u>	<u>-</u>		
Deferred tax liabilities				
Differences in depreciation	(592)	(15,095)	-	(35,928)
Fair value adjustments on acquisition of subsidiaries	-	(870,151)	7,364	(128,081)
Exchange differences	20	-	-	(6,124)
<i>Total deferred tax liabilities</i>	<u>(572)</u>	<u>(885,246)</u>		
Deferred income tax			<u>7,364</u>	<u>(164,602)</u>

Included in movement of deferred tax liabilities as at 31 December 2020 relates to discontinued operation amounting to \$892,038 (Note 9).

11. Loss per share

Basic loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the existing warrants, share options, share awards and redeemable exchangeable bonds of the Company into ordinary shares.

Notes to the Financial Statements

For the financial year ended 31 December 2020

11. Loss per share (cont'd)

The following tables reflect the profit or loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2020	2019
	\$	\$
Net loss attributable to owners of the Company	(26,046,209)	(31,978,210)
	Number of shares	
	2020	2019
Weighted average number of ordinary shares for basic loss per share computation*	1,098,719,574	1,098,719,574
Weighted average number of ordinary shares diluted loss per share computation*	1,098,719,574	1,098,719,574

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

As at year end, there is Nil (2019: Nil) share options granted to employees under the existing employee share option plans and warrants of 97,491,109 (2019: 97,491,109), have not been included in the calculation of diluted loss per share because they are anti-dilutive.

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. Property, plant and equipment

Group	Leasehold buildings	Computers and office equipment	Renovation, furniture and fixtures	Motor vehicles	Machinery	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1.1.2019	29,628,946	2,153,133	1,882,998	410,449	2,007,425	36,082,951
Additions	–	15,514	–	–	–	15,514
Disposals	–	(49,773)	–	–	–	(49,773)
Exchange difference	–	(6,390)	(1,039)	(3,735)	(4,502)	(15,666)
At 31.12.2019	29,628,946	2,112,484	1,881,959	406,714	2,002,923	36,033,026
Additions	–	33,754	–	–	–	33,754
Disposals	–	(28,059)	–	–	–	(28,059)
Written off	–	(1,720)	–	–	–	(1,720)
Attributable to discontinued operation (Note 9)	(29,628,946)	(199,751)	(1,219,707)	–	(37,500)	(31,085,904)
Exchange difference	–	8,873	3,444	6,666	9,230	28,213
At 31.12.2020	–	1,925,581	665,696	413,380	1,974,653	4,979,310
Accumulated depreciation and impairment loss						
At 1.1.2019	8,942,346	1,966,301	1,775,293	362,587	1,700,108	14,746,635
Charge for the year	1,568,801	86,067	63,480	20,564	142,154	1,881,066
Disposals	–	(6,723)	–	–	–	(6,723)
Exchange difference	–	(5,089)	(1,735)	(3,693)	(4,275)	(14,792)
At 31.12.2019	10,511,147	2,040,556	1,837,038	379,458	1,837,987	16,606,186
Charge for the year	–	37,284	17,336	11,684	86,282	152,586
Disposals	–	(28,059)	–	–	–	(28,059)
Written off	–	(1,720)	–	–	–	(1,720)
Attributable to discontinued operation (Note 9)	(10,511,147)	(184,026)	(1,198,730)	–	(24,608)	(11,918,511)
Exchange difference	–	8,956	3,495	6,594	8,546	27,591
At 31.12.2020	–	1,872,991	659,139	397,736	1,908,207	4,838,073
Net carrying amount						
At 31.12.2020	–	52,590	6,557	15,644	66,446	141,237
At 31.12.2019	19,117,799	71,928	44,921	27,256	164,936	19,426,840

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. Property, plant and equipment (cont'd)

Company	Computers and office equipment	Renovation, furniture and fixtures	Total
Cost	\$	\$	\$
At 1.1.2019	223,695	11,238	234,933
Additions	2,268	–	2,268
At 31.12.2019	225,963	11,238	237,201
Additions	7,740	–	7,740
At 31.12.2020	233,703	11,238	244,941
Accumulated depreciation			
At 1.1.2019	223,636	11,238	234,874
Charge for the year	1,380	–	1,380
At 31.12.2019	225,016	11,238	236,254
Charge for the year	1,403	–	1,403
At 31.12.2020	226,419	11,238	237,657
Net carrying amount			
At 31.12.2020	7,284	–	7,284
At 31.12.2019	947	–	947

Cash payments of \$33,754 (2019: \$15,514) were made to purchase property, plant and equipment.

The carrying amount of office equipment held by the Group under finance leases as at 31 December 2020 was \$Nil (2019: \$15,724).

Leased motor vehicles are pledged as security for the related finance lease obligations.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold properties with carrying amount of \$Nil (2019: \$19,117,799) are mortgaged to secure the Group's loans and borrowings (Note 26). As disclosed in Note 9 to the financial statement, the Group's leasehold properties were disposed during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Intangible assets

	Goodwill	Customer relationships	Software	Club membership	Total
	\$	\$	\$	\$	\$
Group					
Cost					
At 1.1.2019	29,721,296	9,648,000	156,633	70,000	39,595,929
Exchange differences	–	–	(4,175)	–	(4,175)
At 31.12.2019	29,721,296	9,648,000	152,458	70,000	39,591,754
Exchange differences	–	–	7,457	–	7,457
At 31.12.2020	29,721,296	9,648,000	159,915	70,000	39,599,211
Accumulated amortisation and impairment					
At 1.1.2019	16,273,000	9,648,000	134,519	30,144	26,085,663
Amortisation	–	–	14,493	2,491	16,984
Impairment	6,285,774	–	–	–	6,285,774
Exchange differences	–	–	(3,925)	–	(3,925)
At 31.12.2019	22,558,774	9,648,000	145,087	32,635	32,384,496
Amortisation	–	–	7,554	2,492	10,046
Impairment	6,344,574	–	–	–	6,344,574
Written off	–	–	–	20,337	20,337
Exchange differences	–	–	7,265	–	7,265
At 31.12.2020	28,903,348	9,648,000	159,906	55,464	38,766,718
Net carrying amount					
At 31.12.2020	817,948	–	9	14,536	832,493
At 31.12.2019	7,162,522	–	7,371	37,365	7,207,258

Customer relationships

The economic useful lives of customer relationships as determined by the Group are disclosed in Note 2.7. Customer relationships have been fully impaired in the prior years.

Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Intangible assets (cont'd)

Impairment testing of goodwill and customer relationships

Goodwill arising from business combinations has been allocated to two cash-generating units ("CGU") for impairment testing as follows:

- Offshore and Marine Heating, Ventilation and Air-Conditioning segment ("O&M HVAC")
- Offshore and Marine Telecommunication segment ("O&M Tele")

The carrying amounts of goodwill allocated to each CGU are as follows:

	O&M HVAC \$	O&M Tele \$	Total \$
31.12.2020			
Goodwill	–	817,948	817,948
31.12.2019			
Goodwill	3,173,574	3,988,948	7,162,522

The recoverable amounts of the CGUs have been determined based on value in use calculations which are based on cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the 5-year cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5-year period are as follows:

	2020		2019	
	O&M HVAC	O&M Tele	O&M HVAC	O&M Tele
Long-term growth rates	1.0%	1.0%	1.0%	1.0%
Pre-tax discount rates	11.0%	10.5%	9.5%	9.5%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Long-term growth rate – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC") based on the capital asset pricing model.

Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Intangible assets (cont'd)

Sensitivity to changes in assumptions

a. O&M HVAC

Based on discounted cashflow prepared, goodwill has been fully impaired during the year for the O&M HVAC CGU. Other than the change in pre-tax discount rates, there has been a change in estimates such as forecasted sales for the next year and short-term growth rate in the discounted cashflow from prior year reflecting the current outlook for the CGU. In 2019, the carrying amount exceeds the estimated recoverable amount by approximately \$1,430,344 and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumptions for the recoverable amount is discussed below:

Long-term growth rates – For 2019, management recognises that the growth rates could yield a reasonably possible alternative to the estimated long-term growth rate of 1.0%. A reduction of 0.5% in the long-term growth rate would result in further impairment of approximately \$310,000 in 2019.

Pre-tax discount rates – For 2019, management recognises that the pre-tax discount rates at 9.5%. An increase of 1% in the pre-tax discount rates would result in further impairment of approximately \$880,000 in 2019.

b. O&M Tele CGU

Based on discounted cashflow prepared, impairment on goodwill amounting to \$3,171,000 has been recognised during the year for the O&M Tele CGU. Other than the change in pre-tax discount rates, there has been a change in estimates such as forecasted sales for the next year and short-term growth rate in the discounted cashflow from prior year reflecting the current outlook for the CGU. There has been a change in estimates from prior year reflecting the current outlook for the CGU. The carrying amount exceeds the estimated recoverable amount by approximately \$3,171,000 (2019: \$4,855,430) and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumptions for the recoverable amount is discussed below:

Long-term growth rates - Management recognises that the growth rates could yield a reasonably possible alternative to the estimated long-term growth rate of 1.0% (2019: 1.0%). A reduction of 0.5% (2019: 0.5%) in the long-term growth rate would result in further impairment of approximately \$130,000 (2019: \$240,000).

Pre-tax discount rates - Management recognises that the pre-tax discount rates at 10.5% (2019: 9.5%). An increase of 1% (2019: 1%) in the pre-tax discount rates would result in further impairment of approximately \$382,000 (2019: \$670,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. Leases

As a lessee

In prior year, the Group has a lease contract for leasehold land. The lease of the land has remaining lease term of 13 years. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'leases of low-value assets' recognition exemptions for these leases.

a. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Leasehold land \$
Group	
Cost:	
On adoption of SFRS(I) 16, under modified retrospective approach at 1 January 2019	1,559,939
At 31 December 2019	1,559,939
Attributable to discontinued operations (Note 9)	(1,559,939)
At 31 December 2020	–
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	119,167
At 31 December 2019	119,167
Attributable to discontinued operations (Note 9)	(119,167)
At 31 December 2020	–
Net book value:	
At 31 December 2020	–
At 31 December 2019	1,440,772

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. Leases (cont'd)

As a lessee (cont'd)

b. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020	2019
	\$	\$
Group		
Present value:		
Amounts due for settlement within 12 months	–	61,639
Amounts due for settlement after 12 months	–	1,473,694
	–	<u>1,535,333</u>
	2020	2019
	\$	\$
Maturity analysis (gross amount):		
Not later than 1 year	–	291,759
Later than 1 year and not later than 5 years	–	1,380,170
Later than 5 years	–	1,679,207
	–	<u>3,351,136</u>

The following are the amounts recognised in profit or loss:

	2020	2019
	\$	\$
Group		
Expenses relating to short-term leases	<u>245,313</u>	<u>267,393</u>

The Group does not have any non-cash additions to right-of-use assets and lease liabilities in 2020 and 2019.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As disclosed in Note 9 to the financial statement, the right of use assets and lease liabilities were disposed during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. Leases (cont'd)

As a lessor

The Group has entered into commercial leases on certain office property. These non-cancellable leases have remaining lease terms of Nil year (2019: 9 months to 1 year).

Minimum rental receivables recognised as an income in profit or loss for the financial year ended 31 December 2020 amounted to \$Nil (2019: \$1,265,315).

Future minimum rental receivables under non-cancellable operating leases are as follows:

	Group	
	2020	2019
	\$	\$
- Not later than 1 year	–	1,056,330
- 1 year through 5 years	–	263,640
	–	<u>1,319,970</u>

15. Investment in subsidiaries

	Company	
	2020	2019
	\$	\$
Shares, at cost	91,744,965	101,824,965
Less: Impairment losses	(87,285,393)	(72,319,845)
	<u>4,459,572</u>	<u>29,505,120</u>

The Group and the Company has the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020	2019
			%	%
<i>Held by the Company</i>				
Viking Offshore Global Pte. Ltd.*	Singapore	Investment holding	100	100
Viking HVAC Pte Ltd*	Singapore	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020 %	2019 %
<i>Held by the Company</i>				
Promoter Hydraulics Pte Ltd*	Singapore	Manufacture and repair of marine engines and ship parts; retail and rental of marine equipment, marine accessories and parts	100	100
Viking Airtech Pte Ltd*	Singapore	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
Marshal Systems Pte Ltd*	Singapore	Contractors for electronic and electrical engineering works	100	100
Viking Facilities Management & Operations Pte. Ltd.**	Singapore	Facilities management	–	100
Viking Asset Management Pte. Ltd.*	Singapore	Investment holding	100	100
<i>Held through Viking Asset Management Pte. Ltd.</i>				
Viking LR1 Pte Ltd*	Singapore	Ownership and charter of assets	100	100
Viking LR2 Pte Ltd*	Singapore	Ownership and charter of assets	100	100
Viking Gold Pte Ltd*	Singapore	Ownership and charter of assets	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020 %	2019 %
<i>Held through Viking Airtech Pte Ltd</i>				
Viking Airtech (Yantai) Co., Ltd **	People's Republic of China	Marine air conditioning, manufacture, installation & design of marine refrigerating equipment maritime HVAC & R	100	100
Viking Offshore Malaysia Sdn Bhd **	Malaysia	Specialises in marine & offshore turkey HVAC & R systems	100	100
Viking Airtech (Shanghai) Co., Ltd**	People's Republic of China	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	49	49
PT Viking Offshore**	Indonesia	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100

Held through Marshal Systems Pte Ltd

Marshal Offshore and Marine Engrg Co., Ltd **	People's Republic of China	Contractors for electronic and electrical engineering works	100	100
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* Audited by Ernst & Young LLP, Singapore.

** Audited by other firms of auditors. The subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.

*** The Group disposed of its 100% ownership interest in Viking Facilities Management & Operations Pte. Ltd. on 30 October 2020 (Note 9).

In 2019, the Company disposed 51% of its shareholding in Viking Airtech (Shanghai) Co., Ltd to a third party. As at 31 December 2020 and 2019, the Group has continued to consolidate Viking Airtech (Shanghai) Co., Ltd. as management has assessed that it still has control over the entity.

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. Investment in subsidiaries (cont'd)

Impairment testing of investment in subsidiaries

During the financial year, the Company recognised an impairment loss of \$14,965,548 (2019: \$24,605,965) as the recoverable amounts of subsidiaries are lower than the carrying amounts of investment in subsidiaries.

The recoverable amounts of the subsidiaries have been determined based on value in use calculations which are based on cash flow projections from financial budgets approved by management covering a 5-year period. Other than the change in pre-tax discount rates, there has been a change in estimates such as forecasted sales for the next year and short-term growth rate in the discounted cashflow from prior year reflecting the current outlook for the subsidiaries. The pre-tax discount rate applied to the 5-year cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5-year period are as follows:

	2020	2019
Long-term growth rates	1.0%	1.0%
Pre-tax discount rates	11.5%	9.5%

The calculations of value in use for the subsidiaries are most sensitive to the following assumptions:

Long-term growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the subsidiaries.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each subsidiary, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and derived from its weighted average cost of capital based on the capital asset pricing model.

Sensitivity to changes in assumptions

For the cost of investment in subsidiaries, the carrying amounts exceeded their estimated recoverable amounts by approximately \$14,965,548 (2019: \$24,605,965) and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

Long-term growth rates – A reduction of 0.5% (2019: 0.5%) in the long-term growth rate would result in a further impairment of approximately \$Nil (2019: \$599,000).

Pre-tax discount rates – An increase of 1.0% (2019: 1.0%) in the pre-tax discount rate would result in a further impairment of approximately \$Nil (2019: \$1,724,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. Investment in associates

	Group	
	2020	2019
	\$	\$
Unquoted equity shares, at cost	15,408,641	15,408,641
Share of post-acquisition reserves	(5,769)	(5,769)
Impairment losses	(15,402,872)	(15,402,872)
	-	-

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020	2019
			%	%
<u>Held through a subsidiary</u>				
Smart Earl Investment Limited*	Republic of Seychelles	Ownership and charter of assets	30	30
Quick Booms Investments Limited*	British Virgin Islands	Ownership and charter of assets	30	30

* Not required to be audited by its country of incorporation

The activities of the associates are strategic to the Group activities.

Impairment testing

The recoverable amounts for its investment in associates were assessed and compared against the carrying amounts, and an impairment loss of \$15,402,872 was recorded in 2018.

As at end of financial year, the investment in associates are fully impaired and are immaterial to the Group. As such, the summarised financial information in respect of Smart Earl Investment Limited and Quick Booms Investments Limited are not disclosed.

Notes to the Financial Statements

For the financial year ended 31 December 2020

17. Quoted equity investments

Financial instruments

	Group	
	2020	2019
	\$	\$
<i>At fair value through profit or loss</i>		
Equity shares (quoted)	4	40,324
	<hr/>	<hr/>
Net carrying amount		
Non-current	4	40,324
	<hr/>	<hr/>

During the year, the Group has recognised impairment loss on quoted shares amounting to \$40,320 (2019: \$ Nil).

18. Inventories

	Group	
	2020	2019
	\$	\$
Balance sheets:		
Raw materials	525,149	1,158,064
Work-in-progress	1,708,229	1,716,026
Finished goods	–	10,263,020
	<hr/>	<hr/>
	2,233,378	13,137,110
	<hr/>	<hr/>
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	7,112,107	9,768,654
Inclusive of the following charge:		
- Inventories written down	9,800,736	13,439,052
- Inventories written off	69,389	1,407,752
	<hr/>	<hr/>

Included in finished goods as at 31 December 2020 are two land rigs (2019: two) amounting to \$Nil (2019: \$9,016,056), held by the Group for resale, following the termination of the Bareboat Charter Agreements in 2017 and 2018. The Group has fully written down the two land rigs in current year and prior year by recognising \$8,925,050 (2019: 12,514,824) in the statement of comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. Trade receivables

	Group	
	2020	2019
	\$	\$
Trade receivables	19,142,822	24,116,978

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables are amounts due from customers pertaining to the past charter of the land rigs. As at 31 December 2020, the carrying amounts of these trade receivables, net of allowance for expected credit losses, was \$16,305,701 (2019: \$16,604,744). Further, as at 31 December 2020, the Group has other payables and deposits due to these customers amounting to \$16,305,701 (2019: \$16,567,171) (Note 24). The Group has the legally enforceable right to set off the amounts due to or from each other but the arrangement to offset on a net basis has not been communicated by the Group to these customers.

Trade receivables denominated in foreign currencies are as follows:

	Group	
	2020	2019
	\$	\$
United States Dollar	17,046,705	18,939,364
Chinese Renminbi	32,593	42,977
Malaysian Ringgit	108,213	316,661
Indonesian Rupiah	350,616	507,914

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. Trade receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables, other receivables and deposits and contract assets computed based on lifetime ECL are as follows:

	Trade receivables \$	2020 Other receivables and deposits \$	Contract assets \$	Trade receivables \$	2019 Other receivables and deposits \$	Contract asset \$
Group						
At 1 January	17,426,551	75,780	160,705	13,615,991	75,780	–
Charge for the year	96,123	36,467	–	4,305,489	–	160,705
Exchange differences	(619,236)	–	–	(194,295)	–	–
Written off	(68,348)	–	–	(201,037)	–	–
Written back	–	–	–	(99,597)	–	–
At 31 December	16,835,090	112,247	160,705	17,426,551	75,780	160,705
Company						
At 1 January	–	70,000	–	–	70,000	–
Charge for the year	–	36,467	–	–	–	–
At 31 December	–	106,467	–	–	70,000	–

20. Other receivables and deposits

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Deposits	110,857	539,266	60,100	50,000
Advances to employees	54,562	29,929	–	–
Advances to suppliers	142,515	183,183	–	–
Other receivables	850,458	546,982	214,576	86,660
Less: Allowance for expected credit loss	(112,247)	(75,780)	(106,467)	(70,000)
	1,046,145	1,223,580	168,209	66,660

Other receivables are non-interest bearing and are generally on 30 to 90 days' terms.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. Contract assets and contract liabilities

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020	2019
	\$	\$
Contract assets	3,202,673	4,835,593
Contract liabilities	(937,562)	(2,899,078)
	2,265,111	1,936,515

Included in contract liabilities are advances from customers amounting to \$843,375 as at 31 December 2020 (2019: \$441,577).

The Group has recognised impairment losses on receivables amounting to \$Nil (2019: \$160,705) arising from contracts with customer. Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed on reporting date for project revenue. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for project revenue.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Revenue recognised in relation to contract liabilities

	Group	
	2020	2019
	\$	\$
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Project revenue	5,034,489	1,985,851

Notes to the Financial Statements

For the financial year ended 31 December 2020

22. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash and bank balances	2,341,568	2,147,732	18,192	25,078
Short term deposit	217,036	216,615	–	–
	<u>2,558,604</u>	<u>2,364,347</u>	<u>18,192</u>	<u>25,078</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are placed for twelve months and earn interest rate. The weighted average effective interest rates as at 31 December 2020 for the Group were 2.12% to 2.76% (2019: 2.10% to 3.6%).

Cash and cash equivalents denominated in foreign currencies are as follows:

	Group	
	2020	2019
	\$	\$
United States Dollar	1,030,702	593,413
Chinese Renminbi	223,490	66,308
Malaysian Ringgit	103,099	186,046
Euro	2,232	2,068
Indonesian Rupiah	<u>69,570</u>	<u>181,690</u>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2020	2019
	\$	\$
Cash and bank balances	2,341,568	2,147,732
Short term deposit	217,036	216,615
Cash and cash equivalents	<u>2,558,604</u>	<u>2,364,347</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

23. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade payables denominated in foreign currencies are as follows:

	Group	
	2020	2019
	\$	\$
United States Dollar	391,332	846,502
Euro	27,409	435,434
Chinese Renminbi	297,162	801,161
Malaysia Ringgit	176,289	209,638
Indonesia Rupiah	97,622	306,912

24. Other payables and accruals

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accrued operating expenses	2,635,016	3,065,237	1,005,407	482,538
Accrued interest	9,445,466	2,847,043	–	–
Customers' deposits	5,462,945	5,562,099	–	–
Other payables	13,091,149	13,293,142	483,979	514,794
Rental deposits received	–	140,900	–	–
	30,634,576	24,908,421	1,489,386	997,332

Except as disclosed below, other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Included in customers' deposits are amounts of \$5,286,764 (2019: \$5,382,720) pertaining to the past charters of the land rigs.

Included in other payables are amounts of \$11,018,937 (2019: \$11,184,451) and \$Nil (2019: \$865,009) due respectively to a customer mainly in relation to the purchase of a land rig sales and leaseback arrangement, and a loan from Chairman which carried interest at 12.0% per annum. The loan from Chairman has been fully settled during the year.

25. Due from/(to) subsidiaries (non-trade)

Amounts due from/(to) subsidiaries are unsecured, non-interest bearing, are repayable on demand and are expected to be settled in cash.

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Current liabilities				
Revolving loans	–	6,486,974	–	–
Current portion of long-term loans				
- Term loans	–	9,099,757	–	–
Related party loan	6,501,438	6,501,044	–	–
Third party loans	2,160,000	2,160,000	–	–
Bridging loan	–	1,674,623	–	–
	<u>8,661,438</u>	<u>25,922,398</u>	<u>–</u>	<u>–</u>

- (i) Revolving loans carry interest at rates ranging from Nil % (2019: 3.80% to 10.25%) per annum and are repayable on demand. The loans are secured by a first legal mortgage on subsidiaries leasehold property (Note 12) and corporate guarantees from the Company. The loans had been fully discharged during the year.
- (ii) Term loans carry interest at rates ranging from Nil % (2019: 3.50% to 5.83%) per annum and are repayable between 2021 and 2022. The loans are secured by a first legal mortgage on a subsidiary's leasehold properties (Note 12) and by corporate guarantees from the Company. The loans had been fully discharged during the year.
- (iii) Related party loan (Tembusu) carries interest at 20.00% (2019: 15.00%) per annum. The loan has been in default since 2018. The loan is secured by a corporate guarantee from the Company.
- (iv) Third party loans carry interest at rates ranging from 8.00% to 8.50% (2019: 8.00% to 8.50%) per annum. The loan has been in default since 2019. The loans are secured by corporate guarantees from the Company.
- (v) Bridging loans carry interest at Nil% (2019: 6.25%) per annum and are repayable between 2019 and 2022. The loans are secured by a first legal mortgage on a subsidiary's leasehold properties (Note 12) and by corporate guarantees from the Company. The loans had been fully discharged during the year.

The carrying amount of loans and borrowings and redeemable exchange bonds (Note 26), in default at the end of the reporting period is \$15,817,296.

Defaults and breach of loan covenant

As at 31 December 2020, the Group's related party loan and third party loan amounting to \$8,661,438 were in default.

As at 31 December 2019, the Group's revolving loans, term loans, related party loan, third party loans and bridging loan amounting to \$25,922,398 were in default. Further, the Group has breached a bank covenant in relation to a revolving loan from its banker. The subsidiary did not fulfil the requirement to maintain its tangible net worth of more than \$6,000,000.

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. Loans and borrowings (cont'd)

Settlement of loan

As disclosed in Note 9 of the financial statements, the Group had disposed entire issued share capital of its wholly owned subsidiary, Viking Facilities Management and Operations Pte Ltd ("VFMO") during the year. Of which, a consideration of \$12,000,000 was applied towards the release and discharge of all the liabilities and securities owing to Maybank Singapore by the Group.

A reconciliation of liabilities arising from financing activities is as follows:

	31.12.2019	Cash flows	Non-cash changes	31.12.2020
	\$	\$	\$	\$
Loans				
- Current	25,922,398	(540,809)	(16,720,151)	8,661,438
Lease liabilities				
- Current	61,639	(61,639)	-	-
- Non-current	1,473,694	(202,833)	(1,270,861)	-
Redeemable exchangeable bonds				
- Current	7,155,424	-	434	7,155,858
	<u>34,613,155</u>	<u>(805,281)</u>	<u>(17,990,578)</u>	<u>15,817,296</u>
	31.12.2018	Cash flows	Non-cash changes	31.12.2019
	\$	\$	\$	\$
Loans				
- Current	17,884,392	(205,257)	8,243,263	25,922,398
- Non-current	8,882,159	(638,896)	(8,243,263)	-
Lease liabilities				
- Current (include effects of adoption of SFRS(I) 16)	65,488	(286,532)	282,683	61,639
- Non-current (include effects of adoption of SFRS(I) 16)	1,535,514	(15,373)	(46,447)	1,473,694
Redeemable exchangeable bonds				
- Current	7,080,834	-	74,590	7,155,424
	<u>35,448,387</u>	<u>(1,146,058)</u>	<u>310,826</u>	<u>34,613,155</u>

Included in the 'non-cash changes' column for loans and lease liabilities for the year ended 31 December 2020 are attributable to the discontinued operation (Note 9). Other than the above, the 'non-cash changes' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time and accretion of interests.

Notes to the Financial Statements

For the financial year ended 31 December 2020

27. Redeemable exchangeable bonds

Bond 1

In 2014, the Group, together with its wholly owned subsidiary, issued redeemable exchangeable bonds in the principal amount of \$12,450,000 to an investor.

In 2017, the Group extended the maturity date of the remaining portion in the principal amount of \$2,000,000 for a further 6 months to 7 May 2018 with the investor through a supplemental agreement.

Bond 2

In 2016, the Group, together with its wholly owned subsidiary, issued redeemable exchangeable bonds in the principal amount of \$3,000,000 to an investor, repayable at maturity date, which is two years from the date of issue. The terms are identical to Bond 1.

Both bonds carry a simple interest of 5% per annum payable semi-annually and an internal rate of return of 15% per annum on the principal amount, together with any accrued and unpaid interest, repayable at maturity date.

The investors may at their absolute discretion request in writing for the Group to redeem all the bonds then outstanding at the redemption price if, prior to the maturity date, (i) an event of default occurs (unless waived by the investor) or (ii) where the Group fails to obtain certain approvals within the prescribed periods.

Upon the occurrence of an event of default or the failure to obtain certain approvals within the prescribed periods, the Group shall pay an amount giving the investors an internal rate of return of 20% per annum on the principal amount, together with any accrued and unpaid interest. The Group has accrued interest amounting to \$3,555,764 after default.

The investors have the option to exchange any part of the bonds (including any accrued and unpaid interest) for shares of the Company at any time prior to the maturity date, at 10% discount to the 30-trading day average volume weighted average price of the shares of the Company for each share. The Group is currently in negotiation with the bondholders to both the bonds.

As the final date to exercise the redemption and exchangeable options have lapsed, the bonds no longer contain option features.

Both bond 1 and 2 are in default since 31 December 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2020

27. Redeemable exchangeable bonds (cont'd)

The carrying amount of the liability component of the bonds at the end of the reporting period is arrived at as follows:

	Bond 1	Bond 2	Total
	\$	\$	\$
Group			
2020			
Total face value	12,450,000	3,000,000	15,450,000
Derivative liability component	(1,712,331)	–	(1,712,331)
Liability component at initial recognition	10,737,669	3,000,000	13,737,669
Add: Accumulated amortisation of discount			
- Opening balance at 1 January	4,796,509	691,342	5,487,851
- Accumulated interest	434	–	434
- Closing balance at 31 December	4,796,943	691,342	5,488,285
Less:			
- Issuance of shares pursuant to conversion of the bonds	(4,591,918)	–	(4,591,918)
- Redemption of bonds	(7,478,178)	–	(7,478,178)
Liability component at the end of the reporting period			
- Current	3,464,516	3,691,342	7,155,858
Group			
2019			
Total face value	12,450,000	3,000,000	15,450,000
Derivative liability component	(1,712,331)	–	(1,712,331)
Liability component at initial recognition	10,737,669	3,000,000	13,737,669
Add: Accumulated amortisation of discount			
- Opening balance at 1 January	4,721,919	691,342	5,413,261
- Accumulated interest	74,590	–	74,590
- Closing balance at 31 December	4,796,509	691,342	5,487,851
Less:			
- Issuance of shares pursuant to conversion of the bonds	(4,591,918)	–	(4,591,918)
- Redemption of bonds	(7,478,178)	–	(7,478,178)
Liability component at the end of the reporting period			
- Current	3,464,082	3,691,342	7,155,424

Notes to the Financial Statements

For the financial year ended 31 December 2020

28. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2020		2019	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,106,681,074	102,604,532	1,106,681,074	102,604,532

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	2020		2019	
	No. of shares	\$	No. of shares	\$
At 1 January and 31 December	(7,961,500)	(527,775)	(7,961,500)	(527,775)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

29. Other reserves

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Foreign currency translation reserve (a)	(966,952)	(1,520,541)	–	–
Capital reserve (b)	114,056	114,056	114,056	114,056
Total other reserves	(852,896)	(1,406,485)	114,056	114,056

(a) Foreign currency translation reserve

The foreign currency translation reserve relates to exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. Other reserves (cont'd)

(a) Foreign currency translation reserve (cont'd)

	Group	
	2020	2019
	\$	\$
At 1 January	(1,520,541)	(1,344,231)
Net effect of exchange differences	553,589	(176,310)
At 31 December	<u>(966,952)</u>	<u>(1,520,541)</u>

(b) Capital reserve

Capital reserve relates to the gain on reissuance of treasury shares.

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
At 1 January and 31 December	<u>114,056</u>	<u>114,056</u>	<u>114,056</u>	<u>114,056</u>

30. Related party transactions

(a) Sale and purchase of goods and services

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

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Income/(Expenses)				
Management fee income from subsidiaries	–	–	992,000	570,000
Rental of office premise from a subsidiary	–	–	–	(73,164)
Finance cost from a related party	(3,070,296)	(1,082,452)	–	–
Finance cost from Chairman	–	(81,416)	–	–
Loan from a related party (Note 26)	<u>6,501,438</u>	<u>6,501,044</u>	<u>–</u>	<u>–</u>
Loan from Chairman (Note 24)	<u>–</u>	<u>865,009</u>	<u>–</u>	<u>–</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

30. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2020	2019
	\$	\$
Short-term employee benefits	596,897	496,760
Central Provident Fund contributions	36,367	46,540
Total compensation paid to key management personnel	633,264	543,300
Comprise amounts paid to:		
- Directors of the Company	395,640	292,260
- Other key management personnel	237,624	251,040
	633,264	543,300

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

31. Commitments and contingencies

Guarantees

As at 31 December 2020, the Company has provided corporate guarantees totalling \$15,816,468 (2019: \$21,943,448) to financial institutions in respect of credit facilities utilised by the subsidiaries.

32. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs as follows:

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

32. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
Group				
2020				
Assets measured at fair value				
Financial assets:				
Equity securities through profit or loss				
- Quoted equity instruments (Note 17)	4	-	-	4
Financial assets as at 31 December 2020	4	-	-	4
2019				
Assets measured at fair value				
Financial assets:				
Equity securities through profit or loss				
- Quoted equity instruments (Note 17)	40,324	-	-	40,324
Financial assets as at 31 December 2019	40,324	-	-	40,324

(c) *Trade receivables, other receivables and deposits, amounts due to/ from subsidiaries, cash and cash equivalents, trade payables, other payables and accruals, loans and borrowings, and redeemable exchangeable bonds*

The carrying amount of these financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. Classification of financial assets and liabilities

Financial assets

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Fair value through profit or loss</i>				
Quoted equity investments	4	40,324	4	40,324
<i>Amortised cost</i>				
Trade receivables	19,142,822	24,116,978	–	–
Other receivables and deposits	849,068	1,010,468	168,209	66,660
Due from subsidiaries (non-trade)	–	–	–	36,467
Cash and cash equivalents	2,558,604	2,364,347	18,192	25,078
	<u>22,550,494</u>	<u>27,491,793</u>	<u>186,401</u>	<u>128,205</u>

Financial liabilities

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Financial liabilities at amortised cost</i>				
Trade payables	2,562,997	5,666,459	–	–
Other payables and accruals	30,634,576	24,908,421	1,489,386	997,332
Loans and borrowings	8,661,438	25,922,398	–	–
Due to subsidiaries (non-trade)	–	–	19,357,923	27,332,355
Redeemable exchangeable bonds	7,155,858	7,155,424	–	–
Lease liabilities	–	1,535,333	–	–
	<u>49,014,869</u>	<u>65,188,035</u>	<u>20,847,309</u>	<u>28,329,687</u>

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets. For other financial assets (including quoted equity investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Management.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information, which includes the following indicators:

- Internal credit rating
- External rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding the gross carrying amounts and loss allowance movement of trade receivables and contract assets are disclosed in Note 19 and Note 21 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (Cont'd)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk are represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets.
- A nominal amount of \$15,816,468 (2019: \$21,943,448) relating to corporate guarantees provided by the Group to financial institutions in respect of credit facilities utilised by the subsidiaries.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are impaired is disclosed in Notes 19 and 20.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2020		2019	
	\$	% of total	\$	% of total
Group				
Trade receivables				
By country:				
Singapore	1,522,620	8%	4,462,993	19%
People's Republic of China	4,593,502	24%	5,258,326	22%
United Kingdom	11,685,736	60%	12,433,074	52%
Indonesia	496,917	3%	915,556	4%
Malaysia	156,845	1%	691,245	2%
Others	687,202	4%	355,784	1%
	<u>19,142,822</u>	<u>100%</u>	<u>24,116,978</u>	<u>100%</u>
Group				
Trade receivables				
By industry sectors:				
Corporate	–	*	337,977	1%
Offshore and marine	2,959,040	15%	7,174,257	30%
Chartering services	16,183,782	85%	16,604,744	69%
	<u>19,142,822</u>	<u>100%</u>	<u>24,116,978</u>	<u>100%</u>

* denotes less than 1%

At the end of the reporting period, approximately 4% (2019: 75%) of the Group's trade receivables were due from five (2019: five) major customers.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2019: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been \$79,086 lower/higher (2019: \$165,389 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a lower volatility as in prior years.

(c) *Liquidity risk*

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 arise primarily from mismatches of the maturities of financial assets and liabilities.

At the end of the reporting period, 100% (2019: 100%) of the Group's loans and borrowings (Note 26) are in default. The Group's loans and borrowings are included in moratorium as disclosed in Note 2.1 of the financial statements.

The Board of Directors manage this risk by taking into consideration the following assumptions and measures as disclosed in Note 2.1 of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less \$	1 to 5 years \$	After 5 years \$	Total \$
Group				
2020				
Financial assets:				
Quoted equity investments	–	–	4	4
Trade receivables	19,142,822	–	–	19,142,822
Other receivables and deposits	849,068	–	–	849,068
Cash and cash equivalents	2,558,604	–	–	2,558,604
Total undiscounted financial assets	<u>22,550,494</u>	–	4	<u>22,550,498</u>
Financial liabilities:				
Trade payables	2,562,997	–	–	2,562,997
Other payables and accruals	30,634,576	–	–	30,634,576
Loans and borrowings	8,661,438	–	–	8,661,438
Redeemable exchangeable bonds	7,155,858	–	–	7,155,858
Total undiscounted financial liabilities	<u>49,014,869</u>	–	–	<u>49,014,869</u>
Total net undiscounted financial liabilities	<u>(26,464,375)</u>	–	4	<u>(26,464,371)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

	1 year or less \$	1 to 5 years \$	After 5 years \$	Total \$
Group				
2019				
Financial assets:				
Quoted equity investments	–	–	40,324	40,324
Trade receivables	24,116,978	–	–	24,116,978
Other receivables and deposits	1,010,468	–	–	1,010,468
Cash and cash equivalents	2,364,347	–	–	2,364,347
Total undiscounted financial assets	27,491,793	–	40,324	27,532,117
Financial liabilities:				
Trade payables	5,666,459	–	–	5,666,459
Other payables and accruals	24,908,421	–	–	24,908,421
Lease liabilities	291,759	1,380,170	1,679,207	3,351,136
Loans and borrowings	25,922,398	–	–	25,922,398
Redeemable exchangeable bonds	7,155,424	–	–	7,155,424
Total undiscounted financial liabilities	63,944,461	1,380,170	1,679,207	67,003,838
Total net undiscounted financial liabilities	(36,452,668)	(1,380,170)	(1,638,883)	(39,471,721)

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

	1 year or less	1 to 5 years	After 5 years	Total
	\$	\$	\$	\$
Company				
2020				
Financial assets:				
Quoted equity investments	–	–	4	4
Other receivables and deposits	168,209	–	–	168,209
Cash and cash equivalents	18,192	–	–	18,192
Total undiscounted financial assets	<u>186,401</u>	<u>–</u>	<u>4</u>	<u>186,405</u>
Financial liabilities:				
Other payables and accruals	1,489,386	–	–	1,489,386
Due to subsidiaries (non-trade)	19,357,923	–	–	19,357,923
Total undiscounted financial liabilities	<u>20,847,309</u>	<u>–</u>	<u>–</u>	<u>20,847,309</u>
Total net undiscounted financial (liabilities)/ assets	<u>(20,660,908)</u>	<u>–</u>	<u>4</u>	<u>(20,660,904)</u>
2019				
Financial assets:				
Quoted equity investments	–	–	40,324	40,324
Other receivables and deposits	66,660	–	–	66,660
Due from subsidiaries (non-trade)	36,467	–	–	36,467
Cash and cash equivalents	25,078	–	–	25,078
Total undiscounted financial assets	<u>128,205</u>	<u>–</u>	<u>40,324</u>	<u>168,529</u>
Financial liabilities:				
Other payables and accruals	997,332	–	–	997,332
Due to subsidiaries (non-trade)	27,332,355	–	–	27,332,355
Total undiscounted financial liabilities	<u>28,329,687</u>	<u>–</u>	<u>–</u>	<u>28,329,687</u>
Total net undiscounted financial (liabilities)/ assets	<u>(28,201,482)</u>	<u>–</u>	<u>40,324</u>	<u>(28,161,158)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Chinese Renminbi (RMB) and Malaysian Ringgit (MYR). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD). Approximately 40% (2019: 37%) of the Group's sales are denominated in foreign currencies whilst almost 42% (2019: 46%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group also hold cash and short-term deposits denominated in foreign currency for working capital purposes. At the end of the reporting period, such foreign currency balance is in Indonesian Rupiah.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the People's Republic of China (PRC), Indonesia, Republic of Seychelles and British Virgin Islands. The Group's net investments in Malaysia, the PRC and Indonesia are not hedged as currency positions in Malaysian Ringgit, RMB, Indonesian Rupiah and USD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the SGD USD, RMB, Euro and MYR exchange rates against the respective functional currencies of the group entities, with all other variables held constant.

	Group Increase/ (decrease) in loss before tax	
	2020	2019
	\$	\$
SGD - strengthened 5% (2019: 5%)	(1,174,197)	(863,327)
- weakened 5% (2019: 5%)	1,174,197	863,327
USD - strengthened 5% (2019: 5%)	74,352	101,731
- weakened 5% (2019: 5%)	(74,352)	(101,731)
RMB - strengthened 5% (2019: 5%)	22,444	(21,386)
- weakened 5% (2019: 5%)	(22,444)	21,386
Euro - strengthened 5% (2019: 5%)	(1,259)	(21,668)
- weakened 5% (2019: 5%)	1,259	21,668
MYR - strengthened 5% (2019: 5%)	(4,138)	14,724
- weakened 5% (2019: 5%)	4,138	(14,724)

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. Financial risk management objectives and policies (cont'd)

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its quoted equity investments. These investments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility as determined by the Board of Directors. All investments are approved by the Board of Directors.

[Sensitivity analysis for equity price risk](#)

At the end of the reporting period, if the Straits Times Index (STI) had been 5% (2019: 5%) higher/lower with all other variables held constant, the Group's loss before tax would have been approximately \$Nil (2019: \$2,000) lower/higher, arising as a result of an increase/decrease in the fair value of equity instruments classified as fair value through profit or loss.

35. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019. The Group is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

35. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables and other liabilities based on contractual undiscounted repayment obligation less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve.

	Group	
	2020	2019
	\$	\$
Total debt	49,014,869	63,652,702
Less: Cash and cash equivalents (Note 22)	(2,558,604)	(2,364,347)
Net debt	46,456,265	61,288,355
Equity attributable to the owners of the Company	(20,633,349)	4,859,271
Total capital	(20,633,349)	4,859,271
Capital and net debt	25,822,916	66,147,626
Gearing ratio	180%	93%

36. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has three operating segments, namely, the Offshore and Marine segment, Chartering Services segment and the Corporate segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. Segmental information (cont'd)

	Offshore and Marine		Chartering Services		Corporate		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2020	2019	2020	2019	2020	2019	2020	2019		2020	2019
Revenue:	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
External customers	17,186,656	21,272,913	-	-	-	-	-	-		17,186,656	21,272,913
Inter-segment	654,978	2,520,529	-	-	992,000	570,000	(1,646,978)	(3,090,529)	A	-	-
Total revenue	17,841,634	23,793,442	-	-	992,000	570,000	(1,646,978)	(3,090,529)		17,186,656	21,272,913
Results:											
Interest income	7,348	14,399	27	32	-	-	-	-		7,375	14,431
Depreciation and amortisation	149,263	244,330	-	-	1,401	1,381	1,922	7,689		152,586	253,400
Impairment of non-financial assets	613,111	2,328,416	8,925,050	12,514,824	-	-	6,413,963	6,289,338		15,952,124	21,132,578
Other non-cash expenses	1,260,494	282,308	(300,611)	4,023,181	107,225	-	-	-	B	1,067,108	4,305,489
Segment (loss)/profit	(2,506,130)	(9,887,507)	(15,092,524)	(19,434,103)	(17,541,086)	(41,730,982)	9,763,635	39,570,916)		(25,376,105)	(31,481,676)
Assets:											
Additions to non-current assets	26,014	15,514	-	-	7,740	-	-	-	C	33,754	15,514
Segment assets	15,449,339	26,081,557	46,920,753	57,419,120	4,668,211	47,748,364	(37,764,726)	(57,417,051)	D	29,273,577	73,831,990
Segment liabilities	(11,417,820)	(17,580,128)	(102,533,566)	(89,876,544)	(20,858,878)	(34,601,779)	84,850,696	99,893,736	E	(49,959,566)	(42,164,715)

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. Segmental information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Other non-cash expenses consist share-based payments, inventories written-down, provisions, and impairment of financial assets as presented in the respective notes to the financial statements.
- C Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and investment in quoted and unquoted equities.
- D The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheets:

	2020	2019
	\$	\$
Inter-segment assets	(37,764,726)	(57,417,051)

- E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheets:

	2020	2019
	\$	\$
Deferred tax liabilities	572	885,246
Tax payable	6,565	11,126
Loans and borrowings	8,661,438	25,922,398
Inter-segment liabilities	(84,850,696)	(99,893,736)

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. Segmental information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2020	2019	2020	2019
	\$	\$	\$	\$
Australia	317,806	6,676	–	–
Europe	333,023	1,763,203	–	–
Indonesia	2,916,468	1,846,075	1,949	3,535
Malaysia	723,927	1,682,847	5,446	6,447
Middle East	1,036,059	1,120,386	–	–
People's Republic of China	1,401,782	1,693,716	3,729	26,649
Singapore	10,304,323	12,395,586	962,606	28,038,239
Vietnam	25,095	202,036	–	–
Others	128,173	562,388	–	–
	<u>17,186,656</u>	<u>21,272,913</u>	<u>973,730</u>	<u>28,074,870</u>

Non-current assets information presented above consist of property, plant and equipment, right-of-use asset and intangible assets as presented in the consolidated balance sheets.

Information about major customers

Revenue from three (2019: three) customers amounting to \$5,564,095 (2019: \$7,376,603) arise from project revenue by the offshore and marine segment (2019: offshore and marine segment).

Notes to the Financial Statements

For the financial year ended 31 December 2020

37. Comparative figures

The restatement of the comparative figures in the financial statements are a result of the disposal of subsidiary during the current year (Note 9). The results of these operations have been reclassified as discontinued operations.

	Group	
	2019 As reclassified \$	2019 As previously reported \$
<u>Continuing operations</u>		
Revenue	21,272,913	23,693,844
Cost of sales	(15,294,359)	(15,294,359)
Other income	185,250	385,985
Finance income	14,431	14,431
Marketing and distribution expenses	(304,949)	(304,949)
Administrative expenses	(8,294,192)	(9,186,764)
Other operating expenses	(22,306,181)	(23,719,650)
Impairment losses on financial assets, net	(4,305,489)	(4,305,489)
Finance costs	(2,449,100)	(3,419,771)
Income tax credit	127,488	147,746
Loss from continuing operations, net of tax	(31,354,188)	(31,988,976)
<u>Discontinued operations</u>		
Loss from discontinued operations, net of tax	(634,788)	-
Loss for the year	(31,988,976)	(31,988,976)

Notes to the Financial Statements

For the financial year ended 31 December 2020

38. Events occurring after reporting period

- (a) The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme.
- (b) Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the “Investors”) in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 (“Proposed Placement”) and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders’ loan of total \$1,000,000 repayable 12 months from the loan drawdown (the “Loans”). The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme. The Proposed Placement is subject to, amongst others, approval from the shareholders at an extraordinary general meeting as well as the finalisation of the Scheme.

39. Authorisation of financial statements

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 11 June 2021.

Shareholding Statistics

As at 3 June 2021

Number of shares issued (excluding treasury shares and subsidiary holdings) - 1,098,719,574

Issued and fully paid-up capital - S\$102,604,532

Number of treasury shares and as a percentage of total number of shares outstanding (excluding treasury shares) - 7,961,500 (0.72%)

Number of subsidiary holdings and as a percentage of total number of shares outstanding (excluding treasury shares) - Nil

Class of shares	-	Ordinary shares
Voting rights	-	On a show of hands, one vote for each member
	-	On a poll : one vote for each ordinary share

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	162	6.76	2,517	0.00
100 - 1,000	124	5.17	66,384	0.01
1,001 - 10,000	286	11.94	1,682,473	0.15
10,001 - 1,000,000	1,727	72.08	230,270,345	20.81
1,000,001 and above	97	4.05	874,659,355	79.03
	2,396	100.00	1,106,681,074	100.00

Based on information available to the Company as at 3 June 2021, approximately 59.4% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

Top 20 Shareholders

S/No.	Name of Shareholder	No. of Shares Held	%*
1	Lim Andy	243,106,880	22.13
2	DBS Nominees Pte Ltd	94,596,052	8.61
3	DBS Vickers Securities (S) Pte Ltd	86,569,200	7.88
4	Luminor Pacific Fund 1 Ltd (In Members' Voluntary Liquidation)	50,253,656	4.57
5	Lim Chee San	39,000,000	3.55
6	Associated Leisure International Pte Ltd	29,400,000	2.68
7	Ong Choo Guan	26,480,000	2.41
8	Maybank Kim Eng Securities Pte. Ltd.	25,196,300	2.29
9	Yeo Seng Buck	23,963,100	2.18
10	Terry Tan Soon Lee @Huiiri Amita	17,166,050	1.56
11	Phillip Securities Pte Ltd	13,113,953	1.19
12	OCBC Securities Private Ltd	13,018,448	1.18
13	Tan Weiren Vincent (Chen Weiren Vincent)	9,662,000	0.88
14	United Overseas Bank Nominees Pte Ltd	7,561,650	0.69
15	Xue Chunxia	7,344,000	0.67
16	GKE Corporation Limited	6,300,000	0.57
17	Raffles Nominees (Pte) Limited	5,948,200	0.54

Shareholding Statistics

As at 3 June 2021

18	Wong Poh Hwa @ Kwai Seng	5,500,000	0.50
19	Chan Kwan Bian	5,335,400	0.49
20	UOB Kay Hian Pte Ltd	5,061,810	0.46
		714,576,699	65.03

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 3 June 2021 of 1,098,719,574 shares (which excludes 7,961,500 shares which are held as treasury shares representing approximately 0.72% of the total number of issued shares excluding treasury shares).

Substantial Shareholders as at 3 June 2021

Name	Number of shares registered in the name of substantial shareholders	Number of shares in which the substantial shareholder is deemed to have an interest	Total	%*
Andy Lim ⁽¹⁾	243,643,120	29,400,000	273,043,120	24.85
Viking Engineering Pte Ltd ⁽²⁾	85,989,200	-	85,989,200	7.83
Johansson Bo Robert ⁽³⁾	-	85,989,200	85,989,200	7.83
Sune Gustaf Sigvard Andersson ⁽³⁾	-	85,989,200	85,989,200	7.83
Tan Boy Tee ⁽⁴⁾	80,000,000	-	80,000,000	7.28

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 3 June 2021 of 1,098,719,574 shares (which excludes 7,961,500 shares which are held as treasury shares representing approximately 0.72% of the total number of issued shares excluding treasury shares).

Notes:

- Mr Andy Lim has a direct interest in 243,643,120 Shares, of which 243,106,880 Shares are registered in his own name and 536,240 Shares are registered and held through Phillip Securities Pte Ltd.

Mr Andy Lim is further deemed interested in the 29,400,000 Shares held by Associated Leisure International Pte Ltd whereby he holds a 99% shareholding interest.
- Viking Engineering Pte Ltd has a direct interest in 85,989,200 Shares which are registered and held through DBS Vickers Securities (Singapore) Pte Ltd.
- Mr Johansson Bo Robert and Mr Sune Gustaf Sigvard Andersson are the substantial shareholders (50% each) of Viking Engineering Pte Ltd and are deemed interested in the 85,989,200 Shares held by Viking Engineering Pte Ltd.
- Mr Tan Boy Tee has a direct interest in 80,000,000 Shares which are registered and held through DBS Nominees Pte Ltd.

Warrantholding Statistics

As at 3 June 2021

WARRANTS - W220701

Warrantholding Statistics as at 3 June 2021

Size of Shareholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	15	4.03	557	0.00
100 - 1,000	19	5.11	10,477	0.01
1,001 - 10,000	79	21.24	469,594	0.48
10,001 - 1,000,000	247	66.40	30,755,461	31.55
1,000,001 and above	12	3.22	66,255,020	67.96
	372	100.00	97,491,109	100.00

Top 20 Warrantholders

S/No.	Name of Warrantholder	No. of Warrants Held	%*
1	Lim Andy	28,443,840	29.18
2	Phillip Securities Pte Ltd	10,210,280	10.47
3	Chua Eng Hong	6,882,500	7.06
4	Associated Leisure International Pte Ltd	4,200,000	4.31
5	Chan Kok Khoon	3,191,500	3.27
6	Pang Nyuk Lin	3,000,000	3.08
7	Maybank Kim Eng Securities Pte. Ltd.	2,639,000	2.71
8	Goh Jun Yi Irving (Wu Junyi Irving)	1,625,900	1.67
9	Tan Weiren Vincent (Chen Weiren Vincent)	1,612,000	1.65
10	Pwee Gin Leong	1,600,000	1.64
11	Kek Sin Hwa (Guo Xinhua)	1,450,000	1.49
12	GKE Corporation Limited	1,400,000	1.44
13	Soh Kay Meng	1,000,000	1.03
14	DBS Nominees Pte Ltd	872,696	0.90
15	Fan Baoqi	800,000	0.82
16	Chan Kwan Bian	762,200	0.78
17	Tay Yew Chong	750,000	0.77
18	Kong Kok Peng	650,000	0.67
19	Cheong Thiam Tee	620,000	0.64
20	Lee Kang Wee	600,100	0.62
		72,310,016	74.20

Notice of 2021 Annual General Meeting

Important Notes to Shareholders

1. The Annual General Meeting of the Company (“**AGM**”) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Documents relating to the business of the AGM, which comprise the Company’s annual report for the financial year ended 31 December 2020 (“**Annual Report 2020**”), as well as this Notice of AGM which includes Appendix 1 on the information on the Directors of the Company seeking for re-election at the AGM and Appendix 2 on the information in relation to the proposed renewal of the share buyback mandate, and the accompanying proxy form for the AGM have been sent to members of the Company by electronic means via publication on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements> and may also be accessed at the Company’s website at the URL <http://www.vikingom.com/agm21/agm.html>. Printed copies of these documents will NOT be sent to members of the Company.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be convened and held by way of electronic means on **Tuesday, 29 June 2021 at 9.00 a.m.** to transact the following businesses:

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the year ended 31 December 2020 and the Directors’ Statements and the Auditor’s Report thereon.
(Please see Explanatory Note 1)
2. To re-elect Mr Andy Lim, a Director of the Company who is retiring pursuant to Article 93 of the Company’s Constitution, and who, being eligible, offer himself for re-election as a Director of the Company.
(Resolution 1)
(Please see Explanatory Note 2)
3. To re-elect Ms Phua Siok Gek, Cynthia, a Director of the Company who is retiring pursuant to Article 93 of the Company’s Constitution, and who, being eligible, offer herself for re-election as a Director of the Company.
(Resolution 2)
(Please see Explanatory Note 3)
4. To approve the payment of Directors’ fees of up to S\$86,000 for the financial year ending 31 December 2021 (2020: S\$142,500).
(Resolution 3)
5. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 4)

Notice of 2021 Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

6. Authority to allot and issue shares

(a) “That, pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore (“**Companies Act**”), and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of the Catalist (the “**Catalist Rules**”), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors of the Company may in their absolute discretion deem fit, to:

- (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “**Instruments**”), including but not limited to the creation and issue of warrants, debentures or other Instruments convertible into shares; and/or
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of a rights issue, bonus issue or subdivision or consolidation of shares; and

(b) (notwithstanding the authority conferred by Shareholders of the Company may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while the authority was in force, provided always that:

- (i) 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) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a *pro rata* basis to Shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and for the purpose of this resolution, the issued share capital shall be the Company’s total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of convertible securities,
 - (b) new shares arising from exercising of share options or vesting of share awards provided the share options or share awards 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,

provided that adjustments in accordance with sub-paragraphs (1) and (2) 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;

Notice of 2021 Annual General Meeting

- (ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force
 - (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or
 - (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution, until the issuance of such shares in accordance with the terms of the Instruments.”

(Resolution 5)

(Please see Explanatory Note 4)

7. Authority to offer and grant options and share awards and to allot and issue shares pursuant to the Viking Offshore and Marine Limited Share Option Scheme (the “**VOM Scheme**”) and the Viking Long Term Incentive Plan (the “**VL TIP**”).

“That:

- (a) authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions the VOM Scheme and/or to grant share awards in accordance with the VL TIP; and
- (b) approval be and is hereby given to the Directors of the Company to exercise full powers of the Company to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the VOM Scheme, and/or such number of shares as may be required to be allotted and issued pursuant to the award of shares under the VL TIP,

provided that the aggregate number of shares to be issued pursuant to the VOM Scheme and the VL TIP shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company from time to time.”

(Resolution 6)

(Please see Explanatory Note 5)

8. The Proposed Renewal of the Share Buyback Mandate

That:

- (a) for the purposes of the Catalist Rules and the Companies Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or acquire its issued and fully paid-up shares representing not more than ten per cent (10%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at such price(s) as may be determined by the Directors of the Company or a committee of Directors of the Company that may be constituted for the purposes of effecting purchases or acquisitions of shares by the Company from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) an on-market purchase (“**Market Purchase**”), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

Notice of 2021 Annual General Meeting

- (ii) an off-market purchase (“**Off-Market Purchase**”), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);
- (b) unless varied or revoked by Shareholders of the Company in a general meeting, purchases or acquisitions of shares pursuant to the proposed Share Buyback Mandate may be made, at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:
 - (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders of the Company in a general meeting,

whichever is the earliest.

- (c) in this resolution:

“**Maximum Price**”, in relation to a share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105 per cent (105%) of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent (120%) of the Average Closing Price,

where:

“**Average Closing Price**” means the average of the closing market prices of the shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which the purchase or acquisition of shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) market days period and the day on which the purchases or acquisitions of shares are made;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

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- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

(Resolution 7)

(Please see Explanatory Note 6)

9. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary

Singapore, 14 June 2021

Notice of 2021 Annual General Meeting

Explanatory Notes:

1. The audited financial statements of the Company is meant for discussion only as under the provisions of Section 201(1) of the Companies Act and Article 137 of the Company's Constitution, the audited financial statements of the Company need to be laid before the Company at its Annual General Meeting and hence, the matter will not be put forward for voting.
2. The key information of Mr Andy Lim can be found in the sections entitled "Board Members" and "Corporate Governance Report" of the Company's Annual Report 2020 and in Appendix 1 (pursuant to Rule 720(5) of the Catalist Rules) of this Notice of Annual General Meeting. Mr Andy Lim will, upon re-election as a Director of the Company, remain as the Chairman and Executive Director of the Company.
3. The key information of Ms Phua Siok Gek, Cynthia can be found in the sections entitled "Board Members" and "Corporate Governance Report" of the Company's Annual Report 2020 and in Appendix 1 (pursuant to Rule 720(5) of the Catalist Rules) of this Notice of Annual General Meeting. Ms Phua Siok Gek, Cynthia will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairwoman of the Remuneration Committee, as well as a member of the Audit Committee and the Nominating Committee of the Company. The Board of Directors of the Company considers Ms Phua Siok Gek, Cynthia to be independent for the purpose of Rule 704(7) of the Catalist Rules.
4. The ordinary resolution 5 in item no. 6 above is to authorise the Directors of the Company from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate one hundred per cent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the total number of shares and convertible securities issued other than on a *pro rata* basis to existing Shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
5. The ordinary resolution 6 in item no. 7 above is to authorise the Directors of the Company to offer and grant options under the VOM Scheme, as well as to grant share awards pursuant to the VLTIP, provided that the aggregate number of shares to be issued shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.
6. The ordinary resolution 7 in item no. 8 above is to authorise the Directors of the Company from the date of this Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated or the date on which such authority is revoked or varied by Shareholders of the Company in a general meeting, whichever is the earliest, to purchase or acquire by way of Market Purchases or Off-Market Purchases not more than ten per cent (10%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at such price(s) up to the Maximum Price. Information relating to this ordinary resolution 7 is set out in Appendix 2 of this Notice of Annual General Meeting in relation to the proposed renewal of the Share Buyback Mandate.

Notice of 2021 Annual General Meeting

Notes:

No Physical Attendance at the AGM

1. Due to the current COVID-19 situation in Singapore, shareholders of the Company (“Shareholders”) will NOT be able to attend the Annual General Meeting of the Company to be held on **Tuesday, 29 June 2021 at 9.00 a.m.** (“AGM” or “Meeting”) in person. **Any Shareholder seeking to attend the AGM physically in person will be turned away.**

Alternative Arrangements for Participation at the AGM

2. The Company has made the following alternative arrangements for Shareholders to participate at the AGM:
 - (a) observing or listening to the proceedings of the AGM contemporaneously via a “live” audio-visual webcast of the AGM (“**LIVE WEBCAST**”) or a “live” audio-only stream (via telephone) of the AGM (“**LIVE AUDIO FEED**”), respectively;
 - (b) submitting questions in advance of the AGM; and/or
 - (c) voting on their behalf, by appointing the Chairman of the Meeting as proxy at the AGM.
3. Persons who hold the shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate at the AGM by:
 - (i) observing or listening to the proceedings of the AGM contemporaneously via LIVE WEBCAST or LIVE AUDIO FEED, respectively;
 - (ii) submitting questions in advance of the AGM; and/or
 - (iii) voting on their behalf, by appointing the Chairman of the Meeting as proxy at the AGM,

should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares of the Company as soon as possible in order for the necessary arrangements to be made for their participation at the AGM.

Pre-registration Process for LIVE WEBCAST or LIVE AUDIO FEED

4. All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate at the AGM by observing or listening to the proceedings of the AGM by accessing the LIVE WEBCAST (via their smart phones, tablets or laptops/computers) or LIVE AUDIO FEED (via telephone). To do so, Shareholders are required to pre-register their participation at the AGM (“**Pre-registration**”) at the URL <http://www.vikingom.com/agm21/agm.html> (“**AGM Registration and Q&A Link**”) by **9.00 a.m. on 26 June 2021** (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (“**Registration Deadline**”) for verification of their status as Shareholders (or the corporate representatives of such Shareholders).
5. Upon successful verification, each such authenticated Shareholder or its corporate representative will receive an email by **9.00 a.m. on 27 June 2021** which will contain an user ID, a password and a link to access the LIVE WEBCAST to observe the proceedings of the AGM, as well as a toll-free telephone number to access the LIVE AUDIO FEED to listen to the proceedings of the AGM.

Notice of 2021 Annual General Meeting

6. Shareholders or their corporate representatives must not forward the email to other persons who are not Shareholders and who are not entitled to participate at the AGM. This is also to avoid any technical disruptions or overload to the LIVE WEBCAST or LIVE AUDIO FEED.
7. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline but do not receive an email **by 9.00 a.m. on 27 June 2021** may contact the Company's Share Registrar for assistance at tel: +65 6228 0530.

Voting by Proxy

8. **Voting at the AGM is by proxy ONLY. Please note that Shareholders will not be able to vote through the LIVE WEBCAST or LIVE AUDIO FEED and can only vote with their Proxy Forms (as defined herein) which are required to be submitted in accordance with the following paragraphs.**
9. A Shareholder (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) must submit his/her/its Proxy Form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM. The Proxy Form for the AGM may be accessed on the Company's website at the URL <http://www.vikingom.com/agem21/agem.html> and on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.
10. Where a Shareholder (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) appoints the Chairman of the Meeting 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 Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
11. The Chairman of the Meeting, as proxy, need not be a member of the Company.
12. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their votes **by 9.00 a.m. on 17 June 2021** (at least seven (7) working days before the AGM).
13. The duly executed instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy ("**Proxy Form**") must be submitted to the Company in the following manner:
 - a. if submitted by post, be lodged at the office of the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or
 - b. if submitted electronically, by sending a scanned pdf copy by email to be received by the Company's Share Registrar, M&C Services Private Limited at gpb@mncsingapore.com,

in either case **by 9.00 a.m. on 27 June 2021** (being not less than forty-eight (48) hours before the time appointed for holding the AGM) and in default the Proxy Form for the AGM shall not be treated as valid.

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A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

14. The Company will treat any valid Proxy Form appointing other person(s) as proxy(ies) as a valid Proxy Form appointing the Chairman of the Meeting as the Shareholder's proxy to attend, speak and vote at the AGM.
15. Submission by a Shareholder of a valid Proxy Form appointing the Chairman of the Meeting as proxy at least forty-eight (48) hours before the time appointed for holding the AGM will supersede any previous Proxy Form appointing a proxy(ies) submitted by that Shareholder.

Submission of Questions prior to the AGM

16. **Shareholders will NOT be able to ask questions during the AGM via LIVE WEBCAST or LIVE AUDIO FEED, and therefore it is important for Shareholders to submit their questions in advance of the AGM.**
17. Shareholders may submit any questions related to the resolutions to be tabled at the AGM during Pre-registration via the AGM Registration and Q&A Link.
18. The Company will endeavour to address the substantial and relevant questions received from Shareholders relating to the agenda of the AGM prior to the AGM by publishing the responses to these questions on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.vikingom.com/agm21/agm.html>. Where substantial and relevant questions submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM through the LIVE WEBCAST and LIVE AUDIO FEED. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.
19. The Company shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM (together with the responses to the substantial and relevant questions received from Shareholders, if applicable) on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website within one (1) month after the date of the AGM.

Important Reminder: In view of the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements> for updates on the status of the AGM. Shareholders are also strongly encouraged to submit completed Proxy Forms electronically via email.

Notice of 2021 Annual General Meeting

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via LIVE WEBCAST or LIVE AUDIO FEED, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to the LIVE WEBCAST or LIVE AUDIO FEED to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members of the Company received before the AGM and if necessary, following up with the relevant members of the Company in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

Mr Andy Lim and Ms Phua Siok Gek, Cynthia (“**Ms Phua**”) are the Directors of the Company seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 June 2021 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the following is the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules:

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
Date of Appointment	15 June 2009	1 June 2015
Date of last re-appointment	30 April 2018	30 April 2018
Age	63	62
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company (“ Board ”) has considered, among others, the recommendation of the Nominating Committee of the Company (“ NC ”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Andy Lim for re-appointment as Executive Director and Chairman of the Company. The Board have reviewed and concluded that Mr Andy Lim possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Phua for re-appointment as Independent Director of the Company. Ms Phua has demonstrated strong independent character and judgement over the years in discharging her duty and responsibilities as Independent Director of the Company. She has expressed individual viewpoints, debated issues, objectively scrutinised Management and has sought clarification and amplification as she deemed necessary. The Board have reviewed and concluded that Ms Phua possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Andy Lim was appointed Executive Director and Chairman of the Company on 15 June 2009, and is responsible for the overall business operations of the Group. Mr Andy Lim will, upon re-election as a Director of the Company, remain as the Executive Director and Chairman of the Company.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chairman.	Independent Director, Chairwoman of the Remuneration Committee, as well as a member of the Audit Committee and the Nominating Committee of the Company
Professional qualifications	Master in Business Administration, University of California at Los Angeles Bachelor Degree in Engineering, University of Cambridge, United Kingdom (1st Class Honours)	Bachelor of Science, Estate Management, Honors, National University of Singapore Advanced Management Program (2001), Harvard Business School
Working experience and occupation(s) during the past 10 years	Viking Offshore and Marine Limited - Executive Director and Chairman (2009 to present)	Viking Offshore and Marine Limited - Independent Director (2015 to present) Knight Frank Pte Ltd - Management Consultant (2015 to 2018) Knight Frank Property Asset Mgt Pte Ltd - Management Consultant (2015 to 2018) Association of Small and Medium Enterprises - Management Consultant (2015 to 2018) UGS Energy Pte Ltd - Management Consultant (2018 to 2020)

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct interest: 243,643,120 ordinary shares and 34,806,160 warrants in the listed issuer.</p> <p>Deemed interest: 29,400,000 ordinary shares and 4,200,000 warrants in the listed issuer held by Associated Leisure International Pte Ltd whereby Mr Andy Lim holds a 99% shareholding interest.</p>	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Mr Andy Lim is a shareholder and warrant holder of the Company. Please see above for details.</p> <p>The spouse of Mr Ng Yeau Chong (Executive Director and Chief Executive Officer of the Company) is a cousin of Mr Andy Lim.</p>	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7F) under Rule 720(5) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	<p>Tembusu Growth Fund Ltd Tembusu Growth Fund II Ltd Tembusu Growth GIP Fund Ltd Tembusu Growth Fund III Ltd Globalroam Group Ltd. Tembusu-Bona Media Fund Ltd.</p>	<p>Deerland Education Centre (Sole-proprietorship) Deerland Language Centre (Sole-proprietorship) Deerland Pre-School (Sole-proprietorship)</p>
Present	<p>Top Glove Corporation Berhad Money World Asia Pte Ltd MWA Capital Pte. Ltd Money World Marketing Pte. Ltd Tembusu Arbitrage Fund Ltd Associated Leisure International Pte. Ltd Tembusu China Growth Fund Pte. Ltd Tembusu ICT Fund I Pte. Ltd Pacific - AL Consultancy Pte. Ltd Tembusu Partners Pte. Ltd</p>	<p>CP Sixty Pte Ltd Deerland Pre-school Pte Ltd Clarity Singapore Limited Viva Foundation for Children with Cancer (Charity)</p>

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
<p>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.</p>		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
e) Whether he has ever been convicted of any offence, 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 has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
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

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>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?</p>	No	No

Appendix 1: Disclosure of Information on Directors Seeking Re-Election

	MR ANDY LIIM	MS PHUA SIOK GEK, CYNTHIA
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a Director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	<p>Not applicable as this is a re-election of a Director of the Company.</p>	<p>Not applicable as this is a re-election of a Director of the Company.</p>

Appendix 2: Share Buyback Mandate

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

“AGM”	:	Annual general meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting of the Company to be held on 29 June 2021
“Annual Report 2020”	:	The Company’s annual report for the financial year ended 31 December 2020
“Appendix”	:	This appendix to Shareholders in relation to the proposed renewal of the Share Buyback Mandate
“associate”	:	<p>(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;</p> <p>(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“associated company”	:	A company in which at least 20% but not more than fifty per cent 50% of its shares are held by the Company or the Group
“Average Closing Price”	:	Has the meaning ascribed to it in Section 2.2(d) of this Appendix
“Board”	:	The board of Directors of the Company for the time being
“Catalist”	:	The Catalist board of the SGX-ST
“Catalist Rules”	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Viking Offshore and Marine Limited
“Constitution”	:	The constitution of the Company, as amended or modified from time to time

Appendix 2: Share Buyback Mandate

DEFINITIONS

“Controlling Shareholder”	:	A person who holds directly or indirectly 15% or more of the issued Shares (excluding treasury shares) (subject to the SGX-ST determining that such a person is not a Controlling Shareholder) or a person who in fact exercises control over the Company
“Director(s)”	:	The director(s) of the Company
“EGM”	:	Extraordinary general meeting of the Company
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries
“Independent Director”	:	An independent director of the Company
“Latest Practicable Date”	:	11 June 2021, being the latest practicable date prior to the issue of this Appendix
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Section 2.2(c) of this Appendix
“Maximum Price”	:	Has the meaning ascribed to it in Section 2.2(d) of this Appendix
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.2(c) of this Appendix
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buyback Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase or acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Catalist Rules
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts maintained are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Sponsor”	:	ZICO Capital Pte. Ltd.
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the issued Shares

Appendix 2: Share Buyback Mandate

DEFINITIONS

“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“VLTIP”	:	Has the meaning ascribed to it in Section 2.1(b) of this Appendix
“VOM Scheme”	:	Has the meaning ascribed to it in Section 2.1(b) of this Appendix
“\$” and “cents”	:	Dollars and cents respectively of the currency of Singapore
“%” or “per cent”	:	Per centum or percentage

The terms “Depositors”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore. The term “subsidiary” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Appendix 2: Share Buyback Mandate

1. INTRODUCTION

The purpose of this Appendix is to provide the Shareholders with information relating to, and to seek Shareholders' approval for the proposal renewal of the Share Buyback Mandate as further described in Section 2 of this Appendix, at the forthcoming AGM.

If a Shareholder is in doubt about the contents herein or the action he or she should take, he or she should consult his or her bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Rationale

At the EGM held on 15 December 2011, the Company obtained the approval of the Shareholders for the Share Buyback Mandate. The Share Buyback Mandate was renewed at the AGMs held on 30 April 2012, 26 April 2013, 23 April 2014, 28 April 2015, 26 April 2016, 29 April 2017, 30 April 2018, 28 June 2019 and 29 June 2020.

As the Share Buyback Mandate renewed at the last AGM held on 29 June 2020 will be expiring on 28 June 2021, being the date of the forthcoming AGM, the Company intends to seek the approval of the Shareholders for the renewal of the Share Buyback Mandate at such AGM.

The renewal of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in Section 2.2(a) of this Appendix at any time during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced;
- (b) the Company has at present two (2) share-based incentive schemes for its employees, namely, the Viking Offshore and Marine Limited Share Option Scheme (the "VOM Scheme") and the Viking Offshore and Marine Limited Long Term Incentive Plan (the "VLTIP"). Share buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the VOM Scheme and the VLTIP, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders;

Appendix 2: Share Buyback Mandate

- (c) share buybacks by the Company will also enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose; and
- (d) the Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the proposed Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash and/or funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in Section 2.2(a) of this Appendix, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Group, or result in the Company being delisted from Catalist. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on Catalist.

2.2 Authority and limits

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

(a) [Maximum number of Shares](#)

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the forthcoming AGM at which the Share Buyback Mandate is renewed. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

For illustrative purposes only, on the basis of 1,098,719,574 Shares in issue (excluding 7,961,500 treasury shares and nil subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, and that the Company does not reduce its share capital, not more than 109,871,957 Shares (representing 10% of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the duration referred to in Section 2.2(b) of this Appendix.

Appendix 2: Share Buyback Mandate

(b) Duration of authority

Purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the forthcoming AGM, at which the Share Buyback Mandate is renewed, up to:

- (i) the date on which the next AGM of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed at the next AGM or any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose certain information, including details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, the total consideration paid for the purchases or acquisitions.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) an on-market purchase ("Market Purchase"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase ("Off-Market Purchase"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for time being be applicable.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Companies Act and the Catalist Rules, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the above-mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and

Appendix 2: Share Buyback Mandate

- (iii) the terms of the offers are the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed purchase or acquisition of Shares;
 - (iv) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
 - (v) whether the purchases or acquisitions of shares, if made, would have any effect on the listing of the Shares on Catalist;
 - (vi) details of any purchases or acquisitions of shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) [Purchase Price](#)

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

Appendix 2: Share Buyback Mandate

(the “Maximum Price”) in either case, excluding related expenses of the purchase or acquisition, where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days period and the day on which the purchase or acquisitions of Shares are made;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of purchased or acquired Shares

All Shares purchased or acquired by the Company (other than Shares held in treasury by the Company to the extent permitted under the Companies Act and the Constitution) will be automatically delisted from Catalist, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

The Company intends to hold all Shares purchased or acquired pursuant to the Share Buyback Mandate as treasury shares.

2.4 Treasury Shares

Under the Companies Act, where ordinary shares of the Company are purchased or acquired by the Company in accordance with Sections 76B to 76G of the Companies Act, the Company may hold or deal with such shares as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum holdings

The number of shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution of the Company’s assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

Appendix 2: Share Buyback Mandate

(c) [Disposal and cancellation](#)

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.5 [Reporting requirements](#)

Pursuant to Rule 871 of the Catalist Rules, a listed company shall announce all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The announcement of such purchases or acquisitions of Shares shall be in such form and shall include such details as may be prescribed under the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the relevant announcement.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of Shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

Appendix 2: Share Buyback Mandate

2.6 Sources of funds

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company is permitted to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.7 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Group and the Company as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total issued share capital will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

Appendix 2: Share Buyback Mandate

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group and the Company, are based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2020, and are based on the assumptions set out below:

- (a) based on 1,098,719,574 Shares in issue as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the AGM and no Shares are held by the Company as treasury shares on or prior to the AGM, not more than 109,871,957 Shares (representing 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 109,871,957 Shares at the Maximum Price of S\$0.0042 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the date of suspension of the trading of the Shares on Catalist on 14 June 2019), the maximum amount of funds required for the purchase or acquisition of the 109,871,957 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$461,462; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 109,871,957 Shares at the Maximum Price of S\$0.0048 for one (1) Share (being the price equivalent to 20% above the Average Closing Price of the Shares on the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the date of suspension of the trading of the Shares on Catalist on 14 June 2019), the maximum amount of funds required for the purchase or acquisition of the 109,871,957 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$527,385.

For illustrative purposes only and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and/or external borrowings, (ii) the Share Buyback Mandate had been effective on 1 January 2020 and (iii) the Company had purchased or acquired the 109,871,957 Shares (representing 10% of its issued ordinary share capital (excluding treasury shares and subsidiary holdings) at the Latest Practicable Date), the financial effects of the purchase or acquisition of the 109,871,957 Shares by the Company pursuant to the Share Buyback Mandate:

- (1) by way of purchases made entirely out of profits and held as treasury shares;
- (2) by way of purchases made entirely out of capital and held as treasury shares;
- (3) by way of purchases made entirely out of profits and cancelled; and
- (4) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2020 pursuant to the Share Buyback Mandate are as follows:

Appendix 2: Share Buyback Mandate

- (1) Purchases made entirely out of profits and held as treasury shares

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020						
Share capital	102,605	102,605	102,605	102,605	102,605	102,605
Capital and other reserve	(853)	(853)	(853)	113	113	113
Retained earnings	(121,857)	(121,857)	(121,857)	(118,369)	(118,369)	(118,369)
Treasury shares	(528)	(989)	(1,055)	(528)	(989)	(1,055)
Shareholders' funds	(20,633)	(21,094)	(21,160)	(16,179)	(16,641)	(16,707)
Net tangible liabilities	(21,518)	(21,980)	(22,046)	(16,179)	(16,641)	(16,707)
Minority interests	(53)	(53)	(53)	-	-	-
Current assets	28,300	27,839	27,773	201	(260)	(326)
Current liabilities	49,958	49,958	49,958	20,847	20,847	20,847
Working capital	(21,658)	(22,119)	(22,185)	(20,646)	(21,107)	(21,173)
Number of issued shares ('000) (net of treasury shares)	1,098,720	988,848	988,848	1,098,720	988,848	988,848
Financial ratios						
Net tangible liabilities per Share (cents)	(1.96)	(2.22)	(2.23)	(1.47)	(1.68)	(1.69)
Current ratio (times)	0.57	0.56	0.56	0.01	(0.01)	(0.02)
Earnings per Share (cents)	(2.37)	(2.64)	(2.64)	(1.59)	(1.77)	(1.77)

Appendix 2: Share Buyback Mandate

(2) Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020						
Share capital	102,605	102,605	102,605	102,605	102,605	102,605
Capital and other reserve	(853)	(853)	(853)	113	113	113
Retained earnings	(121,857)	(121,857)	(121,857)	(118,369)	(118,369)	(118,369)
	(20,105)	(20,105)	(20,105)	(15,651)	(15,651)	(15,651)
Treasury shares	(528)	(989)	(1,055)	(528)	(989)	(1,055)
Shareholders' funds	(20,633)	(21,095)	(21,161)	(16,179)	(16,641)	(16,707)
Net tangible liabilities	(21,518)	(21,980)	(22,046)	(16,179)	(16,641)	(16,707)
Minority interests	(53)	(53)	(53)	-	-	-
Current assets	28,300	27,839	27,773	201	(260)	(326)
Current liabilities	49,958	49,958	49,958	20,847	20,847	20,847
Working capital	(21,658)	(22,119)	(22,185)	(20,646)	(21,107)	(21,173)
Number of issued shares ('000) (net of treasury shares)	1,098,720	988,848	988,848	1,098,720	988,848	988,848
Financial ratios						
Net tangible liabilities per Share (cents)	(1.96)	(2.22)	(2.23)	(1.47)	(1.68)	(1.69)
Current ratio (times)	0.57	0.56	0.56	0.01	(0.01)	(0.02)
Earnings per Share (cents)	(2.37)	(2.64)	(2.64)	(1.59)	(1.77)	(1.77)

Appendix 2: Share Buyback Mandate

(3) Purchases made entirely out of profits and cancelled

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020						
Share capital	102,605	102,605	102,605	102,605	102,605	102,605
Capital and other reserve	(853)	(853)	(853)	113	113	113
Retained earnings	(121,857)	(122,318)	(122,384)	(118,369)	(118,830)	(118,896)
	(20,105)	(20,567)	(20,633)	(15,651)	(16,113)	(16,179)
Treasury shares	(528)	(528)	(528)	(528)	(528)	(528)
Shareholders' funds	(20,633)	(21,095)	(21,161)	(16,179)	(16,641)	(16,707)
Net tangible liabilities	(21,518)	(21,980)	(22,046)	(16,179)	(16,641)	(16,707)
Minority interests	(53)	(53)	(53)	-	-	-
Current assets	28,300	27,839	27,773	201	(260)	(326)
Current liabilities	49,958	49,958	49,958	20,847	20,847	20,847
Working capital	(21,658)	(22,119)	(22,185)	(20,646)	(21,107)	(21,173)
Number of issued shares ('000) (net of treasury shares)	1,098,720	988,848	988,848	1,098,720	988,848	988,848
Financial ratios						
Net tangible liabilities per Share (cents)	(1.96)	(2.22)	(2.23)	(1.47)	(1.68)	(1.69)
Current ratio (times)	0.57	0.56	0.56	0.01	(0.01)	(0.02)
Earnings per Share (cents)	(2.37)	(2.64)	(2.64)	(1.59)	(1.77)	(1.77)

Appendix 2: Share Buyback Mandate

- (4) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase	Before Share Purchase	After Share Purchase assuming Market Purchase	After Share Purchase assuming Off-Market Purchase
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020						
Share capital	102,605	102,143	102,077	102,605	102,143	102,077
Capital and other reserve	(853)	(853)	(853)	113	113	113
Retained earnings	(121,857)	(121,857)	(121,857)	(118,369)	(118,369)	(118,369)
	(20,105)	(20,567)	(20,633)	(15,651)	(16,113)	(16,179)
Treasury shares	(528)	(528)	(528)	(528)	(528)	(528)
Shareholders' funds	(20,633)	(21,095)	(21,161)	(16,179)	(16,641)	(16,707)
Net tangible liabilities	(21,518)	(21,980)	(22,046)	(16,179)	(16,641)	(16,707)
Minority interests	(53)	(53)	(53)	-	-	-
Current assets	28,300	27,839	27,773	201	(260)	(326)
Current liabilities	49,958	49,958	49,958	20,847	20,847	20,847
Working capital	(21,658)	(22,119)	(22,185)	(20,646)	(21,107)	(21,173)
Number of issued shares ('000) (net of treasury shares)	1,098,720	988,848	988,848	1,098,720	988,848	988,848
Financial ratios						
Net tangible liabilities per Share (cents)	(1.96)	(2.22)	(2.23)	(1.47)	(1.68)	(1.69)
Current ratio (times)	0.57	0.56	0.56	0.01	(0.01)	(0.02)
Earnings per Share (cents)	(2.37)	(2.64)	(2.64)	(1.59)	(1.77)	(1.77)

Shareholders should note that the financial effects set out above are purely for illustrative purposes and based only on the above-mentioned assumptions. In particular, it is important to note that the above financial analysis is based on the Group's and the Company's historical numbers for the financial year ended 31 December 2020, and is not necessarily representative of the future financial performance of the Group and the Company. The Company will take into account both financial and non-financial factors (for example, equity market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Appendix 2: Share Buyback Mandate

2.8 Catalyst Rules

While the Catalyst Rules do not expressly prohibit purchases of shares by a Catalyst company during any particular time or times, a Catalyst company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealing issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

- (a) one (1) month immediately preceding the announcement of the Company’s full-year results; and
- (b) two (2) weeks immediately preceding the announcement of the Company’s first three (3) quarterly results.

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public. The “public”, as defined under the Catalyst Rules, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Group, as well as the associates of such persons.

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, 652,639,427 Shares, representing approximately 59.4% of the issued Shares (excluding treasury shares and subsidiary holdings), are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate, and there is no other change to the capital structure of the Company and no change to the Shares held by the Directors and the Substantial Shareholders, the number of Shares in the hands of the public would be reduced to 542,767,470 Shares, representing approximately 54.9% of the reduced issued share capital of the Company. If the Shares in the hands of the public falls below 10% of the reduced issued share capital of the Company, the SGX-ST may suspend trading of the Shares.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

Appendix 2: Share Buyback Mandate

2.9 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) [Obligation to make a take-over offer](#)

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting rights of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) [Persons acting in concert](#)

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;

Appendix 2: Share Buyback Mandate

- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Take-over Code.

(c) [Effect of Rule 14 and Appendix 2 to the Take-over Code](#)

In general terms, the effect of Rule 14 and Appendix 2 to the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares:

- (i) the voting rights of such Directors and persons acting in concert with them would increase to 30% or more; or
- (ii) in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six (6) months (commonly referred to as the "1% creeper rule").

In calculating the percentages of voting rights of such Directors and persons acting in concert with them, treasury shares shall be excluded.

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares:

- (i) the voting rights of such Shareholder would increase to 30% or more; or
- (ii) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Appendix 2: Share Buyback Mandate

Based on the information in the Company's Register of Members as at the Latest Practicable Date, none of the Directors or Substantial Shareholders are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 to the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the proposed Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buyback Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.11 Previous Share buybacks

The Company did not purchase or acquire any Shares during the 12-month period immediately preceding the Latest Practicable Date.

2.12 Limits on Shareholdings

The Company does not have any individual or foreign limit on the shareholding of any Shareholder.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the Registers of Directors' interests in Shares and Substantial Shareholders' interests in Shares, respectively, are as follows:

Directors	Direct Interest	Number of Shares		
		%	Deemed Interest	%
Andy Lim ⁽¹⁾	243,643,120	22.18	29,400,000	2.67
Ng Yeau Chong	1,540,000	0.14	-	-
Lee Suan Hiang	3,570,000	0.32	-	-
Kelvin Tan Wee Peng	2,000,000	0.18	-	-
Phua Siok Gek Cynthia	-	-	-	-
Substantial Shareholders (other than Directors)				
Viking Engineering Pte Ltd ⁽²⁾	85,989,200	7.83	-	-
Johansson Bo Robert ⁽³⁾	-	-	85,989,200	7.83
Sune Gustaf Sigvard Andersson ⁽³⁾	-	-	85,989,200	7.83
Tan Boy Tee ⁽⁴⁾	80,000,000	7.28	-	-

Appendix 2: Share Buyback Mandate

Notes:

- (1) Mr Andy Lim has a direct interest in 243,643,120 Shares, of which 243,106,880 Shares are registered in his own name and 536,240 Shares are registered and held through Phillip Securities Pte Ltd.

Mr Andy Lim is further deemed interested in the 29,400,000 Shares held by Associated Leisure International Pte Ltd whereby he holds a 99% shareholding interest.

- (2) Viking Engineering Pte Ltd has a direct interest in 85,989,200 Shares which are registered and held through DBS Vickers Securities (Singapore) Pte Ltd.
- (3) Mr Johansson Bo Robert and Mr Sune Gustaf Sigvard Andersson are the substantial shareholders (50% each) of Viking Engineering Pte Ltd and are deemed interested in the 85,989,200 Shares held by Viking Engineering Pte Ltd.
- (4) Mr Tan Boy Tee has a direct interest in 80,000,000 Shares which are registered and held through DBS Nominees Pte Ltd.

Save as disclosed above, none of the Directors or Substantial Shareholders and their respective Associates, has any interest, direct or indirect, in the Share Buyback Mandate.

4. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the terms, rationale and benefits of the proposed renewal of the Share Buyback Mandate, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate, at the forthcoming AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

Appendix 2: Share Buyback Mandate

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Constitution and the Annual Report 2020 may be inspected by Shareholders at the registered office of the Company at 21 Kian Teck Road, Singapore 628773 during normal business hours from the date of this Appendix up to and including the date of the AGM.

Yours faithfully,

For and on behalf of the Board of Directors
Viking Offshore and Marine Limited

Mr Ng Yeau Chong
Chief Executive Officer and Executive Director

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VIKING OFFSHORE AND MARINE LIMITED

(Company Registration No. 199307300M)
(Incorporated in the Republic of Singapore)

PROXY FORM FOR ANNUAL GENERAL MEETING

IMPORTANT:

1. The Annual General Meeting of the Company to be held on Tuesday, 29 June 2021 at 9.00 a.m. (the "AGM" or "Meeting") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Company's Notice of AGM dated 14 June 2021 ("Notice") and this accompanying proxy form will not be sent to members. Instead, the Notice and this accompanying proxy form will be sent to members by electronic means via publication on the Company's website at the URL <http://www.vikingom.com/aggm21/aggm.html> and on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions related to the resolutions to be tabled at the AGM, prior to, or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM), are set out in the Notice.
3. **A member (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. For investors who have used their CPF and SRS monies to buy shares (CPF and SRS Investors), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS Investors who hold shares through CPF Agent Banks and SRS Operators and who wish to appoint the Chairman of the Meeting as proxy should contact their respective CPF Agent Banks and SRS Operators to submit their votes by **9.00 a.m. on 17 June 2021** (at least seven (7) working days before the AGM).
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We _____ (Name) _____ (NRIC/ Passport /Company Registration No.) of _____ (Address) being a member/members of VIKING OFFSHORE AND MARINE LIMITED (the "**Company**"), hereby appoints the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held by way of electronic means on Tuesday, 29 June 2021 at 9.00 a.m. (Singapore time) and at any adjournment thereof. *I/We direct the Chairman of the Meeting as *my/our proxy to vote for or against or abstain from voting on the Resolutions to be proposed at the Meeting as indicated below.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**)

No.	Ordinary Resolutions	For	Against	Abstain
1.	Re-election of Mr Andy Lim as a Director of the Company			
2.	Re-election of Ms Phua Siok Gek, Cynthia as a Director of the Company			
3.	Approval of the payment of Directors' fees of up to S\$86,000 for the financial year ending 31 December 2021			
4.	Re-appointment of Messrs Ernst & Young LLP as auditors of the Company and authority to the Directors of the Company to fix their remuneration			
5.	Authority to allot and issue shares			
6.	Authority to offer and grant options and share awards and to allot and issue shares pursuant to the Viking Offshore and Marine Limited Share Option Scheme and the Viking Long Term Incentive Plan			
7.	Approval of the proposed renewal of the Share Buyback Mandate			

*delete as appropriate

Dated this ____ day of June 2021.

Total Number of Shares Held

Signature (s) of Member(s) or Common Seal

Important: Please read notes overleaf.



Notes:-

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert the number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all shares held by the member.
2. A member (whether individual or corporate and including a relevant intermediary, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) must submit his/her/its proxy form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy, such member must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The duly completed and executed proxy form must be submitted to the Company in the following manner:
 - a) if submitted by post, be lodged at the office of the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or
 - b) if submitted electronically, by sending a scanned pdf copy by email to be received by the Company's Share Registrar, M&C Services Private Limited at gpb@mncsingapore.com,

in either case **by 9.00 a.m. on 27 June 2021** (being not less than forty-eight (48) hours before the time appointed for holding the AGM) and in default the proxy form shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
5. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), be lodged/emailed with the proxy form, failing which the instrument shall be treated as invalid.
6. The Company shall be entitled to reject the proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Please affix
postage
stamp

Viking Offshore and Marine Limited c/o The Share Registrar
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902



Viking Offshore and Marine Limited

Company Registration No. 199307300M

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