



A N N U A L R E P O R T 2 0 2 1



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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. ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of the 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 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, 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 gascentric applications. Increasingly, our system solutions are being accepted and popularised beyond our oil and gas, and offshore and marine customers.

Given the current difficult conditions facing the industry, we have divested out of the asset management services segment. Our current focus in this segment is primarily centred around the recovery of outstanding receivables from the defaulted charterers as well as actively seeking opportunities to monetise any possible assets.

With the impact of the Covid-19 pandemic, we see the need for diversifying our business portfolio. In 2022, we have incorporated a new subsidiary based in Malaysia which will be used and geared to venture into two new business areas, (i) the supply chain management business covering provision of a range of products and services relating to the management of the production flow for

the target industries ranging from the food and beverage, hotel and hospitality, sanitization and disinfection, to customer service industry; and (ii) lifestyle retail business, more specifically in family entertainment and lifestyle convenience. These new businesses are viewed as profitable and sustainable businesses particularly in the post-pandemic time where the governmental rules are increasingly relaxed and the consumers are adapting to post-pandemic norms. Despite that, as the economy is still in recovery in the years coming, we will execute our business diversification plan by stages and we intend to start off with our focus on the supply chain management business first by offering robot products integrated with artificial intelligence technology and health and wellness products to the relevant markets.

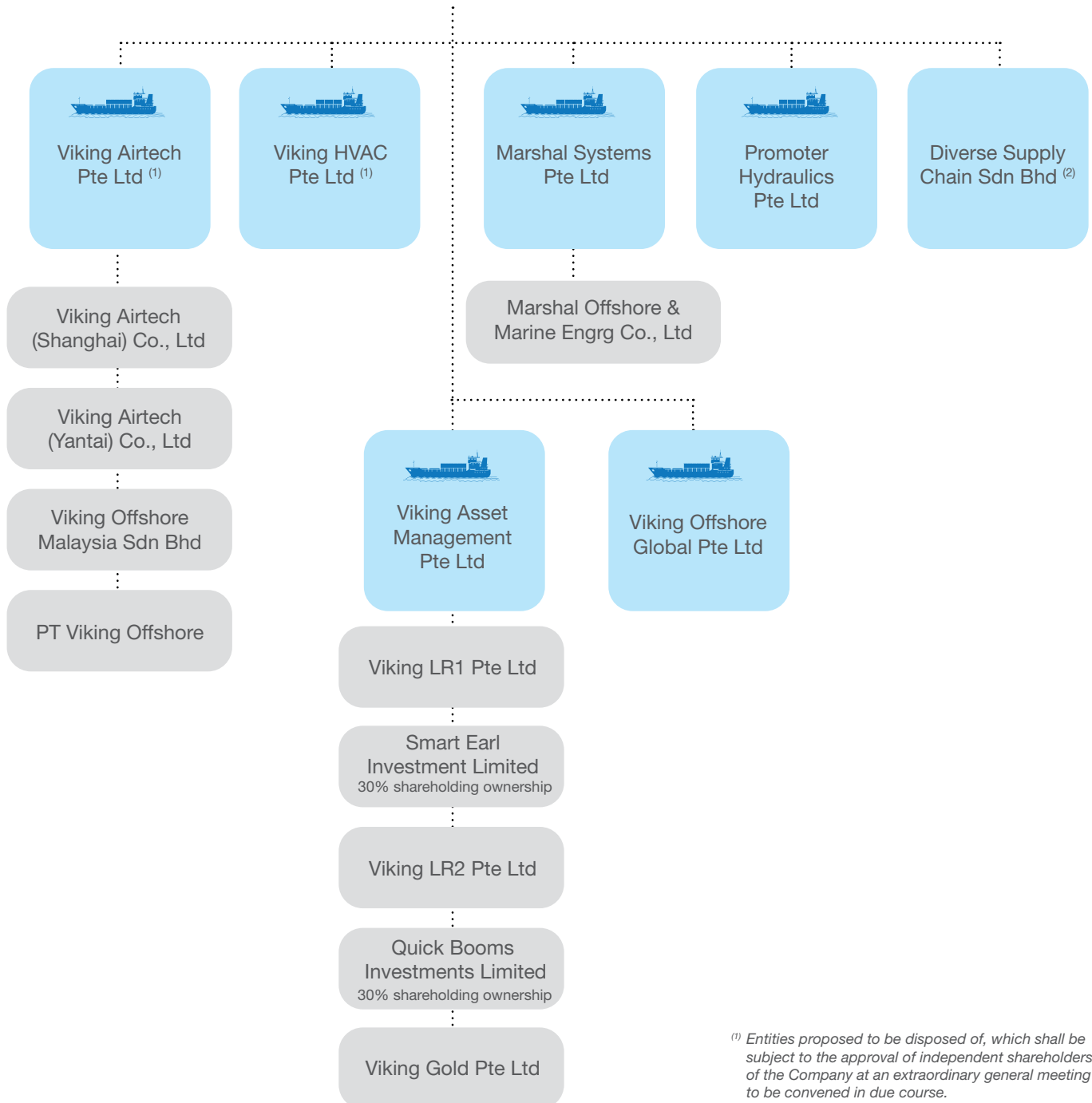
These new businesses will be run and led by a team of personnel who have established experiences, network and track record in the supply chain management industry and the retail business industry while guided by our new shareholders. Through their relevant expertise, it will allow us to make a strong entry into the markets of the new businesses and continuously build stable profit-generating and sustainable businesses for the Group.

The Company will be seeking its shareholders' approval for the proposed business diversification into the supply chain management business and the lifestyle retail business. Further details will be provided to shareholders in due course. The new businesses are proposed to benefit the Group from increased business opportunities with an aim to enhance its financial position and long-term prospects of the Group.

GROUP STRUCTURE

VIKING OFFSHORE AND MARINE LIMITED

Listed on Singapore Exchange



⁽¹⁾ Entities proposed to be disposed of, which shall be subject to the approval of independent shareholders of the Company at an extraordinary general meeting to be convened in due course.

⁽²⁾ Incorporated on 19 January 2022.

FINANCIAL SUMMARY

FINANCIAL PERFORMANCE (\$MILLION)

	2017	2018	2019	2020	2021
Revenue	38.7	30.1	21.3	17.2	10.8
Gross Profit	15.4	11.5	6.0	5.0	3.4
Gross Margin	40%	38%	28%	29%	32%
Net Profit/(Loss) Before Tax	-13.5	-28.2	-31.5	-25.4	15.4
Net Profit/(Loss) After Tax	-13.2	-28.0	-32.0	-26.1	15.4

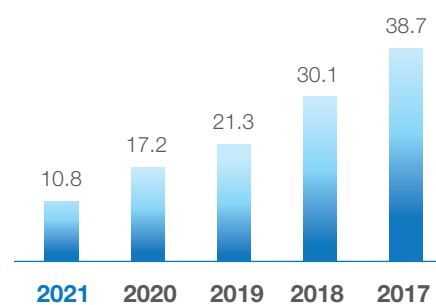
FINANCIAL POSITION (\$MILLION)

	2017	2018	2019	2020	2021
Total Assets	130.1	101.8	73.8	29.3	5.3
Total Liabilities	65.2	64.8	69.0	50	7.7
Shareholder's Equity	64.9	37.0	4.8	-20.7	-2.4
Net Current Assets/(Liabilities)	25.4	12.1	-20.9	-21.7	-2.5
Cash & Cash Equivalents	6.1	3.6	2.4	2.6	1.4

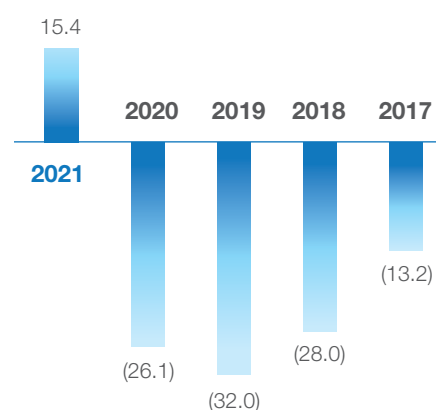
CASH FLOW (\$MILLION)

	2017	2018	2019	2020	2021
Opening Cash Balance	4.7	6.0	3.6	2.4	2.6
Net Cash Flow From Operations	3.0	2.0	0.2	1.2	-4.4
Net Cash Flow from Investing	-	-	-	-0.2	-0.1
Net Cash Flow from Financing	-1.6	-4.6	-1.4	-0.8	3.3
Ending Cash Balance	6.1	3.6	2.4	2.6	1.4

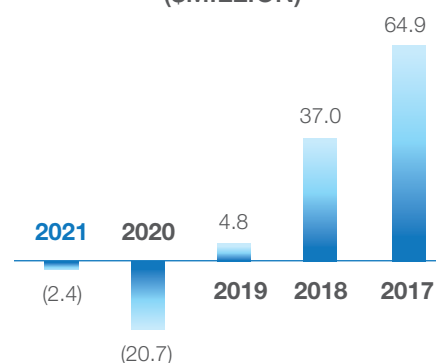
REVENUE (\$MILLION)



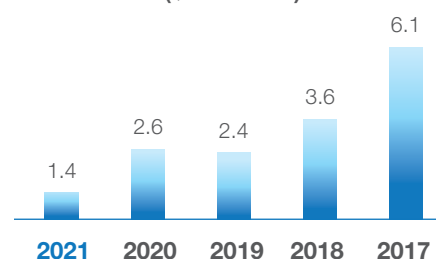
NET PROFIT/(LOSS) AFTER TAX (\$MILLION)



SHAREHOLDER'S EQUITY (\$MILLION)



CASH AND CASH EQUIVALENTS (\$MILLION)



CHAIRMAN AND CEO'S REPORT

Dear Shareholders

The main highlight of the Group for the past year was the successful completion of the scheme of arrangement, resulting in the restructuring of debts of the Company and the resumption of trading of the Company's securities on the Singapore Exchange Securities Trading Limited ("SGX-ST") in the third quarter of 2021. For that, we thank all our shareholders, employees, customers, suppliers, and creditors for their patience and support during the restructuring period.

With the many challenges we encountered during the restructuring effort, the global pandemic situation, the continued laggard of the offshore and marine industry, business sustainability and cashflow conservancy were the key priorities for the Group in the year 2021.

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 reduce our workforce and wages, and scrutinise every discretionary spending.

Our order intake for the year was lower as 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 deferment of projects due to disruption of supply chain as a result of the pandemic. The low current year activities coupled with the lower orderbook carried forward from the prior year further exacerbated our business performance.

To negate the low newbuild segment, we focused our efforts on the supply of parts and services which continued to see decent demand. Unfortunately, the safety measures arising from the pandemic management and travelling 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 major ship building/conversion countries such as China and Singapore, resulting in a corresponding decrease in revenue contribution from these markets.

We anticipate the difficult industry conditions to persist and the 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, remains necessary for us to sustain the business going forward.

Asset Management Services

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

Corporate Restructuring

The Company had successfully restructured its debts pursuant to a Scheme of Arrangement on 17 August 2021. The lifting of trading suspension and resumption of trading of the Company's securities on the SGX-ST took place on 23 August 2021 after more than two years of suspension for the Group to undertake its debt restructuring activities. The Group will continue to focus on conserving its cash and liquidity while looking into avenues to monetise its capital assets to strengthen its working capital.

CHAIRMAN AND CEO'S REPORT

Financial Review

The Group's revenue decreased to S\$10.8 million in FY2021, as compared to S\$17.2 million in FY2020, mainly due to the lower order intake for the year and lowered orderbook carried forward from the prior year as a result of the continued difficult industry conditions.

While gross profit margin improved year-on-year from 29% in FY2020 to 32% for the year due to better revenue mix of parts and services components which generally yielded higher margins, the gross profit is lower in tandem with the overall lower revenue for the year.

The increase in other income was mainly attributable to non-cash gain of S\$24.0 million from the reversal of liabilities after the conclusion of the Scheme of Arrangement on 17 August 2021 and foreign exchange gains of S\$1.2 million in FY2021 (FY2020: foreign exchange loss of S\$0.5 million) due to strengthening of the US Dollars. The aforesaid increases were partially offset by lower government grants in FY2021 and the absence of gain from the final settlement from legal dispute of S\$0.5 million recorded in FY2020. These are one-off items that are not expected to recur in the future.

Total expenses, excluding one-off impairment charges, decreased year-on-year with the exception of marketing expenses and distribution expenses due to increase in shipping and travelling costs as a result of Covid-19 restrictions. The lower expenses in general were expected given the prudent expense management efforts coupled with lower discretionary spending from lower business levels. The expense reduction would otherwise be more profound if not for the incurring of restructuring and corporate activities-related expenses. The impairment charges mainly resulted from accounting for valuation of goodwill, inventories, trade and other receivables and contract assets on the Group's balance sheet as at 31 December 2021; and were recorded in Impairment losses on financial assets and contract assets. The impairment loss on goodwill of S\$0.8 million was made in view of the

lower carrying value of the offshore and marine services businesses due to weaker orderbooks and cashflows projections; the impairment loss on inventories of S\$1.7 million pertaining to slower moving stocks and work-in-progress due to the business slowdowns and cancellations; trade and other receivables and contract assets were impaired by S\$1.2 million due to long over payments and postponement of contracts with no current visible delivery dates.

As a result of the above, the Group recorded a net profit after tax of S\$15.5 million. Despite the reversal of the majority of the Group's liabilities, the Group's net liabilities stood at S\$2.4 million as at 31 December 2021.

The above explained impairment losses resulted in the corresponding reduction in non-current assets, inventories, trade and other receivables and contract assets accordingly in the Group's balance sheet as at 31 December 2021. The reduction in non-current assets was due to the depreciation of property, plant and equipment and write down of intangible assets. The reduction of inventories during the financial year was largely due to write down as a result of inventory obsolescence. Both trade receivables, and other payables and accruals decreased mainly attributable to the set-off of amounts due to and due from the charterer of the land rigs of approximately S\$16.5 million. The reductions of other payables and accruals, term loans and redeemable exchangeable bonds were attributable to the cash settlements and issuance of conversion shares to the Scheme Creditors. Other receivables and deposits decreased as the Group managed to recover the amounts due during the year. The decrease in net amount of contract assets and contract liabilities was a result of timing of project billing milestones and reduction in project contracts and impairment of contract assets.. The Group reported an improvement of its working capital position in FY2021, from negative S\$21.7 million as at 31 December 2020, to negative S\$2.5 million as at 31 December 2021. Subsequent to 31 December 2021, the Company completed a placement exercise on 28 January 2022, and raised net proceeds of S\$0.88 million. In addition, interest

CHAIRMAN AND CEO'S REPORT

free loan from existing and previous shareholders as at 31 December 2021 amounting to S\$1.49 million due in less than 1 year from 31 December 2021 were negotiated and agreed in the first quarter of 2022 to be repaid in the second half of 2023. These effectively improved the working capital position of the Group to a breakeven position.

Cash and cash equivalents as at 31 December 2021 was lower than that at the prior year-end. The cashflow used in operations were mainly due to repayment of liabilities that were put on hold during the Group's restructuring exercise. This was offset by the net inflow from financing activities due to the proceeds from issuance of shares pursuant to placement exercise, and loans and borrowings from Blue Ocean Capital Partners Pte. Ltd. and Mr Ng Yeau Chong. While the Group recorded a net profit for the year, a large contribution to the profits were non-cash written back 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. While we have come a long way in our fight against the pandemic, we still have adjustments to be made before being accustomed to a new normal. With the gradual reopening of borders with less stringent requirements, economic recovery, if any, will be gradual and business activities will be measured.

On 18 November 2021, the Company announced, inter alia, a mandatory unconditional cash offer by a group of persons consisting of 4 corporate entities and 1 individual (collectively, the "Joint Offerors") for all the existing shares and outstanding warrants of the Company. The Joint Offerors had acquired a major portion of the Company's shares of approximately 87% of the total issued shares (excluding treasury shares) of the Company, at the purchase consideration of S\$0.01 per share. Subsequently, on 4 January 2022, the Company announced the close of the cash offer, which saw the shareholdings of the Joint Offerors increasing to approximately 87% of the total issued shares (excluding treasury shares) of the Company.

The new chapter for the Group will be an exciting one. The Company is proposing a business diversification to include supply chain management business and lifestyle retail business, subject to shareholders approval at an extraordinary general meeting to be convened in due course. The Company intends to make a strong entry into the supply chain management industry by providing products and services integrated with trendy technologies including the artificial intelligence to customers in various commercial fields and industries ranging from the food and beverage, hotel and hospitality, customer service to sanitisation and disinfection. Further to the foregoing, the Group will explore the opportunities of acquiring and operating lifestyle retail business, more specifically in the line of family entertainment and lifestyle convenience, which the Group believes that such industries will show strong recovery in the post-pandemic economy. These new businesses will be led and managed by a team of personnel who have established experiences in the relevant industries and will continue to be brought into the Group. We see potential in these new businesses in providing additional and recurrent revenue streams with sustainable and long-term prospects of profitability and growth for the Group.

A lot has happened, we have come a long way and more needs to be done with the objective focusing on enhancing the Group's business performance and shareholder value. Let us work together and press on to overcome these challenges to succeed in the new world order.

Thank you.

Datuk Low Kim Leng

Chairman and Independent Non-Executive Director

Mr Ng Yeau Chong

Executive Director and Chief Executive Officer

BOARD MEMBERS

LOW KIM LENG, 59

Chairman and Independent Non-Executive Director

Datuk Low was appointed as an Independent Non-Executive Director of the Company on 1 January 2022 and as Chairman of the Board of Directors of the Company on 9 February 2022. Datuk Low graduated from Manchester Metropolitan University (UK) with a degree of Bachelor of Art (Hons) (Law) in 1983 and as an Utter Barrister of the Honourable Society of Gray's Inn, he was admitted to the English Bar in 1984. He was called to the Malaysian Bar and was admitted as an advocate and solicitor of the High Court of Malaysia in 1985. He practices law under the name and style of Messrs Ringo Low & Associates since 2003, of which he is now a principal partner and a registered Trade Mark Agent. He has been appointed as a Notary Public to carry out notarial functions since 2004. He is also a legal advisor to various national organisations. In recognition of his excellent services rendered as a lawyer and a corporate advisor, he was conferred the award at Darjah Pangkuan Seri Melaka by TYT Tun Datuk Seri Utama Dr Khalil bin Yaakob, the Governor of Melaka in November 2018.

NG YEAU CHONG, 55

Executive Director and Chief Executive Officer

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, namely, 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).

ONG SWEE SIN, 38

Executive Director

Mr Ong was appointed as an Executive Director of the Company on 6 January 2022. He is responsible for the corporate development of the Group and introduction of new business to the Group. Currently Mr Ong also serves as the Managing Director of the Company's wholly-owned subsidiary, Diverse Supply Chain Sdn Bhd. Mr Ong has over 15 years of business founding experience and professional experience covering Information Technology Engineering, Research and Development Management (IT), Software Development, Sales and Marketing, Business and Corporate Development, Corporate & Compliance, Project Management, and General Management, in both public and private sectors. Mr Ong currently holds non-executive directorship appointments and held project management and advisory position with several other private companies in Malaysia. Mr Ong holds a Bachelor of Engineering (Hons) Electronics majoring in Robotics and Automation (First Class Honours) from Multimedia University of Malaysia where he was also awarded the President Award 2007.

WEE HOCK KEE, 60

Independent Non-Executive Director

Mr Wee was appointed as an Independent Non-Executive Director of the Company on 1 February 2022. Mr Wee is a Faculty Member and Fellow of Institute of Corporate Director Malaysia (ICDM). He specializes in subjects relating to corporate governance, board effectiveness evaluation and risk management. Since 2005, Mr Wee has been the Managing Partner of CG Board Asia Pacific Sdn Bhd, which provides learning and leadership development in governance, risk management and internal control. He was the past President of the Institute of Internal Auditors Malaysia (IIAM) and Asian Confederation of Institute of Internal Auditors (ACIIA), former board member of the Institute of Internal Auditors Global, member of ACCA Malaysia's Advisory Council and past Chairman of the Internal Audit Working Group of Malaysia Institute of Accountants (MIA). He won the Malaysian Internal Auditor of the Year Award for 2001. Mr Wee also served as the Chairman of the 2011 Institute of Internal Auditors

BOARD MEMBERS

International Conference in KL. He was also a Research Fellow in HELP University ELM Faculty. He has worked in a number of multinational companies as Chief Audit Executive. His last position was with AstraZeneca (UK) as the Regional Audit Director of Asia Pacific, Middle East and Africa. Mr Wee has sat on a number of public listed companies in Malaysia and in his capacity as a board member of these public listed companies, he also chaired their respective Audit and Risk Management Board Committees. Currently, Mr Wee is the Chairman of the Governance, Ethics, Assurance and Risk Committee of Pertubuhan Keselamatan Sosial (Perkeso). He is also a Member of the Licensing and Air Traffic Rights Committee of the Malaysian Aviation Commission (MAVCOM). Mr Wee was an independent director of three public listed companies, two in ACE BURSA Malaysia and one in AIM London Stock Exchange. Mr Wee holds a Certification in Risk Management Assurance (CRMA), US, and is a Chartered Fellow of IIA, a Chartered Accountant (M) with MIA as well as a Fellow of Association of Chartered Certified Accountants (UK) (FCCA).

MARK LEONG KEI WEI, 45

Independent Non-Executive Director

Mr Leong was appointed as an Independent Non-Executive Director of the Company on 9 February 2022. He is currently a director of Auspac Financial Advisory Pty. Ltd. Mr Leong has more than 23 years of experience in a broad range of corporate environments namely, auditing firms, small and medium-sized enterprises, a US-based multinational corporation, a family office and listed companies. He has in-depth expertise in the capital and debt markets through various fundraising exercises, investment management and consultancy services roles. He also has vast experience across diverse industries holding various C-suite positions. Mr Leong holds directorship roles in several public listed companies on the ASX and the SGX. Mr Leong is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Singapore Institute of Directors (SID).

EXECUTIVE MANAGEMENT

LAW REN KAI KENNETH, 38

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, 44

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.

NG YEAP CHONG, 55

Executive Director and Chief Executive Officer

ONG SWEE SIN, 38

Executive Director

CORPORATE INFORMATION

COMPANY REGISTRATION

Viking Offshore and Marine Limited
(listed on the Singapore Exchange)
Registration No.: 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
(since financial year ended
31 December 2019)

COMPANY'S SPONSOR

ZICO Capital Pte. Ltd.
77 Robinson Road #06-03
Robinson 77
Singapore 068896

SHARE REGISTRAR & SHARE TRANSFER OFFICE

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

BOARD OF DIRECTORS

Low Kim Leng

Chairman and Independent Non-Executive Director

Ng Yeau Chong

Executive Director and Chief Executive Officer

Ong Swee Sin

Executive Director

Wee Hock Kee

Independent Non-Executive Director

Mark Leong Kei Wei

Independent Non-Executive Director

AUDIT COMMITTEE

Mark Leong Kei Wei (Chairman)
Low Kim Leng
Wee Hock Kee

NOMINATING COMMITTEE

Wee Hock Kee (Chairman)
Low Kim Leng
Mark Leong Kei Wei

REMUNERATION COMMITTEE

Low Kim Leng (Chairman)
Wee Hock Kee
Mark Leong Kei Wei

COMPANY SECRETARY

Lin Moi Heyang
Lotus Isabella Lim Mei Hua

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CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2021

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**”) 2021, 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 Catalyst (“**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 2021

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 FY2021, 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 1967 (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 2021

[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.

Appointment Letter

Newly appointed Directors will be provided a formal letter of appointment, explaining among other matters, the roles, obligations, duties and responsibilities, and the expectations of their contribution to the Company as a member of the Board.

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.

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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 FY2021 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 ⁽¹⁾	4 / 4	NA	NA	NA
Mr Ng Yeau Chong	4 / 4	NA	NA	NA
Mr Lee Suan Hiang ⁽²⁾	4 / 4	4 / 4	1 / 1	1 / 1
Mr Kelvin Tan Wee Peng ⁽³⁾	4 / 4	4 / 4	1 / 1	1 / 1
Ms Cynthia Phua Siok Gek ⁽⁴⁾	4 / 4	4 / 4	1 / 1	1 / 1

Note 1: Ceased as Executive Director and Chairman on 6 January 2022

Note 2: Ceased as Non-Independent Non-Executive Director on 6 January 2022

Note 3: Ceased as Non-Independent Non-Executive Director on 6 January 2022

Note 4: Ceased as Independent Non-Executive Director on 1 February 2022

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 FY2021. 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.

CORPORATE GOVERNANCE REPORT

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[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.

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.

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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.

As at the date of this report, the Board currently comprises five (5) Directors as set out below:

Name of Directors	Designation	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Three (3) Years Directorships in Listed Companies
Mr Ng Yeau Chong	Executive Director and Chief Executive Officer (“CEO”)	30 April 2019	29 June 2020	Nil	Nil
Mr Ong Swee Sin	Executive Director	6 January 2022	NA	Nil	Nil
Datuk Low Kim Leng	Independent Non-Executive Director and Chairman	1 January 2022	NA	Nil	(1) AppAsia Berhad (2) Sersol Berhad
Mr Wee Hock Kee	Independent Non-Executive Director	1 February 2022	NA	Nil	(1) Malvern International PLC
Mr Mark Leong Kei Wei	Independent Non-Executive Director	9 February 2022	NA	(1) Osteopore Limited (2) LMIRT Management Ltd (3) HS Optimus Holdings Limited (4) MDR Limited	(1) LCT Holdings Limited

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.

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.

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For FY2021, the Independent Directors, namely:

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

had confirmed that they or their immediate family members did 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.

Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng were re-designated from Independent Non-Executive Directors to Non-Independent Non-Executive Directors on 1 January 2022 (as detailed below). Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng had ceased as Non-Independent Non-Executive Directors on 6 January 2022 and Ms Cynthia Phua Siok Gek had ceased as Non-Independent Non-Executive Director on 1 February 2022.

As at the date of this report, the NC noted the confirmations of the three new Independent Directors, namely Datuk Low Kim Leng, Mr Wee Hock Kee and Mr Mark Leong Kei Wei, that there was no change from the previous disclosure of Directors' independence made to the Sponsor when they were appointed as the Directors until to-date and that they are still independent.

Duration of Independent Directors' Tenure

The two Independent Directors, Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng, had been redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 1 January 2022 to comply with Rule 406(3)(d)(iii) of the Catalist Rules (which took effect from 1 January 2022) as both Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng had served on the Board for more than nine years since their respective dates of appointment as directors of the Company.

As part of the Board renewal process, the two long-serving Directors, Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng stepped down on 6 January 2022, while Datuk Low Kim Leng, Mr Wee Hock Kee and Mr Mark Leong Kei Wei were appointed on 1 January 2022, 1 February 2022 and 9 February 2022 respectively,

[Provision 2.2](#)

Proportion of Independent Non-Executive Directors

As at the date of this report, 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

As at the date of this report, the Board comprises a majority of three (3) Directors (out of a five (5) member Board) who are Non-Executive Directors.

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[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 Ng Yeau Chong	Executive Director and CEO
Mr Ong Swee Sin	Executive Director

Non-Executive Directors

Datuk Low Kim Leng	Independent Non-Executive Director and Chairman
Mr Wee Hock Kee	Independent Non-Executive Director
Mr Mark Leong Kei Wei	Independent Non-Executive 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 to proposed changes to the Code.

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 had 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.

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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.

The Independent Directors are encouraged to meet, without the presence of Management, so as to facilitate a more effective check on Management. During FY2021, 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. As at the date of this report, the positions of the Chairman and the CEO are held by Datuk Low Kim Leng and Mr Ng Yeau Chong respectively. The Chairman and the CEO are not related to each other.

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[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.

[Provision 3.3](#)

Lead Independent Director

The Board currently does not have a Lead Independent Director as the Chairman is independent.

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;

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2. identifying and nominating candidates to fill Board vacancies as they occur;
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 Wee Hock Kee	Chairman
Datuk Low Kim Leng	Member
Mr Mark Leong Kei Wei	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.

[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.
- 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.

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- 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, Datuk Low Kim Leng, Mr Ong Swee Sin, Mr Wee Hock Kee and Mr Mark Leong Kei Wei, will retire as Directors of the Company at the forthcoming AGM for re-election by shareholders. 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. Datuk Low Kim Leng, Mr Ong Swee Sin, Mr Wee Hock Kee and Mr Mark Leong Kei Wei, being the retiring Directors, have abstained from deciding on their own nomination. The NC has recommended and the Board has agreed for Datuk Low Kim Leng, Mr Ong Swee Sin, Mr Wee Hock Kee and Mr Mark Leong Kei Wei, 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 will be 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;

- Datuk Low Kim Leng;
- Mr Wee Hock Kee; and
- Mr Mark Leong Kei Wei,

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 FY2021, the previous Independent Directors, had also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

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[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.

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 the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

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.

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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.

As the current Board comprises four (4) newly appointed Directors in 2022, the NC would assess the Board and Board Committees' overall performance as well as the performance of each individual Directors at a later date for FY2022.

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 Catalist 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;

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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;
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.

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[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:

Datuk Low Kim Leng	Chairman
Mr Wee Hock Kee	Member
Mr Mark Leong Kei Wei	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.

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 FY2021.

[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.

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The Executive Directors do not receive Directors' fees. The remuneration packages of Mr Ng Yeau Chong, Executive Director and CEO of the Company and Mr Ong Swee Sin, Executive Director 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.

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 2022.

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.

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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.

Disclosure on Remuneration of Directors and CEO

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2021 is as follows:

Name of Director	Directors'					Total (%)
	Fee (%)	Salary (%)	Bonus (%)	Allowance (%)	Others (%)	
Below S\$250,000						
Mr Andy Lim ⁽¹⁾	-	100	-	-	-	100
Mr Ng Yeau Chong	-	87	-	2	11	100
Mr Lee Suan Hiang ⁽²⁾	100	-	-	-	-	100
Mr Kelvin Tan Wee Peng ⁽³⁾	100	-	-	-	-	100
Ms Cynthia Phua Siok Gek ⁽⁴⁾	100	-	-	-	-	100

Note 1: Ceased as Executive Director and Chairman on 6 January 2022

Note 2: Ceased as Non-Independent Non-Executive Director on 6 January 2022

Note 3: Ceased as Non-Independent Non-Executive Director on 6 January 2022

Note 4: Ceased as Independent Non-Executive Director on 1 February 2022

Disclosure on Remuneration of Key Management Personnel

A breakdown of the remuneration bands payable to the top two (2) KMPs⁽¹⁾ (who are not Directors or the CEO) for FY2021, is as follows:

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

Note 1: The Group had only two (2) KMPs in FY2021.

The aggregate total remuneration paid to the top two (2) KMPs (who are not Directors or the CEO) is approximately S\$0.23 million for FY2021 (FY2020 - S\$0.24 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.

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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 FY2021.

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 FY2021.

[Provision 8.3](#)

Details of Share-Based Remuneration Incentive Plans

The RC also administers the Company's share-based remuneration incentive plan, namely, the Viking Long Term Incentive Plan (the "VLTIP"). The VLTIP complies with the relevant rules as set out in Chapter 8 of the Catalist Rules. Through the VLTIP, 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 VLTIP, all employees of the Group companies are eligible to participate in the incentive plan. The Company plans to use the incentive plan 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.

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.

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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.

The RC is of the opinion that the current share scheme, including the vesting period and vesting 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 VLTIP will not exceed ten percent (10%) of the issued share capital of the Company.

During FY2021, no share awards under the VLTIP was granted by the Company and there were no outstanding share awards granted but not yet vested under the VLTIP. The VLTIP has expired on 14 December 2021, and accordingly, the VLTIP ceased on the day after.

Further details of the VLTIP are disclosed in the Directors' Statement and the notes to financial statements of this annual report.

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.

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[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 2021, 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 2021 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls established and maintained by the Group, work performed by the 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 2021 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.

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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;
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 Mark Leong Kei Wei	Chairman
Datuk Low Kim Leng	Member
Mr Wee Hock Kee	Member

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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.

[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.

The Group completed its debt restructuring and moratoria exercise in FY2021 and will 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.

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 FY2021.

In reviewing the nomination of EY for re-appointment for FY2022, 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 FY2021, 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.

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[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 FY2021.

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. The whistle blowing policy sets out procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. 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. The AC is responsible for oversight and monitoring of whistle blowing and will review the policy and arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of the AC will be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

The Group will take all reasonable steps to protect the identity of the whistle blower so as to ensure that the identity of the whistle blower is kept confidential, subject to legal or regulatory requirements. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations. The Group prohibits discrimination, retaliation or harassment of any kind against a whistle blower who submits a complaint or report in good faith.

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 FY2021.

Audit Committee Activities

In FY2021, 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;

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- (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.

The external auditors had identified the following key audit matters for FY2021:

- 1) Revenue recognition from project contracts;
- 2) Impairment assessment of goodwill and investment in subsidiaries;
- 3) Recoverability of trade receivables and contract assets; and
- 4) Write-down of inventories

On revenue recognition, the AC accepted the percentage of completion method for recognition as it mirrored the business practice and had been adopted consistently over the years. The AC also accepted the estimates made by the Management and agreed with the level of revenue, costs, and profits booked into the accounts.

With regards to the impairment of goodwill and investment in subsidiaries, the AC concurred with the key assumptions of the cash flow forecasts made by the Management and agreed that full impairment of goodwill was reasonable and necessary for the Company's investment in subsidiaries, given the prevailing business and industry environment.

Likewise, the AC continued to place an emphasis on the provision of trade receivables and contract assets as this would have a significant impact on the Group's cash position, liquidity, and its ability to remain as a going concern. The AC (and the board) agreed with the assessment by the Management of the recoverability of the receivables and contract assets by stress testing their collectability under various scenarios. This being the case, the AC accepted the Management's estimates and agreed that no further provision nor impairment was necessary.

Last but not least, the AC also reviewed the Group's inventories. While there is no concern on the existence of the inventories, the AC and the board agreed with the assessment of the Management on the impairment of slow-moving inventories which were written down to its net realisable value.

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.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2021

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.

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

In FY2021, due to the COVID-19 pandemic, the Company's AGM (in respect of FY2020) on 29 June 2021 and the Company's EGM on 30 June 2021 (collectively, the "**2021 General Meetings**") were held by way of electronic means, through "live webcast" and "audio-only means". The notices of the 2021 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 2021 General Meetings approved by the relevant authorities. The notices of the 2021 General Meetings detailed the alternative arrangements for the 2021 General Meetings, during the COVID-19 pandemic. Shareholders participated in the 2021 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 2021 General Meetings were sent to the Company in advance of the 2021 General Meetings, and responses to the queries were provided via announcement on SGXNet and the Company's website. The Company received queries from Securities Investors Association (Singapore) on the circular to shareholders and annual report before the 2021 General Meetings and the Company responded via announcement on SGXNet accordingly prior to the 2021 General Meetings. Minutes of the 2021 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 2021 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.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2021

All Directors, the Management and the external auditors were present at the last AGM held on 29 June 2021. All Directors will endeavour to be present at the Company's forthcoming AGM.

All Directors and the Management were present at the EGM held on 30 June 2021.

Save for the last AGM and the EGM held on 30 June 2021, there were no other general meetings of the Company held during FY2021.

[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 financial position, the Board has not recommended any dividends for FY2021.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2021

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 2021

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 FY2021 of the Company, which will be released in May 2022 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 2021

The Company has not obtained a general mandate from its Shareholders in respect of interested person transactions for FY2021. The aggregate value of interested person transactions entered into during FY2021 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 ⁽¹⁾	Chairman and Executive Director	S\$319,339 ^{(2), (3)}	-
Blue Ocean Capital Partners Pte. Ltd. ("Blue Ocean Capital") ⁽⁴⁾	The executive director and sole shareholder of Blue Ocean Capital is the son of Mr Andy Lim (Chairman and Executive Director) ⁽¹⁾	S\$1,850,000	-
Mr Ng Yeau Chong ⁽⁴⁾	Executive Director and Chief Executive Officer	S\$150,000	-

Notes:

- (1) Ceased as Executive Director and Chairman on 6 January 2022.
- (2) 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.
- (3) 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 and secured via a corporate guarantee provided by the Company ("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 and eventually the Company underwent a court-supervised debt restructuring process (the "Restructuring") which affected the Loan. On 17 August 2021, the Restructuring was completed and the Company had no further obligation to the Loan after an upfront cash and conversion shares were distributed by the Company to Tembusu in accordance with the scheme of arrangement between the Company and its creditors dated 22 February 2021. Correspondingly, as at 31 December 2021, the Loan was no longer outstanding. The aggregate value of S\$319,339 was the accrued interest for FY2021 although this amount was effectively reversed upon the conclusion of the Restructuring.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2021

- (4) On 1 February 2021, the Company entered into a conditional placement and loan agreement with Blue Ocean Capital and Mr Ng Yeau Chong, in relation to (i) a proposed placement of new shares of the Company for a cash consideration of S\$1,850,000 and S\$150,000, respectively; and (ii) the grant by each of Blue Ocean Capital and Mr Ng Yeau Chong to the Company of secured interest-free shareholder's loans ("**Loans**") of S\$925,000 and S\$75,000, respectively. Each of Blue Ocean Capital and Mr Ng Yeau Chong is an "interested person" of the Company for the purposes of Chapter 9 of the Catalist Rules. Accordingly, the proposed placement of new shares to each of Blue Ocean Capital and Mr Ng Yeau Chong and the Loans to be extended by each of Blue Ocean Capital and Mr Ng Yeau Chong will constitute interested person transactions pursuant to Chapter 9 of the Catalist Rules. The Loans are secured over a first fixed and floating charge over all the assets of the Company in such form and on such terms mutually agreed between the parties, and the repayment date of the Loans has been extended to no earlier than August 2023. As the Loans are interest-free, there is no amount at risk to the Company. The proposed placement was completed on 17 August 2021.

VII. MATERIAL CONTRACTS

Save as disclosed in the section above 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 FY2021 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 FY2021.

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 2021.

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 2021 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 to pay its debts as and when they fall due.

2. Directors

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

Ng Yeau Chong	
Datuk Low Kim Leng	(Appointed on 1 January 2022)
Ong Swee Sin	(Appointed on 6 January 2022)
Wee Hock Kee	(Appointed on 1 February 2022)
Mark Leong Kei Wei	(Appointed on 9 February 2022)

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 1967 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 2022	At the beginning of financial year	At the end of financial year	At 21 January 2022
<i>Ordinary shares of the Company</i>						
Lim Andy ⁽¹⁾	243,643,120	4,872,861	N/A	29,400,000	588,000	N/A
Ng Yeau Chong	1,540,000	30,800	30,800	–	–	–
Lee Suan Hiang ⁽²⁾	3,570,000	71,400	N/A	–	–	N/A
Tan Wee Peng Kelvin ⁽²⁾	2,000,000	40,000	N/A	–	–	N/A
<i>Warrants</i>						
Lim Andy ⁽¹⁾	34,806,160	696,122	N/A	4,200,000	84,000	N/A
Ng Yeau Chong	220,000	4,400	–	–	–	–
Lee Suan Hiang ⁽²⁾	510,000	10,200	N/A	–	–	N/A
Tan Wee Peng Kelvin ⁽²⁾	325,000	6,500	N/A	–	–	N/A

Note 1: Ceased as Executive Director and Chairman on 6 January 2022

Note 2: Ceased as Non-Independent Non-Executive Director on 6 January 2022

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. As the maximum duration of the VOM Scheme was for ten (10) years, the VOM Scheme expired on 2 November 2020 and accordingly, the VOM Scheme has ceased on the day after. There were no outstanding share options at the beginning of the financial year.

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 Remuneration 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 and there were no outstanding Awards granted but not yet vested under the VLTIP. The VLTIP has expired on 14 December 2021, and accordingly, the VLTIP ceased on the day after.

7. Warrants

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

Date of issue	Warrants outstanding at 1.1.2021	Warrants issued	Warrants exercised	Warrants expired	Warrants adjustment	Warrants outstanding at 31.12.2021	Date of expiration
4.07.2017	97,491,109	-	-	-	(95,541,311)	1,949,798	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.

On 12 August 2021, the Company completed the share consolidation of every 50 existing ordinary shares in the capital of the Company into 1 ordinary share in the capital of the Company, resulting in an adjustment of Warrants to 1,949,798 outstanding warrants, after disregarding any fractions of adjusted Warrants arising from the adjustment of Warrants.

DIRECTORS' STATEMENT

8. Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 including the following:

- 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 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 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 re-appointment as auditor of the Company.

On behalf of the board of directors:

Ong Swee Sin
Director

Ng Yeau Chong
Director

14 April 2022

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

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

Report on the audit of the financial statements

Opinion

We have audited 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 2021, 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.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. The Group recorded net cash outflows from operating activities of \$4,439,550 and net loss of \$8,508,479 (excluding the one-off reversal of liabilities of \$23,954,307 upon completion of the scheme of arrangement) for the year ended 31 December 2021. As at that date, the Group's and the Company's current liabilities exceeded their current assets by \$2,458,776 and \$2,083,339 respectively, and the Group's and the Company's total liabilities exceeded their total assets by \$2,388,355 and \$2,079,386 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concern. As disclosed in Note 2.1 to the financial statements, the ability of the Group and the Company to continue as going concerns is dependent on the Group successfully completing its proposed rights cum warrants issue, continuing support from the lenders and substantial shareholders of the Company, and the ability of the Group to contain its costs and generate sustainable operating cashflows.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its 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 in a manner 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. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition from project contracts

The Group recognised project revenue of \$3,074,792 for the financial year ended 31 December 2021 and the carrying amounts of contract assets and contract liabilities amounted to \$1,475,560 and \$1,357,633 respectively as at 31 December 2021. The Group recognised revenue from project contracts using the input method that reflect the over time transfer of control to its customers. The input method is measured by reference to the proportion of contract costs incurred for work performed to date, to the estimated total contract costs. This involves the use of significant management estimates to establish the total contract costs which have an impact on the amounts of project revenue, contract assets and contract liabilities recognised during the year. Accordingly, we identified this as a key audit matter.

We reviewed and tested key controls surrounding management's internal costing and budgeting processes put in place to estimate project revenues, costs and profit margins. We tested the mathematical accuracy of such revenues, costs and profits derived from the percentage of completion calculations. For significant projects, we reviewed the terms and conditions of the contracts with customers and checked project revenue and cost incurred against underlying supporting documents. We assessed reasonableness of the remaining cost to be incurred to complete the projects by taking into consideration past performances, with further consideration of the current market conditions, by comparing them to available industry information on the market outlook and the expected recovery scenarios of the offshore and marine industry. We also reviewed the project files and discussed with management the progress of significant contracts to determine if there are any adverse changes such as delays, penalties, overruns that could have an impact on the estimation of project revenues, costs and overall profitability of the contracts which would require the recognition of onerous contract. In addition, we assessed the Group's disclosures on project revenue in Note 4 to the financial statements.

Impairment assessment of goodwill and investment in subsidiaries

During the year ended 31 December 2021, the Group recognised a full impairment loss of \$817,948 as at 31 December 2021 against the carrying amount goodwill. The Group allocated goodwill to cash generating units ("CGUs") identified for impairment testing as disclosed in Note 13 to the financial statements.

Similarly, the Company also recognised a full impairment loss of \$4,459,572 against investments in subsidiaries as at 31 December 2021.

The recoverable amounts of the CGUs and the Company's investment in subsidiaries were determined using the value-in-use calculations. The impairment assessments are complex and involves the significant use of management's estimates and assumptions that may be affected by expected future market conditions. Accordingly, we identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

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

Impairment assessment of goodwill and investment in subsidiaries (cont'd)

We obtained an understanding of the Group's impairment assessment process and how management has considered the impact of current market conditions on the underlying key assumptions. We tested the reasonableness of the key assumptions, which include the revenue growth rate and budgeted gross margin by comparing them to available market information in light of current market conditions and management plans. Where applicable, we also compared the key assumptions to financial results available subsequent to year end. In addition, we assessed the Group's disclosures on impairment assessment of goodwill and investment in subsidiaries in Notes 13 and 15 to the financial statements.

Recoverability of trade receivables and contract assets

As at 31 December 2021, the Group's net carrying amount of trade receivables and contract assets amounted to \$1,255,260 and \$1,475,560 respectively. During the year, the Group recognised allowance for expected credit losses (ECL) on trade receivables and contract assets of \$91,679 and \$1,094,439 respectively. The Group determines the ECL by making debtor-specific assessment of expected impairment loss for trade receivables and contract assets and uses a provision matrix to calculate the ECL for remaining trade receivables and contract assets. The provision matrix is based on historical loss experience, ability to pay, adjusted for forward looking information at each reporting period. The determination of ECL require the use of significant judgment by the management. Accordingly, we identified this as a key audit matter.

We obtained an understanding of management's processes relating to the monitoring of trade receivables and contract assets and the ageing profile to identify collection risks. We performed audit procedures, amongst others, requesting for trade receivable and contract assets confirmations for selected debtors and checked for evidence of receipts from debtors after year end. We had discussions with management on the recoverability of long outstanding debts. We tested the ageing of the receivables and reviewed management's grouping of the receivables into categories with similar loss patterns. We assessed the reasonableness of the allowance for ECL by comparing the actual loss trends across periods against loss rates applied to by management. We also assessed the reasonableness of the adjustments made to historical loss rates to incorporate current conditions of the debtors and forward-looking information based on specific economic data, including the current business environment. In addition, we assessed the Group's disclosures on trade receivables, contract assets and credit risk in Notes 19, 21 and 34(a) to the financial statements.

Write-down of inventories

As at 31 December 2021, the Group's net carrying amount of inventories amounted to \$553,838. The Group recognised inventory write-down of \$1,682,104 during the year. The Group records its inventories at the lower of cost and net realisable value. The inventory write-downs require significant management judgement to estimate the inventories' net realisable value. The net realisable value of the Group's inventories is affected by, among others, their age, condition, customer demand and prevailing market conditions. Accordingly, we identified this as a key audit matter.

We observed the year-end inventory count performed by management and reviewed management's assessment of the physical condition of the inventories at the balance sheet date. As part of our procedures, we obtained the inventory ageing report and discussed with management their procedures to identify slow-moving and obsolete inventories and assessed the adequacy of slow-moving and obsolete inventories write down to net realisable value. We selected samples of inventories and tested that they were stated at the lower of cost and net realisable value by verifying to selling prices of the inventories subsequent to year-end. We also assessed the Group's disclosures on inventories in Note 18 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2021

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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

14 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Continuing operations			
Revenue	4	10,776,280	17,186,656
Cost of sales		(7,374,907)	(12,205,644)
Gross profit		3,401,373	4,981,012
Other items of income			
Other income	5	25,379,401	1,390,607
Finance income	8	4,580	7,375
Other items of expense			
Marketing and distribution expenses		(569,376)	(127,431)
Administrative expenses		(6,274,511)	(7,844,675)
Other operating expenses	6(a)	(4,630,595)	(16,652,185)
Impairment losses on financial assets and contract assets, net	6(c)	(1,186,118)	(175,278)
Finance costs	8	(678,283)	(6,955,530)
Profit/(loss) before tax from continuing operations	6	15,446,471	(25,376,105)
Income tax expense	10	(643)	(84,825)
Profit/(loss) for the year from continuing operation		15,445,828	(25,460,930)
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	9	–	(627,155)
Profit/(loss) for the year		15,445,828	(26,088,085)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		644,911	553,589
Other comprehensive income for the year, net of tax	29(a)	644,911	553,589
Total comprehensive income for the year		16,090,739	(25,534,496)
Profit/(loss) attributable to:			
Owners of the Company, net of tax		15,493,284	(26,046,209)
Non-controlling interest		(47,456)	(41,876)
		15,445,828	(26,088,085)
Total comprehensive income attributable to:			
Owners of the Company, net of tax		16,138,195	(25,492,620)
Non-controlling interest		(47,456)	(41,876)
		16,090,739	(25,534,496)
Profit/(loss) per share (cents per share)			
- Basic	11	7.14	(2.37)
- Diluted	11	7.14	(2.37)

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

BALANCE SHEETS

As at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		\$	\$	\$	\$
Non-current assets					
Property, plant and equipment	12	70,417	141,237	3,949	7,284
Intangible assets	13	–	832,493	–	–
Investment in subsidiaries	15	–	–	–	4,459,572
Investment in associates	16	–	–	–	–
Quoted equity investments	17	4	4	4	4
		70,421	973,734	3,953	4,466,860
Current assets					
Inventories	18	553,838	2,233,378	–	–
Trade receivables	19	1,255,260	19,142,822	–	–
Prepayments		83,333	116,221	21,371	14,950
Other receivables and deposits	20	525,149	1,046,145	134,730	168,209
Contract assets	21	1,475,560	3,202,673	–	–
Cash and cash equivalents	22	1,370,533	2,558,604	94,544	18,192
		5,263,673	28,299,843	250,645	201,351
Current liabilities					
Trade payables	23	1,683,715	2,562,997	–	–
Contract liabilities	21	1,357,633	937,562	–	–
Other payables and accruals	24	3,191,101	30,634,576	843,984	1,489,386
Tax payable		–	6,565	–	–
Due to subsidiaries (non-trade)	25	–	–	–	19,357,923
Loans and borrowings	26	1,490,000	8,661,438	1,490,000	–
Redeemable exchangeable bonds	27	–	7,155,858	–	–
		7,722,449	49,958,996	2,333,984	20,847,309
Net current liabilities		(2,458,776)	(21,659,153)	(2,083,339)	(20,645,958)
Non-current liabilities					
Deferred tax liabilities	10	–	572	–	–
		–	572	–	–
Net liabilities		(2,388,355)	(20,685,991)	(2,079,386)	(16,179,098)
Equity					
Share capital	28(a)	104,811,429	102,604,532	104,811,429	102,604,532
Treasury shares	28(b)	(527,775)	(527,775)	(527,775)	(527,775)
Reserves		(106,571,911)	(122,710,106)	(106,363,040)	(118,255,855)
Equity attributable to equity holders of the parent		(2,288,257)	(20,633,349)	(2,079,386)	(16,179,098)
Non-controlling interest		(100,098)	(52,642)	–	–
Total equity		(2,388,355)	(20,685,991)	(2,079,386)	(16,179,098)

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 2021

2021 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 losses	Other reserves (Note 29)	Total reserves			
		\$	\$	\$	\$	\$	\$	\$	
As at 1 January 2021		102,604,532	(527,775)	(121,857,210)	(852,896)	(122,710,106)	(20,633,349)	(52,642)	(20,685,991)
Profit for the year		-	-	15,493,284	-	15,493,284	15,493,284	(47,456)	15,445,828
<u>Other comprehensive income</u>									
Foreign currency translation	29	-	-	-	644,911	644,911	644,911	-	644,911
Other comprehensive income for the year, net of tax		-	-	-	644,911	644,911	644,911	-	644,911
Total comprehensive income for the year		-	-	15,493,284	644,911	16,138,195	16,138,195	(47,456)	16,090,739
Issuance of new shares	28	2,206,897	-	-	-	-	2,206,897	-	2,206,897
At 31 December 2021		104,811,429	(527,775)	(106,363,926)	(207,985)	(106,571,911)	(2,288,257)	(100,098)	(2,388,355)

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 2021

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 losses	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

For the year ended 31 December 2021

	Note	Attributable to owners of the Company				Total equity	
		Share capital (Note 28(a)) \$	Treasury shares (Note 28(b)) \$	Accumulated losses \$	Other reserves (Note 29) \$		Total reserves \$
2021							
Company							
At 1 January 2021		102,604,532	(527,775)	(118,369,911)	114,056	(118,255,855)	(16,179,098)
Loss for the year, representing total comprehensive income for the year		–	–	(7,542,074)	19,434,889	11,892,815	11,892,815
Issuance of new shares	28	2,206,897	–	–	–	–	2,206,897
At 31 December 2021		104,811,429	(527,775)	(125,911,985)	19,548,945	(106,363,040)	(2,079,386)
2020							
Company							
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)

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 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		15,446,471	(25,376,105)
Loss before tax from discontinued operation	9	–	(707,728)
Adjustments for:			
Gain on disposal of subsidiary	9	–	(758,319)
Impairment loss on quoted equity investment	6(a)	–	40,320
Depreciation of property, plant and equipment	6(a),12	122,010	1,481,408
Loss on disposal of plant and equipment		–	1,518
Depreciation of right-of-use assets		–	99,305
Amortisation of intangible assets	6(a)	9	10,046
Intangible assets written down	6(a)	14,536	20,337
Impairment loss on goodwill	6(a)	817,948	6,344,574
Impairment loss on contract asset	6(c)	1,094,439	–
Impairment loss on trade receivables	6(c)	174,900	96,123
Impairment loss on other receivables	6(c)	–	36,467
Write back of allowance for expected credit losses	6(c)	(83,221)	–
Inventories written down	6(a)	1,682,104	9,800,736
Inventories written off	6(a)	–	69,389
Gain from reversal of liabilities upon completion of the Scheme of Arrangement	5	(23,954,307)	–
Interest expense	8	678,283	8,064,780
Interest income	8	(4,580)	(7,375)
Unrealised exchange (gain)/loss		27,898	444,648
Operating cashflows before working capital changes		(3,983,510)	(339,876)
Changes in working capital:			
Inventories		(2,564)	1,033,606
Trade receivables		17,738,677	4,809,445
Other receivables, deposits and prepayments		635,389	(140,073)
Contract assets		632,674	1,632,920
Trade payables		(890,025)	(3,107,072)
Other payables and accruals		(18,994,842)	(913,805)
Contract liabilities		420,071	(1,794,008)
Cash flows (used in)/from operations		(4,444,130)	1,181,137
Interest received		4,580	7,375
Income taxes paid		–	(450)
Net cash flows (used in)/generated from operating activities		(4,439,550)	1,188,062

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 2021

	Note	2021 \$	2020 \$
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(50,881)	(33,754)
Proceeds from disposal of property, plant and equipment		585	–
Net cash outflow from disposal of subsidiary		–	(129,293)
Cash flows used in investing activities		<u>(50,296)</u>	<u>(163,047)</u>
Cash flows from financing activities			
Payment of principal portion of lease liabilities		–	(264,472)
Repayment of loans and bank borrowings		(109,847)	(540,809)
Repayment of redeemable exchangeable bonds		(91,406)	–
Proceeds from loans and borrowings		1,490,000	–
Proceeds from issuance of shares pursuant to placement shares		2,000,000	–
Cash flows from/(used in) financing activities		<u>3,288,747</u>	<u>(805,281)</u>
Net (decrease)/increase in cash and cash equivalents		(1,201,099)	219,734
Effects of exchange rate changes on cash and cash equivalents		13,028	(25,477)
Cash and cash equivalents at beginning of year		<u>2,558,604</u>	<u>2,364,347</u>
Cash and cash equivalents at end of year	22	<u>1,370,533</u>	<u>2,558,604</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 2021

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 recorded net cash outflows from operating activities of \$4,439,550 (2020: net cash inflows from operating activities of \$1,188,062) and net loss of \$8,508,479 (excluding the one-off reversal of liabilities of \$23,954,307 upon completion of the scheme of arrangement) (2020: net loss for the year of \$26,088,085) for the year ended 31 December 2021. As at that date, the Group’s and the Company’s current liabilities exceeded their current assets by \$2,458,776 (2020: \$21,659,153) and \$2,083,339 (2020: \$20,645,958) respectively, and the Group’s and the Company’s total liabilities exceeded their total assets by \$2,388,355 (2020: \$20,685,991) and \$2,079,386 (2020: \$16,179,098) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern.

The management and directors of the Company, having assessed the available sources of liquidity and funding, believe that the Group and the Company can continue as a going concern for the foreseeable future. In analysing the validity of the going concern basis applied in the preparation of the financial statements of the Group and the Company, the following factors were considered:

- (i) The Company had on 27 January 2022 issued and allotted 10,897,143 new ordinary shares in the capital of the Company to a placee at an issued price of \$0.0801 for each share, raising gross proceeds of approximately \$880,000;
- (ii) The Company had on 23 March 2022 entered into an interest-free loan agreement with Ireli Management Sdn. Bhd., a substantial shareholder of the Company, amounting to MYR600,000 (approximately \$192,815), repayable in 24 months from the loan drawdown date for working capital purposes. The funds from the loan was received by the Group on or about 28 March 2022;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.1 Basis of preparation (cont'd)

Going concern (cont'd)

- (iii) The Company had on 23 March 2022 entered into an interest-free loan agreement with Subtleway Management Sdn. Bhd., a substantial shareholder of the Company, amounting to MYR800,000 (approximately \$257,087), repayable in 24 months from the loan drawdown date for working capital purposes. The funds from the loan was received by the Group on or about 28 March 2022;
- (iv) The Company had on 23 March 2022 entered into an interest-free loan agreement with Mr. Toh Kok Soon, a substantial shareholder of the Company, amounting to \$600,000, repayable in 24 months from the loan drawdown date for working capital purposes. The funds from the loan was received by the Group on or about 31 March 2022;
- (v) As at 31 December 2021, the interest-free loans owing to Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the "Lenders") were \$1,490,000. The loans were repayable in August 2022 and were classified as current liabilities within the balance sheets of the Group. The Company had on or around 30 March 2022 entered into an agreement to extend the repayment date of the interest-free loans from the Lenders by another 12 months. This effectively extends the repayment date of the loans from the Lenders to August 2023;
- (vi) The Company had on 27 March 2022 entered into a sale and purchase agreement with Acapella Energy Pte. Ltd., an entity whose sole shareholder and director is Mr. Ng Yeau Chong, the Executive Director and Chief Executive Officer of the Company to dispose of the entire shareholding interest of the Company in its wholly owned subsidiaries of the Company, namely, Viking Airtech Pte. Ltd. and Viking HVAC Pte. Ltd. (the "Disposal Group") for a consideration of \$50,000. The Company, for good corporate governance, will elect to seek the approval of its independent shareholders of the Company as a major transaction under Rule 1014 and Rule 1013 of the Catalist Rules, where applicable, in relation to the proposed disposal in an upcoming general meeting. Based on the going concern assessment of the Group, the proposed disposal is expected to free up the cash flows of the Group as the Disposal Group continues to and is expected to be loss making;
- (vii) The Company had on 28 March 2022 announced the proposed renounceable non-underwritten rights cum warrants issue of up to 140,574,153 new ordinary shares of the Company with up to 281,148,306 free detachable and transferrable warrants. The issue price of each rights share will be \$0.025. The Company will receive net proceeds (after deducting estimated costs and expenses for the rights cum warrants issue and without taking into account the proceeds from the exercise of the warrants) of approximately \$3.33 million. In this regard, each of the substantial shareholders, namely, Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd., who in aggregate hold 85% of the Company, have expressed their intentions to support the rights cum warrants issue by subscribing for their pro rata entitlement of an aggregate of 119,671,708 rights shares with 239,343,416 warrants, as well as excess rights shares with warrants, to the extent that such subscription by the Current Majority Shareholders do not result in the loss of public float as required under Rule 723 of the Catalist Rules;
- (viii) The Group is taking active steps to contain its costs, generate sustainable operating cashflows and explore its assets divestment plan to strengthen its cash position; and
- (ix) With the existing cash and cash equivalents to date, the Group expects that it will be able to meet its obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

Going concern (cont'd)

In the opinion of the Directors, the Group is able to continue as a going concern as the Directors are of the reasonable view that the Group has raised sufficient cash and cash equivalents to date to sustain the working capital needs of the Group for a period of 12 months from the approved date of these financial statements.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its 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. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

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 2021. 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
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 1 and SFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS 8 Definition of Accounting Estimates	1 January 2023
Amendments to SFRS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	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 2021

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

2.7 Intangible assets (cont'd)

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 (2020: 1 year).

(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 13 years (2020: 14 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 millstones. 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 contact 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 2021

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) Management fee

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

(f) Dividend income

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

(g) 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 2021

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 2021

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 2021

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 \$1,610,615 (2020: \$2,755,010) lower and \$1,611,242 (2020: \$3,693,060) 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 2021 are \$Nil (2020: \$817,948) and \$Nil (2020: \$4,459,572) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 2021 are \$1,255,260 and \$1,475,560 (2020: \$19,142,822 and \$3,202,673) 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 2021

4. Revenue

(a) Disaggregation of revenue

Segments	Offshore and marine	
	2021	2020
	\$	\$
Group		
Primary geographical markets		
Australia	423,225	317,806
Europe	313,562	333,023
Indonesia	1,644,886	2,916,468
Malaysia	458,850	723,927
Middle East	348,023	1,036,059
People's Republic of China	1,395,501	1,401,782
Singapore	5,977,930	10,304,323
Vietnam	96,075	25,095
Others	118,228	128,173
	<u>10,776,280</u>	<u>17,186,656</u>
Major service lines		
Sale of goods	2,937,881	6,548,579
Project revenue	3,074,792	8,020,558
Rendering services	4,617,607	2,617,519
Rental of equipment	146,000	–
	<u>10,776,280</u>	<u>17,186,656</u>
Timing of transfer of goods or services		
At a point in time	2,937,881	6,548,579
Over time	7,838,399	10,638,077
	<u>10,776,280</u>	<u>17,186,656</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 2021

5. Other income

	Group	
	2021	2020
	\$	\$
Government grants	189,227	776,565
Gain on disposal of plant and equipment	3,455	–
Rental income	10,226	9,463
Sale of scrap material	1,217	26,028
Slow moving stock recovery	2,190	15,370
Gain from final settlement from legal dispute	–	470,766
Foreign exchange gain, net	1,161,072	–
Gain from reversal of liabilities upon completion of the Scheme of Arrangement	23,954,307	–
Others	57,707	92,415
	25,379,401	1,390,607

Included in other income for the current year is a gain from reversal of liabilities upon completion of the Scheme of Arrangement amounting to \$23,954,307. Upon completion of the scheme, the Group wrote back approximately 88% of the face value of the original debts included in the scheme.

6. Profit/(loss) before tax from continuing operations

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

	Group	
	2021	2020
	\$	\$
(a) <i>Other operating expenses include:</i>		
Amortisation of intangible assets	9	10,046
Depreciation of property, plant and equipment	122,010	152,586
Intangible assets written down	14,536	20,337
Inventories written down	1,682,104	9,800,736
Inventories written off	–	69,389
Impairment loss on goodwill	817,948	6,344,574
Impairment loss on quoted shares	–	40,320
Foreign exchange loss, net	–	528,863

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. Profit/(loss) before tax from continuing operations (cont'd)

	Group	
	2021	2020
	\$	\$
(b) <i>Other disclosure items:</i>		
Audit fees paid to:		
- Auditors of the Company	142,250	142,250
- Other auditors	10,772	10,772
Employee benefits expense (Note 7)	4,114,265	5,257,281
Operating lease expenses relating to short-term leases (Note 14)	79,820	245,313
	<u>1,186,118</u>	<u>175,278</u>
(c) <i>Impairment loss on financial assets, net:</i>		
Impairment loss on trade and other receivables and contract assets, net	1,186,118	175,278

7. Employee benefits

	Group	
	2021	2020
	\$	\$
Salaries and bonuses	3,481,089	4,463,483
Central Provident Fund contributions	389,646	543,849
Other short-term benefits	243,530	249,949
	<u>4,114,265</u>	<u>5,257,281</u>

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

8. Finance income/(costs)

	Group	
	2021	2020
	\$	\$
Finance income:		
Interest income on:		
- fixed deposits	4,580	7,375
	<u>4,580</u>	<u>7,375</u>
Finance costs:		
Interest expense on:		
- loans and borrowings	678,283	3,399,766
- redeemable exchangeable bonds	-	3,555,764
	<u>678,283</u>	<u>6,955,530</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Discontinued operations

On 30 October 2020, the Group completed the disposal 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
	\$
Revenue	1,540,360
Other income	252,132
Administrative expenses	(608,095)
Other operating expenses	(1,039,451)
Impairment losses on financial assets	(115,449)
Finance costs	(1,109,250)
Unrealised exchange gain	2,383
Fair value adjustments on depreciation	(388,677)
Gain on disposal of subsidiary	758,319
Loss before tax from discontinued operations	(707,728)
Income tax credit	80,573
Loss from discontinued operations, net of tax	(627,155)

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>
Gain on disposal	(758,319)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Discontinued operations (cont'd)

Cash flow statement disclosures

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

	2020
	\$
Operating cash flows	14,204
Investing cash flows	–
Financing cash flows	79,886
Net cash flows	<u>94,090</u>

Loss per share disclosures

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

10. Taxation

The major components of income tax credit for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	2020
	\$	\$
Current income tax/(credit) – continuing operations	1,235	(3,112)
Deferred income tax – continuing operations		
- movement of temporary differences	(592)	87,937
Income tax expense attributable to continued operations	<u>643</u>	<u>84,825</u>
Deferred income tax – discontinued operations		
- movement of temporary differences	–	(80,573)
Income tax credit attributable to discontinued operation	<u>–</u>	<u>(80,573)</u>
Total income tax expenses recognised in profit or loss	<u>643</u>	<u>4,252</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Taxation (cont'd)

The reconciliation between tax credit and the product of accounting profit/(loss) multiplied by the applicable corporate tax rates for the years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021 \$	2020 \$
Accounting profit/(loss) before tax from continuing operations	15,488,875	(25,376,105)
Accounting loss before tax from discontinued operation	–	(707,728)
Tax at 17% (2020: 17%)	2,633,109	(4,434,252)
Adjustments:		
Non-deductible expenses	2,185,657	3,995,446
Income not subject to tax	(4,932,443)	(1,455,791)
Deferred tax assets not recognised	370,278	2,154,205
Effect of different tax rates in different countries	(245,236)	(262,509)
Others	(10,722)	7,153
Income tax expense recognised in profit or loss	643	4,252

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$24,000,000 (2020: \$21,700,000) 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.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as there are none.

Deferred taxation

Deferred taxation relates to the following:

Group	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2021 \$	2020 \$	2021 \$	2020 \$
Deferred tax liabilities				
Differences in depreciation	–	(592)	(592)	–
Fair value adjustments on acquisition of subsidiaries	–	–	–	7,364
Exchange differences	–	20	20	–
<i>Total deferred tax liabilities</i>	–	(572)	–	
Deferred income tax			572	7,364

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Taxation (cont'd)

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

11. Profit/(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.

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	
	2021	2020
	\$	\$
Net profit/(loss) attributable to owners of the Company	15,493,284	(26,046,209)
	Number of shares	
	2021	2020
Weighted average number of ordinary shares for basic loss per share computation*	217,034,635	1,098,719,574
Weighted average number of ordinary shares diluted loss per share computation*	217,034,635	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.

Details of changes in the number of ordinary shares in the Company are disclosed in Note 28(a).

As at year end, there is Nil (2020: Nil) share options granted to employees under the existing employee share option plans and warrants of 1,949,801 (2020: 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 2021

12. Property, plant and equipment

Group	Leasehold buildings	Computers and office equipment	Renovation, furniture and fixtures	Motor vehicles	Machinery	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1.1.2020	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
Additions	–	30,100	–	19,992	789	50,881
Disposals	–	(53,889)	–	–	(7,795)	(61,684)
Written off	–	(5,968)	–	–	–	(5,968)
Exchange difference	–	(3,766)	(14,555)	2,768	2,104	(13,449)
At 31.12.2021	–	1,892,058	651,141	436,140	1,969,751	4,949,090
Accumulated depreciation and impairment loss						
At 1.1.2020	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
Charge for the year	–	32,347	1,090	30,520	58,053	122,010
Disposals	–	(53,889)	–	–	(7,210)	(61,099)
Written off	–	(5,968)	–	–	–	(5,968)
Exchange difference	–	(3,757)	(14,555)	2,689	1,280	(14,343)
At 31.12.2021	–	1,841,724	645,674	430,945	1,960,330	4,878,673
Net carrying amount						
At 31.12.2021	–	50,334	5,467	5,195	9,421	70,417
At 31.12.2020	–	52,590	6,557	15,644	66,446	141,237

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

Company	Computers and office equipment	Renovation, furniture and fixtures	Total
	\$	\$	\$
Cost			
At 1.1.2020	225,963	11,238	237,201
Additions	7,740	–	7,740
At 31.12.2020	233,703	11,238	244,941
Additions	–	–	–
At 31.12.2021	233,703	11,238	244,941
Accumulated depreciation			
At 1.1.2020	225,016	11,238	236,254
Charge for the year	1,403	–	1,403
At 31.12.2020	226,419	11,238	237,657
Charge for the year	3,335	–	3,335
At 31.12.2021	240,992	11,238	240,992
Net carrying amount			
At 31.12.2021	3,949	–	3,949
At 31.12.2020	7,284	–	7,284

Cash payments of \$50,881 (2020: \$33,754) were made by the Group to purchase property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. Intangible assets

	Goodwill	Customer relationships	Software	Club membership	Total
	\$	\$	\$	\$	\$
Group					
Cost					
At 1.1.2020	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
Exchange differences	-	-	1,700	-	1,700
At 31.12.2021	29,721,296	9,648,000	161,615	70,000	39,600,911
Accumulated amortisation and impairment					
At 1.1.2020	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
Amortisation	-	-	9	-	9
Impairment	817,948	-	-	-	817,948
Written off	-	-	-	14,536	14,536
Exchange differences	-	-	1,700	-	1,700
At 31.12.2021	29,721,296	9,648,000	161,615	70,000	39,600,911
Net carrying amount					
At 31.12.2021	-	-	-	-	-
At 31.12.2020	817,948	-	9	14,536	832,493

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 2021

13. Intangible assets (cont'd)

Impairment testing of goodwill

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 \$
31.12.2021			
Goodwill	-	-	-
31.12.2020			
Goodwill	-	817,948	817,948

The goodwill allocated to O&M HVAC and O&M Tele were fully impaired in 2020 and 2021 respectively.

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:

	2021 O&M Tele	2020 O&M Tele	2020 O&M HVAC
Long-term growth rates	1.0%	1.0%	1.0%
Pre-tax discount rates	9.5%	10.5%	11.0%

The key assumptions used in the value in use calculations are as follows:

Revenue 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 CGUs.

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are kept constant over the forecast period.

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 2021

13. Intangible assets (cont'd)

Sensitivity to changes in assumptions

a. O&M HVAC

In 2020, 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 revenue growth rates, in the discounted cashflow from prior year reflecting the current outlook for the CGU.

b. O&M Tele CGU

Based on discounted cashflow prepared, goodwill has been fully impaired 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 revenue growth rates, in the discounted cashflow from prior year reflecting the current outlook for the CGU. The Group has fully written off its goodwill for the O&M Tele CGU in the current year. Management believes that there are no reasonably possible changes in any of the above key assumptions that would result in anything other than the full impairment of the goodwill.

As at 31 December 2020, the carrying amount exceeds the estimated recoverable amount by approximately \$3,171,000 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 at 31 December 2020 is discussed below:

Long-term growth rates - For 2020, 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 \$130,000 in 2020.

Pre-tax discount rates - For 2020, management recognises that the pre-tax discount rate could yield a reasonably possible alternative to the estimated pre-tax discount rate of 10.5%. An increase of 1% in the pre-tax discount rates would result in further impairment of approximately \$382,000 in 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Leases

As a lessee

The following are the amounts recognised in profit or loss:

	2021	2020
	\$	\$
Group		
Expenses relating to short-term leases	79,820	245,313

15. Investment in subsidiaries

	Company	
	2021	2020
	\$	\$
Shares, at cost	91,744,965	91,744,965
Less: Impairment losses	(91,744,965)	(87,285,393)
	-	4,459,572

The Group and the Company has the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2021	2020
			%	%
<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 2021

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2021 %	2020 %
<i>Held by the Company (cont'd)</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 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 2021

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2021 %	2020 %
<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
<i>Held through Marshal Systems Pte Ltd</i>				
Marshal Offshore and Marine Engng Co., Ltd **	People's Republic of China	Contractors for electronic and electrical engineering works	100	100

* 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.

In 2019, the Company disposed 51% of its shareholding in Viking Airtech (Shanghai) Co., Ltd to a third party. As at 31 December 2021 and 2020, 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 2021

15. Investment in subsidiaries (cont'd)

Impairment testing of investment in subsidiaries

During the financial year, the Company recognised an impairment loss of \$4,459,572 (2020: \$14,965,548) 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. 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:

	2021	2020
Long-term growth rates	1.0%	1.0%
Pre-tax discount rates	9.5%	10.5%

The key assumptions used in the value in use calculations are as follows:

Revenue 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 CGUs.

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are kept constant over the forecast period.

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

Based on discounted cashflow prepared, the Company's investment in subsidiaries have been fully impaired during the year. 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 revenue growth rates, in the discounted cashflow from prior year reflecting the current outlook for the investment. The Group has fully written off its investments in subsidiaries in the current year. Management believes that there are no reasonably possible changes in any of the above key assumptions that would result in anything other than the full impairment of the investments in subsidiaries.

As at 31 December 2020, the carrying amount exceeds the estimated recoverable amount by approximately \$14,965,548 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 at 31 December 2020 is discussed below:

Long-term growth rates - For 2020, 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 \$130,000 in 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. Investment in subsidiaries (cont'd)

Sensitivity to changes in assumptions (cont'd)

Pre-tax discount rates - For 2020, management recognises that the pre-tax discount rate could yield a reasonably possible alternative to the estimated pre-tax discount rate of 10.5%. An increase of 1% in the pre-tax discount rates would result in further impairment of approximately \$382,000 in 2020.

16. Investment in associates

	Group	
	2021	2020
	\$	\$
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	
			2021	2020
			%	%
<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

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 2021

17. Quoted equity investments

Financial instruments

	Group	
	2021	2020
	\$	\$
<i>At fair value through profit or loss</i>		
Equity shares (quoted)	4	4
	<hr/>	<hr/>
Net carrying amount		
Non-current	4	4
	<hr/>	<hr/>

During the year, the Group has recognised impairment loss on quoted shares amounting to \$ Nil (2020: \$40,320).

18. Inventories

	Group	
	2021	2020
	\$	\$
Balance sheets:		
Raw materials	426,899	525,149
Work-in-progress	126,939	1,708,229
	<hr/>	<hr/>
	553,838	2,233,378
	<hr/>	<hr/>
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	2,224,792	7,112,107
Inclusive of the following charge:		
- Inventories written down	1,682,104	9,800,736
- Inventories written off	-	69,389
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. Trade receivables

	Group	
	2021	2020
	\$	\$
Trade receivables	1,255,260	19,142,822

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.

For 2020, 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. Further, as at 31 December 2020, the Group has other payables and deposits due to these customers amounting \$16,305,701 (Note 24). As at 31 December 2020, the Group had the legally enforceable right to set off the amounts due to or from each other but the arrangement to offset on a net basis had not been communicated by the Group to these customers. The Group had set off these amounts due to and from each other upon communication to these customers in 2021.

Trade receivables denominated in foreign currencies are as follows:

	Group	
	2021	2020
	\$	\$
United States Dollar	557,321	17,046,705
Chinese Renminbi	119,399	32,593
Malaysian Ringgit	73,043	108,213
Indonesian Rupiah	–	350,616

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 \$	2021 Other receivables and deposits \$	Contract assets \$	Trade receivables \$	2020 Other receivables and deposits \$	Contract assets \$
Group						
At 1 January	16,835,090	112,247	160,705	17,426,551	75,780	160,705
Charge for the year	174,900	-	1,094,439	96,123	36,467	-
Written off	-	-	-	(68,348)	-	-
Written back	(83,221)	-	-	-	-	-
Exchange differences	-	-	-	(619,236)	-	-
At 31 December	16,926,769	112,247	1,255,144	16,835,090	112,247	160,705
Company						
At 1 January	-	106,467	-	-	70,000	-
Charge for the year	-	-	-	-	36,467	-
At 31 December	-	106,467	-	-	106,467	-

20. Other receivables and deposits

	Group		Company	
	2021 \$	2020 \$	2021 \$	2020 \$
Deposits	186,604	110,857	117,100	60,100
Advances to employees	16,637	54,562	-	-
Advances to suppliers	62,950	142,515	-	-
GST receivables	63,125	-	7	-
Other receivables	308,080	850,458	124,090	214,576
Less: Allowance for expected credit loss	(112,247)	(112,247)	(106,467)	(106,467)
	525,149	1,046,145	134,730	168,209

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 2021

21. Contract assets and contract liabilities

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

	Group		
	31 December 2021	31 December 2020	1 January 2020
	\$	\$	\$
Contract assets	1,475,560	3,202,673	4,835,593
Contract liabilities	(1,357,633)	(937,562)	(2,899,078)
	117,927	2,265,111	1,936,515

The Group has recognised impairment losses on contract assets amounting to \$1,094,439 (2020: \$Nil) 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	
	2021	2020
	\$	\$
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Project revenue	930,865	1,973,989

22. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash and bank balances	1,229,697	2,341,568	94,544	18,192
Short term deposit	140,836	217,036	-	-
Total cash and cash equivalents	1,370,533	2,558,604	94,544	18,192

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 2021 for the Group were 2.5% (2020: 2.12% to 2.76%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Cash and cash equivalents (cont'd)

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

	Group	
	2021	2020
	\$	\$
United States Dollar	362,682	1,030,702
Chinese Renminbi	142,947	223,490
Malaysian Ringgit	95,641	103,099
Euro	2,171	2,232
Indonesian Rupiah	130,559	69,570

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	
	2021	2020
	\$	\$
United States Dollar	232,502	391,332
Euro	15,576	27,409
Chinese Renminbi	144,431	297,162
Malaysia Ringgit	180,267	176,289
Indonesia Rupiah	128,912	97,622

24. Other payables and accruals

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Accrued operating expenses	1,943,628	2,635,016	502,187	1,005,407
Accrued interest	–	9,445,466	–	–
Customers' deposits	179,864	5,462,945	–	–
Other payables	1,067,609	13,091,149	341,797	483,979
	3,191,101	30,634,576	843,984	1,489,386

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 \$Nil (2020: \$5,286,764) pertaining to the past charters of the land rigs.

For 2020, included in other payables are amounts of \$11,018,937 due respectively to a customer mainly in relation to the purchase of a land rig (sales and leaseback arrangement).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Due to subsidiaries (non-trade)

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

26. Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Current liabilities				
Related party loan (Tembusu)	–	6,501,438	–	–
Related party loan (Blue Ocean Capital and Mr. Ng Yeau Chong)	1,490,000	–	1,490,000	–
Third party loans	–	2,160,000	–	–
	<u>1,490,000</u>	<u>8,661,438</u>	<u>1,490,000</u>	<u>–</u>

- (i) Related party loan (Tembusu) carried interest at 20.00% (2020: 20.00%) per annum. The loan was restructured and reversed in 2021. The loan was secured by a corporate guarantee from the Company. The loan was settled during year as part of the Scheme of Arrangement.
- (ii) Related party loans (Blue Ocean Capital and Mr. Ng Yeau Chong) pertain to interest-free loans from Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the “Lenders”) amounting to \$1,415,000 and \$75,000 respectively. The Company had on or around 30 March 2022 entered into an agreement to extend the repayment date by a further one year. With the extension, the loans are due and payable in August 2023.
- (iii) Third party loans carried interest at Nil% (2020: 8.00% to 8.50%) per annum. The loans has been in default since 2019. The loans are secured by a corporate guarantee from the Company. The loans were settled during year as part of the Scheme of Arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. Loans and borrowings (cont'd)

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

	1.1.2021	Cash flows	Non-cash changes	31.12.2021
	\$	\$	\$	\$
Loans				
- Current	8,661,438	3,380,153	(10,551,591)	1,490,000
Redeemable exchangeable bonds				
- Current	7,155,858	(91,406)	(7,064,452)	-
	<u>15,817,296</u>	<u>3,288,747</u>	<u>(17,616,043)</u>	<u>1,490,000</u>
	1.1.2020	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>

Included in the 'non-cash changes' column for loans and lease liabilities for the year ended 31 December 2021 are the amounts owed to a bank that was settled in connection with 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 2021

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.

The redeemable exchangeable bonds were settled during year as part of the Scheme of Arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Redeemable exchangeable bonds (cont'd)

The carrying amount of the liability component of the bonds at 31 December 2020 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 31 December 2020			
- Current	3,464,516	3,691,342	7,155,858

28. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares				
At 1 January	1,106,681,074	102,604,532	1,106,681,074	102,604,532
Share consolidation	(1,084,547,558)	–	–	–
Issuance of new shares	527,385,388	2,206,897	–	–
31 December	549,518,904	104,811,429	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. Share capital and treasury shares (cont'd)

(a) Share capital (cont'd)

- (i) On 12 August 2021, the Company completed the share consolidation of every 50 existing ordinary shares in the capital of the Company into 1 ordinary share in the capital of the Company ("Consolidated Share"), and the issued share capital of the Company comprised 21,974,286 Consolidated Shares (excluding 159,230 treasury shares).
- (ii) On 17 August 2021, the Company allotted and issued 477,943,013 placement shares to the placees, and 49,442,375 conversion shares to scheme creditors, and the total number of issued shares of the Company increased from 21,974,286 Consolidated Shares (excluding 159,230 treasury shares) to 549,359,674 Consolidated Shares (excluding 159,230 treasury shares).

	Group and Company			
	2021		2020	
	No. of shares	\$	No. of shares	\$
Total number of issued shares	549,518,904	104,811,429	1,106,681,074	102,604,532
Number of treasury shares	(159,230)	(527,775)	(7,961,500)	(527,775)
Net number of issued shares	<u>549,359,674</u>	<u>104,283,654</u>	<u>1,098,719,574</u>	<u>102,076,757</u>

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares	\$	No. of shares	\$
At 1 January and 31 December	<u>(159,230)</u>	<u>(527,775)</u>	<u>(7,961,500)</u>	<u>(527,775)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. Other reserves

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Foreign currency translation reserve (a)	(322,041)	(966,952)	–	–
Capital reserve (b)	114,056	114,056	19,548,945	114,056
Total other reserves	(207,985)	(852,896)	19,548,945	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.

	Group	
	2021	2020
	\$	\$
At 1 January	(966,952)	(1,520,541)
Net effect of exchange differences	644,911	553,589
At 31 December	(322,041)	(966,952)

(b) Capital reserve

Capital reserve relates to the gain recognised on reissuance of treasury shares and forgiveness of amounts due to/from related companies.

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
At 1 January	114,056	114,056	114,056	114,056
Forgiveness of amounts due to related companies	–	–	19,434,889	–
At 31 December	114,056	114,056	19,548,945	114,056

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Income/(Expenses)				
Management fee income from subsidiaries	–	–	924,000	992,000
Finance cost from a related party	–	(3,070,296)	–	–

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Loan from related parties (Note 26)	1,490,000	6,501,438	1,490,000	–

(b) Compensation of key management personnel

	Group	
	2021	2020
	\$	\$
Short-term employee benefits	753,040	596,897
Central Provident Fund contributions	47,493	36,367
Total compensation paid to key management personnel	800,533	633,264
Comprise amounts paid to:		
- Directors of the Company	574,473	395,640
- Other key management personnel	226,060	237,624
	800,533	633,264

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 2021, the Company has provided corporate guarantees totalling \$Nil (2020: \$15,816,468) to financial institutions in respect of credit facilities utilised by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

(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				
2021				
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 2021	4	-	-	4

	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

- (c) *Trade receivables, other receivables and deposits, amounts due to 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.

33. Classification of financial assets and liabilities

Financial assets

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Fair value through profit or loss				
Quoted equity investments	4	4	4	4
Amortised cost				
Trade receivables	1,255,260	19,142,822	–	–
Other receivables and deposits	382,437	849,068	134,723	168,209
Cash and cash equivalents	1,370,533	2,558,604	94,544	18,192
	<u>3,008,230</u>	<u>22,550,494</u>	<u>229,267</u>	<u>186,401</u>

Financial liabilities

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial liabilities at amortised cost				
Trade payables	1,683,715	2,562,997	–	–
Other payables and accruals	3,191,101	30,634,576	843,984	1,489,386
Loans and borrowings	1,490,000	8,661,438	1,490,000	–
Due to subsidiaries (non-trade)	–	–	–	19,357,923
Redeemable exchangeable bonds	–	7,155,858	–	–
	<u>6,364,816</u>	<u>49,014,869</u>	<u>2,333,984</u>	<u>20,847,309</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 and foreign currency 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.

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 2021

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(a) Credit risk (Cont'd)

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 \$Nil (2020: \$15,816,468) 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.

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:

	2021		2020	
	\$	% of total	\$	% of total
Group				
Trade receivables				
By country:				
Singapore	398,751	32%	1,522,620	8%
People's Republic of China	200,899	16%	4,593,502	24%
United Kingdom	54,708	4%	11,685,736	60%
Indonesia	256,439	20%	496,917	3%
Malaysia	174,692	14%	156,845	1%
Others	169,771	14%	687,202	4%
	<u>1,255,260</u>	<u>100%</u>	<u>19,142,822</u>	<u>100%</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(a) Credit risk (cont'd)

Group	2021		2020	
	\$	% of total	\$	% of total
Trade receivables				
By industry sectors:				
Corporate	–	*	–	*
Offshore and marine	1,255,260	100%	2,959,040	15%
Chartering services	–	*	16,183,782	85%
	<u>1,255,260</u>	<u>100%</u>	<u>19,142,822</u>	<u>100%</u>

* denotes less than 1%

At the end of the reporting period, approximately 55% (2020: 4%) of the Group's trade receivables were due from five (2020: five) major customers.

(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 (2020: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been \$Nil lower/higher (2020: \$79,086 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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				
2021				
Financial assets:				
Quoted equity investments	–	–	4	4
Trade receivables	1,255,260	–	–	1,255,260
Other receivables and deposits	382,437	–	–	382,437
Cash and cash equivalents	1,370,533	–	–	1,370,533
Total undiscounted financial assets	3,008,230	–	4	3,008,234
Financial liabilities:				
Trade payables	1,683,715	–	–	1,683,715
Other payables and accruals	3,191,101	–	–	3,191,101
Loans and borrowings	1,490,000	–	–	1,490,000
Total undiscounted financial liabilities	6,364,816	–	–	6,364,816
Total net undiscounted financial (liabilities)/ assets	(3,356,586)	–	4	(3,356,582)
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	22,550,494	–	4	22,550,498
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	49,014,869	–	–	49,014,869
Total net undiscounted financial (liabilities)/ assets	(26,464,375)	–	4	(26,464,371)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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				
2021				
Financial assets:				
Quoted equity investments	–	–	4	4
Other receivables and deposits	134,730	–	–	134,730
Cash and cash equivalents	94,544	–	–	94,544
Total undiscounted financial assets	229,274	–	4	229,278
Financial liabilities:				
Other payables and accruals	843,984	–	–	843,984
Total undiscounted financial liabilities	843,984	–	–	843,984
Total net undiscounted financial liabilities	(614,710)	–	4	(614,706)
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	186,401	–	4	186,405
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	20,847,309	–	–	20,847,309
Total net undiscounted financial (liabilities)/ assets	(20,660,908)	–	4	(20,660,904)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 45% (2020: 40%) of the Group's sales are denominated in foreign currencies whilst almost 38% (2020: 42%) 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	
	2021	2020
	\$	\$
SGD - strengthened 5% (2020: 5%)	(2,353)	(1,174,197)
- weakened 5% (2020: 5%)	2,353	1,174,197
USD - strengthened 5% (2020: 5%)	40,688	74,352
- weakened 5% (2020: 5%)	(40,688)	(74,352)
RMB - strengthened 5% (2020: 5%)	1,423	22,444
- weakened 5% (2020: 5%)	(1,423)	(22,444)
Euro - strengthened 5% (2020: 5%)	(671)	(1,259)
- weakened 5% (2020: 5%)	671	1,259
MYR - strengthened 5% (2020: 5%)	(693)	(4,138)
- weakened 5% (2020: 5%)	693	4,138

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 2021 and 31 December 2020. The Group is not subject to any externally imposed capital requirements.

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	
	2021	2020
	\$	\$
Total debt	6,364,816	49,014,869
Less: Cash and cash equivalents (Note 22)	(1,370,533)	(2,558,604)
Net debt	<u>4,994,283</u>	<u>46,456,265</u>
Equity attributable to the owners of the Company	(2,385,576)	(20,633,349)
Total capital	<u>(2,385,576)</u>	<u>(20,633,349)</u>
Capital and net debt	<u>2,608,707</u>	<u>25,822,916</u>
Gearing ratio	<u>191%</u>	<u>180%</u>

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 2021

36. Segmental information (cont'd)

	Offshore and Marine		Chartering Services		Corporate		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020		2021	2020
Revenue:											
External customers	10,776,280	17,186,656	-	-	-	-	-	-	-	10,776,280	17,186,656
Inter-segment	9,362	654,978	924,000	-	-	992,000	933,362	(1,646,978)	A	-	-
Total revenue	10,785,642	17,841,634	-	-	-	992,000	933,362	(1,646,978)		10,776,280	17,186,656
Results:											
Interest income	4,580	7,348	-	27	-	-	-	-	-	4,580	7,375
Depreciation and amortisation	118,683	149,263	3,336	-	-	1,401	-	13,600	-	122,019	152,586
Impairment of non-financial assets	1,696,640	613,111	-	8,925,050	5,277,520	-	(4,459,572)	6,413,963	-	2,514,588	15,952,124
Other non-cash expenses	-	1,260,494	-	(300,611)	-	107,225	-	-	B	-	1,067,108
Segment (loss)/profit	(4,404,881)	(2,506,130)	41,402,552	(15,092,524)	(7,543,805)	(17,541,086)	(14,007,395)	9,763,635		15,446,471	(25,376,105)
Assets:											
Additions to non-current assets	50,881	26,014	-	-	-	7,740	-	-	C	50,881	33,754
Segment assets	4,978,505	15,449,339	3,649	46,920,753	254,597	4,668,211	97,343	(37,764,726)	D	5,334,094	29,273,577
Segment liabilities	(6,436,492)	(11,417,820)	(494,534)	(102,533,566)	(853,765)	(20,858,878)	1,552,342	84,850,696	E	(6,232,449)	(49,959,568)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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:

	2021	2020
	\$	\$
Inter-segment assets	97,343	(37,764,726)
Deferred tax assets	-	-

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

	2021	2020
	\$	\$
Deferred tax liabilities	-	572
Tax payable	-	6,565
Loans and borrowings	1,490,000	8,661,438
Inter-segment liabilities	(1,552,342)	(84,850,696)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Australia	423,225	317,806	–	–
Europe	313,562	333,023	–	–
Indonesia	1,644,886	2,916,468	938	1,949
Malaysia	458,850	723,927	3,103	5,446
Middle East	348,023	1,036,059	–	–
People's Republic of China	1,395,501	1,401,782	2,770	3,729
Singapore	5,977,930	10,304,323	63,606	962,606
Vietnam	96,075	25,095	–	–
Others	118,228	128,173	–	–
	<u>10,776,280</u>	<u>17,186,656</u>	<u>70,417</u>	<u>973,730</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 (2020: three) customers amounting to \$2,229,736 (2020: \$5,564,095) arise from project revenue by the offshore and marine segment (2020: offshore and marine segment).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. Events occurring after the reporting period

- (a) The Company had on 27 January 2022 issued and allotted 10,897,143 new ordinary shares in the capital of the Company to a placee at an issued price of \$0.0801 for each share, raising gross proceeds of approximately \$880,000.
- (b) The Company had on 23 March 2022 entered into an interest-free loan agreement with Ireliia Management Sdn. Bhd., a substantial shareholder of the Company, amounting to MYR600,000 (approximately \$192,815), repayable in 24 months from the loan drawdown date for working capital purposes. The funds from the loan was received by the Group on or about 28 March 2022.
- (c) The Company had on 23 March 2022 entered into an interest-free loan agreement with Subtleway Management Sdn. Bhd., a substantial shareholder of the Company, amounting to MYR800,000 (approximately \$257,087), repayable in 24 months from the loan drawdown date for working capital purposes. The funds from the loan was received by the Group on or about 28 March 2022.
- (d) The Company had on 23 March 2022 entered into an interest-free loan agreement with Mr. Toh Kok Soon, a substantial shareholder of the Company, amounting to \$600,000, repayable in 24 months from the loan drawdown date for working capital purposes. The funds from the loan was received by the Group on or about 31 March 2022.
- (e) As at the 31 December 2021, the interest-free loans owing to Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the “Lenders”) were \$1,490,000. The loans were repayable in August 2022 and were classified as current liabilities within the balance sheets of the Group. The Company had on or around 30 March 2022 entered into an agreement to extend the repayment date of the interest-free loans from the Lenders by another 12 months. This effectively extends the repayment date of the loans from the Lenders to August 2023;
- (f) The Company had, on 28 March 2022 announced the following corporate proposals comprising:
 - (i) the proposed renounceable non-underwritten rights cum warrants issue of up to 140,574,153 new ordinary shares of the Company with up to 281,148,306 free detachable and transferrable warrants;
 - (ii) the proposed placement of placement of up to 300,000,000 new ordinary shares in the capital of the Company at an issue price of S\$0.05 for each placement share, by way of a placement;
 - (iii) the proposed diversification of the existing core business of the Group, being that of offshore and marine, chartering services and corporate businesses to include supply chain management and lifestyle retail businesses;
 - (iv) the proposed change of name of the Company to “9R Limited”; and
 - (v) the proposed disposal of the entire shareholding interest of the Company in its wholly-owned subsidiaries of the Company, namely, Viking Airtech Pte. Ltd and Viking HVAC Pte. Ltd to Acapella Energy Pte. Ltd., pursuant to a sale and purchase agreement dated 27 March 2022 entered into by the Company and Acapella Energy Pte. Ltd., a company wholly-owned by a director of the Company.

The corporate proposals are subject to, *inter alia*, the approval of shareholders of the Company at an extraordinary general meeting to be convened by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. Events occurring after the reporting period (cont'd)

- (g) The Company had, on 19 January 2022 incorporated a wholly-owned subsidiary, Diverse Supply Chain Sdn. Bhd. (“**DSC**”), with an issued and paid-up share capital of RM1,000,000 (approximately \$324,238) of which, RM450,000 (approximately \$145,905) is paid through an interest free loan with Synergy Supply Chain Management Sdn. Bhd. The 24 months interest free loan agreement was entered into by the Company and Synergy Supply Chain Management Sdn. Bhd. on 15 February 2022. DSC’s nature of business includes wholesale, trading, sale, supply and distribution of industrial apparels, sophisticated hardware, robotics, pharmaceutical products, cosmetics, health supplements and related products.

38. Authorisation of financial statements

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 14 April 2022.

SHAREHOLDING STATISTICS

As at 17 March 2022

Number of shares issued (excluding treasury shares and subsidiary holdings) - 560,346,817

Issued and fully paid-up capital - \$107,398,215

Number of treasury shares and as a percentage of total number of shares outstanding (excluding treasury shares) - 159,230 (0.03%)

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 / No vote for Treasury Shares

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	248	13.38	6,997	0.00
100 - 1,000	774	41.77	411,575	0.07
1,001 - 10,000	678	36.59	2,168,216	0.39
10,001 - 1,000,000	143	7.72	8,531,954	1.52
1,000,001 and above	10	0.54	549,387,305	98.02
	1,853	100	560,506,047	100.0

There are no subsidiary holdings held as at 17 March 2022.

Based on information available to the Company as at 17 March 2022, approximately 14.57% 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	UOB Kay Hian Pte Ltd	478,999,379	85.48
2	Tembusu Growth Fund II Ltd	21,438,951	3.83
3	OCBC Securities Private Ltd	13,905,211	2.48
4	Luminor Pacific Fund 1 Ltd (In Members' Voluntary Liquidation)	11,576,752	2.07
5	Luminor Pacific Fund 2 Ltd (In Members' Voluntary Liquidation)	11,517,296	2.06
6	Lim Andy	4,862,137	0.87
7	Liu Hong	2,871,669	0.51
8	DBS Nominees Pte Ltd	1,909,451	0.34
9	Maybank Securities Pte. Ltd.	1,176,266	0.21
10	CGS-CIMB Securities (Singapore) Pte Ltd	1,130,193	0.20
11	Phillip Securities Pte Ltd	810,819	0.14
12	Yeo Seng Buck	683,462	0.12
13	Ow Kok Wah (Ou Guohua)	510,000	0.09
14	Lauren Tang Hui Jing	489,346	0.09
15	Ong Choo Guan	396,816	0.07
16	Terry Tan Soon Lee @ Hui Ri Amita	343,321	0.06
17	Tan Weiren Vincent (Chen Weiren Vincent)	267,440	0.05
18	Associated Leisure International Pte Ltd	263,200	0.05

SHAREHOLDING STATISTICS

As at 17 March 2022

19	Gwee Boon Tiong (Wei Wenzhong)	205,000	0.04
20	Xue Chunxia	146,880	0.03
		553,503,589	98.79

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 17 March 2022 of 560,346,817 shares (which excludes 159,230 shares which are held as treasury shares representing approximately 0.03% of the total number of issued shares excluding treasury shares).

Substantial Shareholders as at 17 March 2022

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	%*
Subtleway Management Sdn. Bhd. ⁽¹⁾	143,962,963	-	143,962,963	26.69
Lim Jun Hao ⁽²⁾	-	143,962,963	143,962,963	26.69
Tristan Management Sdn. Bhd. ⁽³⁾	141,418,407	-	141,418,407	25.24
Ng Boon Chee ⁽⁴⁾	-	141,418,407	141,418,407	25.24
Irelia Management Sdn. Bhd. ⁽⁵⁾	101,536,272	-	101,536,272	18.12
Tan Chiau Wei ⁽⁶⁾	-	101,536,272	101,536,272	18.12
Toh Kok Soon ⁽⁷⁾	75,433,234	-	75,433,234	13.46

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 17 March 2022 of 560,346,817 shares (which excludes 159,230 shares which are held as treasury shares representing approximately 0.03% of the total number of issued shares excluding treasury shares).

Notes:

- (1) Subtleway Management Sdn. Bhd. has a direct interest in 143,962,963 shares which are registered and held through UOB Kay Hian Pte Ltd.
- (2) Mr Lim Jun Hao holds the entire issued share capital of Subtleway Management Sdn. Bhd. and is therefore deemed interested in the 143,962,963 shares held by Subtleway Management Sdn. Bhd.
- (3) Tristan Management Sdn. Bhd. has a direct interest in 141,418,407 shares which are registered and held through UOB Kay Hian Pte Ltd.
- (4) Mr Ng Boon Chee holds the entire issued share capital of Tristan Management Sdn. Bhd. and is therefore deemed interested in the 141,418,407 shares held by Tristan Management Sdn. Bhd.
- (5) Irelia Management Sdn. Bhd. has a direct interest in 101,536,272 shares which are registered and held through UOB Kay Hian Pte Ltd.
- (6) Mr Tan Chiau Wei holds the entire issued share capital of Irelia Management Sdn. Bhd. and is therefore deemed interested in the 101,536,272 shares held by Irelia Management Sdn. Bhd.
- (7) Mr Toh Kok Soon has a direct interest in 75,433,234 shares which are registered and held through UOB Kay Hian Pte Ltd.

WARRANTHOLDING STATISTICS

As at 17 March 2022

WARRANTS - W220701

Warrantholding Statistics as at 17 March 2022

Size of Shareholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	42	16.60	1,480	0.08
100 - 1,000	124	49.01	53,578	2.75
1,001 - 10,000	71	28.06	261,830	13.43
10,001 - 1,000,000	15	5.93	477,352	24.48
1,000,001 and above	1	0.40	1,155,558	59.26
	253	100.00	1,949,798	100.00

Top 20 Warrantholders

S/No.	Name of Warrantholder	No. of Warrants Held	%*
1	UOB Kay Hian Pte Ltd	1,155,558	59.26
2	Phillip Securities Pte Ltd	162,100	8.31
3	Associated Leisure International Pte Ltd	84,000	4.31
4	Pang Nyuk Lin	60,000	3.08
5	GKE Corporation Limited	28,000	1.44
6	Soh Kay Meng	20,000	1.03
7	Fan Baoqi	16,000	0.82
8	Chan Kwan Bian	15,244	0.78
9	Tay Yew Chong	15,000	0.77
10	Wong Kok Huat	12,000	0.62
11	Ng Seng Hong	11,400	0.58
12	Seow Yin Khoi	11,100	0.57
13	Cheah Yee Ping (Xie Yiping)	11,000	0.56
14	Ling Thiam Poh	10,708	0.55
15	Chua Kah Soon or Lee Mei Ling	10,400	0.53
16	Yong Kim Yew Micheal	10,400	0.53
17	Cheng Kian Nam	10,000	0.51
18	Chu Say Chang	10,000	0.51
19	Oh Thian Cheong	10,000	0.51
20	Heng Chor Hiong	8,000	0.41
		1,670,910	85.68



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