CIRCULAR DATED 8 JULY 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Circular, or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of PSL Holdings Limited (the "**Company**"), you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular was prepared by the Company with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Circular.

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

This Circular has been made available on SGXNet.

A printed copy of this Circular will be despatched to Shareholders. In view of the current COVID-19 situation and in light of the advisories issued by the relevant authorities in Singapore as well as the related safe distancing measures in Singapore, Shareholders will not be able to attend the EGM (as defined herein) in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via "live" audio-and-video webcast or listening to the EGM proceedings via "live" audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by appointing the Chairman of the EGM as proxy at the EGM. Please refer to paragraphs 12 to 16 of the Letter to Shareholders of this Circular and the Company's announcement dated 8 July 2021 which has been uploaded on SGXNet for further information, including the steps to be taken by Shareholders to participate at the EGM.

Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act (as defined herein) and any regulations promulgated thereunder (including the COVID-19 Order (as defined herein)) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company as may be made from time to time on SGXNet.

PSL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199707022K)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED SELECTIVE CAPITAL REDUCTION OF S$0.36 IN CASH FOR EACH SHARE CANCELLED

Financial Adviser to the Company

RHT CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201109968H)

Independent Financial Adviser in respect of the Selective Capital Reduction

NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201723484W)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	27 July 2021 at 10 a.m.
Date and time of Extraordinary General Meeting	:	30 July 2021 at 10 a.m.
Place of Extraordinary General Meeting	:	To be convened by electronic means

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"**4 August Announcement**"	:	The announcement made on SGXNet by the Company on 4 August 2020 in which the Board, having considered the available exit strategies, determined that it was in the best interests of Shareholders that the Company be liquidated by way of a members' voluntary liquidation, and that the proceeds raised from the liquidation shall be distributed to Shareholders
"**Abstaining Directors**"	:	Mr. Kee Siang Hui and Ms. Ng Yoke Chan
"**Announcement**"	:	The announcement of Selective Capital Reduction by the Company made available on SGXNet and on the Announcement Date
"**Announcement Date**"	:	8 July 2021 being the date of the Announcement
"**Board**"	:	The board of directors of the Company
"**Cash Distribution**"	:	The aggregate sum of S$9,106,499 arising from the Selective Capital Reduction that will be returned to the Eligible Shareholders in cash, on the basis of S$0.36 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular dated 8 July 2021
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
"**Company**"	:	PSL Holdings Limited
"**Constitution**"	:	The constitution of the Company, as may be amended, modified, or supplemented from time to time
"**Court**"	:	The High Court of the Republic of Singapore
"**Court Order**"	:	The order of the Court approving the Selective Capital Reduction
"**CPF**"	:	The Central Provident Fund
"**CPF Agent Banks**"	:	Agent banks included under the CPFIS

"**CPFIS**"	:	CPF Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"**Directors**"	:	The directors of the Company as at the date of this Circular
"**Effective Date**"	:	The date of the lodgement of a copy of the Court Order together with the other documents prescribed under the Companies Act with the Registrar, and as set out in paragraph 8.2.1 of the Letter to Shareholders in this Circular
"**EGM**"	:	The extraordinary general meeting of the Company to be convened on 30 July 2021 by electronic means at 10 a.m., notice of which is set out on pages N-1 to N-3 of this Circular
"**Eligible Shareholders**"	:	All Shareholders who are not the Non-Participating Shareholders
"**FY**"	:	The financial year ended 31 December of the relevant year
"**FY 2020 Annual Report**"	:	The Company's annual report for FY 2020
"**FY 2020 Results**"	:	The latest audited consolidated financial statements of the Group for FY 2020 as set out in **Appendix G** of this Circular
"**Q1 2021 Financial Statements**"	:	The latest unaudited consolidated financial statements of the Group for the first quarter of FY 2021 as set out in **Appendix G** of this Circular
"**Group**"	:	The Company and its subsidiaries
"**IDR**"	:	Indonesian Rupiah
"**IFA**"	:	Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Recommending Directors in respect of the Selective Capital Reduction, being the exit offer
"**IFA Letter**"	:	The letter dated 8 July 2021 from the IFA addressed to the Recommending Directors in respect of the Selective Capital Reduction, being the exit offer, as set out in **Appendix A** of this Circular
"**Independent Valuation**"	:	The valuation of selected vessels and heavy equipment of the Group conducted by AVA Associates Limited for the purposes of the Selected Capital Reduction

"Independent Valuer"	:	AVA Associates Limited, being the independent professional valuer who prepared the Valuation Report
"Latest Practicable Date"	:	28 June 2021, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the Mainboard of the SGX-ST, as may be amended, modified, or supplemented from time to time
"Material Adjustments"	:	Material adjustments made to the Unaudited FY 2020 Financial Results prior to the release of the audited FY 2020 Results by the Company's external auditors
"Non-Participating Shareholders"	:	The major Shareholders of the Company set out in paragraph 2.3.7 of the Letter to Shareholders in this Circular who will not be participating in the Selective Capital Reduction and, as per the requirement of the SGX-ST, each has provided unconditional and irrevocable undertakings to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction
"Notice of EGM"	:	The notice of the EGM as set out on pages N-1 to N-3 of this Circular
"Quarterly Update"		The Quarterly Update pursuant to Rule 1313(2) of SGX-ST Listing Manual dated 11 November 2020 made by the Company on SGXNet
"Proxy Form"	:	The proxy form in respect of the EGM as set out in this Circular
"PSL EGM Website"	:	https://conveneagm.com/sg/pslgroup
"Recommending Directors"	:	Directors who are regarded as independent for the purposes of making a recommendation on the proposed Selective Capital Reduction, namely Mr Fhifi Alfhian Ronie, SH, Mr Richard Kennedy Melati, Mr William Teo Choon Kow, Mr Wong Wei Boon, Kevin, and Ms Leong Ting Ting
"Record Date"	:	The date, to be determined by the Directors and announced by the Company, on which the transfer books of the Company and the Register of Members will be closed in order to determine the entitlements of the Eligible Shareholders to the Cash Distribution pursuant to the Selective Capital Reduction
"Register of Members"	:	The register of members of the Company

"**Registration Deadline**"	:	Shall have the meaning ascribed to it in paragraph 13.1 of the Letter to Shareholders in this Circular
"**Relevant Securities**"	:	Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options or derivatives in respect of any Shares or securities carrying voting rights in the Company
"**RHT Capital**"	:	RHT Capital Pte. Ltd., the financial adviser appointed by the Company in respect of the Selective Capital Reduction
"**Securities Account**"	:	The securities account maintained by a Depositor with CDP
"**Selective Capital Reduction**"	:	The proposed selective capital reduction exercise to cancel all the Shares held by the Eligible Shareholders and return the share capital in cash to the Eligible Shareholders as set out in paragraph 3 of the Letter to Shareholders in this Circular
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Registrar**"	:	In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), the share registrar of the Company
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
"**Shares**"	:	Ordinary shares in the issued share capital of the Company
"**SIC**"	:	Securities Industry Council
"**SRS**"	:	Supplementary Retirement Scheme
"**Submission Deadline**"	:	Shall have the meaning ascribed to it in paragraph 13.1 of the Letter to Shareholders in this Circular
"**Substantial Shareholder**"	:	A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively

"**Unaudited FY 2020 Financial Results**"	:	The Company's unaudited financial statements and related announcement for the fourth quarter ended 31 December 2020 released on 26 February 2021
"**Valuation Report**"	:	The valuation report prepared by the Independent Valuer in respect of the Company's assets, summary of which is set out in **Appendix F** of this Circular
"**%**"	:	percentage or per centum

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The terms "**subsidiary**" and "**treasury shares**" shall have the meanings ascribed to them respectively in the Companies Act.

References to "**paragraph**" are to the paragraphs of this Circular, unless otherwise stated.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Listing Manual, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in the figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

PSL HOLDINGS LIMITED

(Company Registration Number: 199707022K)
(Incorporated in the Republic of Singapore)

Directors:	Registered Office:
Mr Fhifi Alfhian Ronie, SH (Non-Executive Independent Chairman)	37 Jalan Pemimpin
Mr Richard Kennedy Melati (Executive Director)	#07-16 Mapex Building
Mr Kee Siang Hui (Executive Director)	Singapore 577177
Ms Ng Yoke Chan (Non-Executive Non-Independent Director)	
Mr William Teo Choon Kow (Independent Director)	
Mr Wong Wei Boon, Kevin (Independent Director)	
Ms Leong Ting Ting (Independent Director)	

8 July 2021

To: The Shareholders of PSL Holdings Limited

Dear Sir/Madam,

THE PROPOSED SELECTIVE CAPITAL REDUCTION OF THE COMPANY

1. INTRODUCTION

1.1 The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the proposed Selective Capital Reduction, so as to seek Shareholders' approval for the resolutions relating to the same at the EGM to be convened on 30 July 2021 by electronic means at 10 a.m. notice of which is set out on pages N-1 to N-3 of this Circular.

1.2 Shareholders are advised to read this Circular in its entirety and to consult their legal, financial, tax or other professional adviser should they require advice in the context of this Circular.

1.3 The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. BACKGROUND

2.1 On 5 June 2017, the Company announced that it would be placed on the Watchlist by the SGX-ST with effect from 5 June 2017 pursuant to Rule 1311(1) of the Listing Manual, and would be given 36 months from 5 June 2017 to restore its financial health and meet the requirements of Rule 1314(1) of the Listing Manual, failing which the SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

2.2 On 4 June 2020, the Company announced that it had applied to the SGX-ST for an extension of time to exit the Watchlist.

2.3 On 22 June 2020, the Company announced that it had on 19 June 2020 received a response that its application was rejected from the SGX-ST stating that:

2.3.1 The SGX-ST was unable to grant an extension of time for the Company to satisfy the requirements for removal from the Watchlist, for the reasons below:

2.3.1.1. The SGX-ST noted that as at 17 June 2020, the Company recorded pre-tax loss of S$1.255 million for FY 2019 and has an average daily market capitalisation of S$3.81 million over the last 6 months which does not satisfy either of the requirements under Rule 1314 of the Listing Manual. In addition, the SGX-ST noted that this loss was incurred even prior to the COVID-19 outbreak.

2.3.1.2. In deciding on an application for allowing extensions of time of the cure period, the SGX-ST will have regard to factors set out under paragraph 4.2 of Practice Note 13.2. The SGX-ST noted that the Company is not able to meet any of these conditions. Among others, the SGX-ST noted that the Company generated negative cash flow of S$2.46 million from its operating activities in FY 2019 in its latest consolidated audited financial statement. While the Company has stated that it projects profits in the coming years, there is also no certainty that such projections and associated plans will materialise. The SGX-ST also took into account the concerns it had surrounding a recent placement. The Board did not proceed with the placement.

2.3.1.3. The SGX-ST also noted that the Company's auditors had expressed its Disclaimer of Opinion due to the recoverability of loans due from PT. Momentum Indonesia Investama and contingent consideration receivable by the Company.

2.3.2 Pursuant to Rule 1315 of the Listing Manual, the Company was to be delisted as the Company was unable to exit the financial watchlist by the end-date of the cure period of 4 June 2020.

2.3.3 Pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires a fair and reasonable exit offer to be provided to Shareholders. The SGX-ST had granted the Company an extension of time for the Company or its controlling shareholder(s) to make a fair and reasonable exit offer to Shareholders.

2.3.4 On 16 July 2020, the Company announced that it was considering various proposals for the exit offer. On 20 July 2020, trading in the Shares was suspended.

2.3.5 On 4 August 2020, the Company announced that having considered the available exit strategies, the Board determined that it was in the best interests of Shareholders that the Company be liquidated by way of a members' voluntary liquidation, and the proceeds raised from the liquidation be distributed to Shareholders (the "**4 August Announcement**").

2.3.6 However, since the 4 August Announcement, the business of the Company appears to show signs of improvement as indicated in the Quarterly Update. Accordingly, the Non-Participating Shareholders (as defined below) of the Company came to the view that the business may be worth preserving as a going concern and, after careful deliberation, that a Selective Capital Reduction would now be more appropriate than a voluntary winding up.

2.3.7 The major Shareholders of the Company (the "**Non-Participating Shareholders**"), who in aggregate hold 30,391,165 Shares representing 54.57% of the issued and paid-up share capital of the Company, comprise the following individuals:

2.3.7.1. Atan is the legal and beneficial owner of 10,521,650 Shares representing 18.89% of the issued and paid-up share capital of the Company.

He is a private investor who is based in Indonesia. His investment experience is primarily in transport and forwarding as well as the food and beverage industry in Indonesia. He is currently a shareholder of PT Global Jasa Express, which engages in transport and trucking services in Indonesia;

2.3.7.2. Melda Veronica, the legal and beneficial owner of 5,002,500 Shares representing 8.98% of the issued and paid-up share capital of the Company.

She is the Assistant Finance Manager of the Company and is responsible for managing the financial and accounting functions of the Company and its subsidiaries. She is also the spouse of Mr. Kee Siang Hui, the Executive Director of the Company;

2.3.7.3. A Guat is the legal and beneficial owner of 4,176,524 Shares representing 7.50% of the issued and paid-up share capital of the Company.

She is a private investor who is based in Indonesia. Her investment experience is primarily in the automotive industry in Indonesia, specifically her family business Bengkel Santri, which is a company providing automotive workshop services;

2.3.7.4. Edison is the legal and beneficial owner of 3,992,192 Shares representing 7.17% of the issued and paid-up share capital of the Company (of which 0.22% is held through Maybank Kim Eng Securities Pte. Ltd. as nominee).

He is a private investor who is based in Indonesia. His investment experience is primarily in the trucking, logistics and hotel industries in Indonesia. He is currently a director of PT Mandiri Jaya Investama in charge of its finance department. PT Mandiri Jaya Investama is the holding company of PT Putra Mahkota Raya, which engages in hospitality services in Indonesia;

2.3.7.5. Tan Chee Meng is the legal and beneficial owner of 2,723,000 Shares representing 4.89% of the issued and paid-up share capital of the Company.

He is a Malaysian businessman and investor with a diverse business and investment portfolio, including in the import and export of foodstuffs, provisions and general merchandise, timber trading, property letting, construction and development, interior designing and renovation. He also holds the positions of managing director or director in several Malaysian companies engaged in the aforementioned businesses;

2.3.7.6. Suman Hadi Negoro is the legal and beneficial owner of 2,621,599 Shares representing 4.71% of the issued and paid-up share capital of the Company (of which 3.14% is held through United Overseas Bank Nominees (Private) Limited as nominee).

He is a private investor who is based in Indonesia. His investment experience is primarily in the mining industry in Indonesia; and

2.3.7.7. Ng Yoke Chan is the beneficial owner of 1,353,700 Shares representing 2.43% of the issued and paid-up share capital of the Company held through Maybank Kim Eng Securities Pte. Ltd. as nominee.

She is the former Non-Executive Chairwoman of the Company and is presently the Non-Executive Non-Independent Director of the Company. She was appointed to the Board on 31 August 2016.

Edison, Atan and A Guat are acquainted with Ng Yoke Chan as friends and together with Melda Veronica, were introduced to the Company by Ng Yoke Chan. They have also each participated in placement exercises undertaken by the Company in 2016 and/or 2017.

Tan Chee Meng was introduced to the Company by Atan and has been a shareholder of the Company since 2016.

Suman Hadi Negoro became a substantial shareholder of the Company on 31 December 2015. He ceased to be a substantial shareholder of the Company on 25 July 2019 following the disposal of 5,500,000 Shares to Atan via an off-market transaction.

2.3.8 The Non-Participating Shareholders will not be participating in the Selective Capital Reduction and, as per the requirement of the SGX-ST, each has provided unconditional and irrevocable undertakings to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction.

2.3.9 The Company is of the view that the Non-Participating Shareholders are acting in concert given that they intend to remain as Shareholders of the Company and consolidate effective control over the Company and its business following the delisting of the Company.

2.3.10 The Company is proposing, by way of the Selective Capital Reduction, to use its cash to cancel the Shares held by the Eligible Shareholders being all other Shareholders who are not the Non-Participating Shareholders (the "**Eligible Shareholders**"), thereby giving the Eligible Shareholders an opportunity to realise the value of their Shares. As at the Latest Practicable Date, the Company has cash and cash equivalents of S$11.8 million.

2.3.11 The Selective Capital Reduction will serve as the exit offer, and as set out in the IFA Letter, Novus Corporate Finance Pte. Ltd. (the "**IFA**") has opined that the financial terms of the Selective Capital Reduction, being the exit offer, are fair and reasonable, as required under Rule 1309 of the Listing Manual.

2.3.12 In the event that the special resolution for the Selective Capital Reduction is not approved by Shareholders at the EGM, the Board undertakes to pursue other options to provide a fair and reasonable exit offer to facilitate the delisting exercise.

3. SELECTIVE CAPITAL REDUCTION

3.1 Company's Proposal

3.1.1 The Company proposes to implement the Selective Capital Reduction and cancel all the Shares held by the Eligible Shareholders to provide the Eligible Shareholders with an avenue to realise the value of their Shares which serves as an exit offer. The Eligible Shareholders will receive S$0.36 for each Share held that is cancelled as a result of the Selective Capital Reduction.

3.1.2 In arriving at the share price of S$0.36 for each Share, the Company had taken into consideration, among others, the historical trading price of the Shares, the net asset value per Share, the poor financial performance of the Group and the current general weak market conditions in the industries and markets which the Group operates in. The share price of S$0.36 for each Share represents: (i) a premium of approximately 143.2% over the volume weighted average price of the Shares of S$0.148 on 13 July 2020, being the last market day which recorded trades in the Shares prior to the suspension of the Shares; and (ii) a discount of approximately 18.2% to the unaudited net asset value per Share of S$0.44 as at 31 March 2021.

3.1.3 As set out in the IFA Letter, the IFA has opined that the financial terms of the Selective Capital Reduction, being the exit offer, are fair and reasonable, as required under Rule 1309 of the Listing Manual. **Shareholders are advised to read the full text of the IFA letter set out in Appendix A to this circular carefully.**

3.1.4 Accordingly, the aggregate sum of S$9,106,499 arising from the Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S$0.36 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction. The aggregate sum of S$9,106,499 represents 77.3% of the cash and cash equivalents of S$11.8 million of the Group as at the Latest Practicable Date.

3.2 Reduction of Share Capital

3.2.1 The Selective Capital Reduction will involve reducing the share capital of the Company from S$35,762,912 comprising 55,686,996 Shares to S$26,656,413 comprising 30,391,165 Shares, representing a reduction of the total issued share capital of the Company by approximately 45.43%.

3.3 Process

3.3.1 The Selective Capital Reduction will be effected by:

3.3.1.1. cancelling the amount of S$9,106,499 constituting part of the total paid-up share capital of the Company that is held by the Eligible Shareholders; and

3.3.1.2. cancelling 25,295,831 of the said Shares constituting part of the total issued share capital of the Company that is held by the Eligible Shareholders.

3.3.2 The aggregate sum of S$9,106,499 arising from the Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S$0.36 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction.

3.3.3 The Selective Capital Reduction will be funded from existing cash reserves. As at the Latest Practicable Date, the Company has cash and cash equivalents of S$11.8 million.

3.4 Rationale

3.4.1 Rule 1306 of the Listing Manual provides that if the SGX-ST exercises its power to remove an issuer from the Official List of the SGX-ST, the issuer or its controlling shareholders must, subject to Rule 1308 of the Listing Manual, comply with the requirements of Rule 1309 of the Listing Manual to make a fair and reasonable exit offer to its shareholders.

3.4.2 In view of the above, the Company is of the view that it is in the best interests of the Shareholders that the Company pursues a Selective Capital Reduction, for the reasons set out below:

3.4.2.1. The Selective Capital Reduction is an internal corporate exercise that is proposed by the Company for the Eligible Shareholders. As stated in the 4 August Announcement, the business of the Company appears to show signs of improvement and may be worth preserving. However, as the shareholdings in the Company are fragmented, no single major Shareholder is in a position to make an offer to acquire all the Shares of the other Shareholders, including the public Shareholders.

3.4.2.2. Furthermore, following the delisting of the Company, it will become difficult for the Eligible Shareholders to realise their investment in the Shares given the lack of a public market for the Shares. Therefore, after careful deliberation, the Company is proposing, by way of the Selective Capital Reduction, to use its cash to cancel the Shares held by the Eligible Shareholders, thereby giving the Eligible Shareholders an opportunity to realise the value of their Shares.

4. CONFIRMATION OF FINANCIAL RESOURCES

4.1 RHT Capital has confirmed that sufficient financial resources are available to the Company to fund the aggregate sum of the Cash Distribution which will be returned to the Eligible Shareholders if the Selective Capital Reduction becomes effective.

5. NON-PARTICIPATING SHAREHOLDERS' INTENTION FOR THE COMPANY

5.1 Non-Participating Shareholders' Future Plans for the Company

5.1.1 The Non-Participating Shareholders currently intend for the Company to continue its existing business activities and has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the Company's fixed assets, or (iii) discontinue the employment of any of the existing employees of the Company and/or of its subsidiaries, other than in the ordinary course of business.

5.1.2 Nonetheless, the Non-Participating Shareholders retain the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Non-Participating Shareholders regard to be in the interests of the Group.

5.2 Compulsory Acquisition

5.2.1 The Non-Participating Shareholders are not entitled to, and will not avail themselves of, the rights of compulsory acquisition under Section 215(1) of the Companies Act.

5.2.2 The Eligible Shareholders will have no right and are not entitled to require the Non-Participating Shareholders to acquire their Shares under Section 215(3) of the Companies Act.

6. DISCLOSURES OF SHAREHOLDINGS AND DEALINGS

6.1 Share Capital

6.1.1 As at the Latest Practicable Date:

6.1.1.1. the Company has only one class of Shares in issue, the Shares, and there are 55,686,996 Shares in issue, none of which is held in treasury; and

6.1.1.2. there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding.

6.2 Disclosures

6.2.1 As at the Latest Practicable Date, except as set out in **Appendix B** to this Circular, none of the Non-Participating Shareholders and their concert parties:

6.2.1.1. own, control or has agreed to acquire: (i) any Shares; (ii) any securities which carry voting rights in the Company; or (iii) any convertible securities, warrants, options or derivatives in respect of any Shares or securities referred to in (i) and (ii) (collectively, the "**Relevant Securities**");

6.2.1.2. has dealt for value in any Relevant Securities during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date;

6.2.1.3. has granted any security interest relating to any Relevant Securities to another person, whether through a charge, pledge or otherwise;

6.2.1.4. has borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold);

6.2.1.5. has lent any Relevant Securities to another person; or

6.2.1.6. has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including any indemnity or option or arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Relevant Securities which may be an inducement to deal or refrain from dealing,

6.2.2 As at the Latest Practicable Date, none of the Non-Participating Shareholders, parties acting in concert with the Non-Participating Shareholders and/or the Company has received any irrevocable undertaking from any Eligible Shareholder to vote in favour of the Selective Capital Reduction.

7. SHAREHOLDERS' AND COURT APPROVAL

7.1 Shareholders' approval is being sought for the Selective Capital Reduction in accordance with the provisions of the Companies Act. Pursuant to Section 78G of the Companies Act, in order for the Selective Capital Reduction to be approved: (a) a special resolution[1] must be passed by Shareholders approving the Selective Capital Reduction; and (b) the approval and confirmation by the Court of the Selective Capital Reduction must be obtained.

7.2 Upon the Court Order being made, the Selective Capital Reduction will take effect upon the lodgement of a copy of the Court Order, together with the other documents as prescribed under the Companies Act, with the Registrar within 90 days beginning with the date the Court Order is made, or within such longer period as the Registrar may allow.

1 A special resolution requires the approval of at least 75 per cent. in number of all Shareholders or, if by poll, 75 per cent. of all Shares voted by Shareholders present and voting at the EGM.

8. ADMINISTRATIVE PROCEDURES

The following paragraphs set out the administrative procedures for the Selective Capital Reduction.

8.1 Record Date

8.1.1 Subject to the conditions in paragraph 7 above being satisfied, the Eligible Shareholders registered in the Register of Members as at the Record Date will be entitled to receive S$0.36 for each Share registered in their respective names as at the Record Date.

8.2 Settlement of Cash Distribution

8.2.1 Subject to the conditions in paragraph 7 above being satisfied, on the lodgement of a copy of the Court Order together with the other documents prescribed under the Companies Act with the Registrar, the Selective Capital Reduction shall take effect on such date (the "**Effective Date**"), and payment of the Cash Distribution pursuant to the Selective Capital Reduction will be made in the manner set out below.

Eligible Shareholders whose Shares are registered in the Register of Members as at the Record Date will have the cheques for payment of their entitlements to the Cash Distribution under the Selective Capital Reduction despatched to them by ordinary post at their own risk at their Registered Addresses within seven Business Days of the Effective Date.

Eligible Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Record Date, will have payment of their respective entitlements to the Cash Distribution under the Selective Capital Reduction credited directly into their designated bank accounts by CDP via CDP's direct crediting service. Alternatively, such Eligible Shareholders will have payment of their respective entitlements to the Cash Distribution under the Selective Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions.

An Eligible Shareholder who wishes to record any change in his Registered Address should notify the Share Registrar, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.) at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 of such change before the Record Date.

8.3 Irrevocable Undertaking

8.3.1 The Non-Participating Shareholders, who collectively hold 30,391,165 Shares comprising approximately 54.57% of the issued and paid-up share capital of the Company have each provided an unconditional and irrevocable undertaking to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction.

9. EXEMPTIONS BY THE SIC

9.1 Exemptions by the SIC

9.1.1 The SIC has exempted the Selective Capital Reduction from Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions that:

9.1.1.1. the Non-Participating Shareholders abstain from voting on the Selective Capital Reduction;

9.1.1.2. our Executive Director, Mr. Kee Siang Hui, and our Non-Executive Non-Independent Director, Ms. Ng Yoke Chan (the "**Abstaining Directors**"), abstain from making a recommendation on the Selective Capital Reduction to the Eligible Shareholders; and

9.1.1.3. the Company appoints an independent financial advisor to advise the Eligible Shareholders on the Selective Capital Reduction.

9.2 Independence of Directors and Scope of Responsibility

9.2.1 Mr. Kee Siang Hui being the spouse of Melda Veronica (one of the Non-Participating Shareholders) is presumed to be an individual acting in concert with the Non-Participating Shareholders. Ms. Ng Yoke Chan being a Non-Participating Shareholder, who together with the other Non-Participating Shareholders came to the decision for the Company to pursue the Selective Capital Reduction and who intends to thereafter remain as a shareholder of the Company post-Selective Capital Reduction and post-delisting, is also presumed to be acting in concert with the other Non-Participating Shareholders. In light of the above and taking into consideration Note 3 of Rule 24.1 of the Take-over Code which states that directors who have an irreconcilable conflict of interests should not join with the remainder of the board in the expression of its views on the offer, the SIC has ruled that the Abstaining Directors are to abstain from making a recommendation and are exempted from the requirement to make a recommendation on the Selective Capital Reduction to the Eligible Shareholders. Each of the Abstaining Directors must, however, still assume responsibility for the accuracy and facts stated and opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Selective Capital Reduction.

10. INDEPENDENT VALUATION

10.1 The Company had commissioned, AVA Associates Limited (the "**Independent Valuer**"), to value the selected vessels and heavy equipment of the Group for the purposes of the Selected Capital Reduction (the "**Independent Valuation**"). According to the Valuation Report issued by the Independent Valuer, the fair value of the selected vessels and heavy equipment of the Group as at 31 December 2020 is approximately IDR74.9 billion and IDR85.6 billion respectively (or equivalent to approximately S$7.1 million and S$8.1 million respectively at an exchange rate of S$1 : IDR10,526.30 as at 31 December 2020).

10.2 As set out in the Valuation Report, in arriving at its opinion of value, the Independent Valuer had applied the market approach as the assets under consideration in the exercise are not specialised assets and comparable data are available. The summary of the Valuation Report (which includes the basis of the valuation) is set out in **Appendix F** to this Circular.

10.3 Based on the findings of the Valuation Report, the Company had made the necessary fair value and impairment adjustments to the unaudited book values of the selected vessels and heavy equipment as at 31 December 2020 which was reflected in the Company's unaudited financial statements and related announcement for the fourth quarter ended 31 December 2020 ("**Unaudited FY 2020 Financial Results**"). The unaudited book values of the selected vessels and heavy equipment as at 31 December 2020 had been adjusted downwards based on their respective fair values as stated in the Valuation Report as set out below:

	As at 31 December 2020 (IDR)		
Assets	**Unaudited book value**	**Fair value**	**Net revaluation deficit**
Vessels	104,470,878,463	74,872,700,000	29,598,178,463
Heavy Equipment	102,369,744,791	85,613,200,000	16,756,544,791
Total	**206,840,623,254**	**160,485,900,000**	**46,354,723,254**

The Unaudited FY 2020 Financial Statements were subsequently audited by the Company's external auditors and certain material adjustments were made to the Unaudited FY 2020 Financial Results prior to the release of the audited FY 2020 Results ("**Material Adjustments**") in the Company's annual report for FY 2020 ("**FY 2020 Annual Report**"). Shareholders may wish to refer to the Company's announcement on 13 April 2021 regarding the differences between the Unaudited FY 2020 Financial Results and audited FY 2020 Results as well as the FY 2020 Annual Report for further details on, among others, the Material Adjustments.

For avoidance of doubt, the FY 2020 Results and Q1 2021 Financial Statements had taken into account the aforementioned fair values of the selected vessels and heavy equipment as at 31 December 2020 as set out in the Valuation Report.

11. ADVICE OF THE IFA

11.1 Novus Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Selective Capital Reduction, being the exit offer. Shareholders are advised to read and consider the IFA Letter issued by the IFA in its entirety and should consider carefully the advice of the recommendations of the Recommending Directors before deciding whether to vote in favour of the Selective Capital Reduction at the EGM. The IFA's advice is set out in its letter dated 8 July 2021 which is reproduced in **Appendix A** to this Circular.

11.2 Having considered the various factors set out in the IFA Letter, and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made certain recommendation to the Recommending Directors as set out in paragraph 9 of the IFA Letter, an extract of which is reproduced below. **Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.** Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as defined in the IFA Letter.

*"Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Selective Capital Reduction, being the Exit Offer, are **fair and reasonable**. Accordingly, we advise the Recommending Directors to recommend that Shareholders **vote in favour** of the Selective Capital Reduction."*

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

12. EXTRAORDINARY GENERAL MEETING

12.1 The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be convened on 30 July 2021 by electronic means at 10 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, Special Resolution 1 set out in the Notice of EGM.

13. ACTIONS TO BE TAKEN BY SHAREHOLDERS

13.1 Alternative Arrangements for EGM

No physical attendance

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the EGM will be held by electronic means and members of the Company will NOT be allowed to attend the EGM in person.

Alternative arrangements are instead put in place to allow shareholders to participate in the EGM by:

(i) watching and/or listening to the EGM proceedings via a "live" webcast;

(ii) submitting questions ahead of the EGM; and

(iii) voting by proxy at the EGM.

"Live" webcast

The EGM proceedings will be conducted via electronic means. Shareholders will be able to watch or listen to the proceedings via a "live" webcast on their mobile phones, tablets or computers.

In order to do the above, shareholders will have to follow these steps:

(i) Shareholders (including those who hold their shares through relevant intermediaries (including CPFIS Investors or SRS investors)) who wish to watch or listen to the "live" webcast must pre-register with the Company at the URL: https://conveneagm.com/sg/pslgroup (the "**PSL EGM Website**"), to create an account, no later than 10 a.m. on 27 July 2021 (the "**Registration Deadline**").

(ii) Following authentication of a shareholder's status, such shareholder will receive an email on their authentication status and will be able to access the "live" webcast of the EGM proceedings using the account created.

(ii) Shareholders who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 10 a.m. on 29 July 2021 should contact the Company at the following email address: angeline.yap@pslgroup.com.sg, with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/ registration number.

Shareholders are reminded that the EGM proceedings are private. Instructions on access to the "live" webcast of the EGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise he or she shall not be authorised to attend the EGM. Recording of the "live" webcast in whatever form is also strictly prohibited.

For optimal user experience, it is recommended that shareholders use the following browser versions when accessing the PSL EGM Website as well as the "live" webcast of the EGM proceedings:

- Mozilla Firefox 69 and above; or
- Safari 12.1.2 and above; or
- Google Chrome 74 and above; or
- Microsoft Edge 79 and above.

Submission of questions

Shareholders may submit questions relating to the resolution to be tabled for approval at the EGM.

All questions must be submitted no later than 10 a.m. on 27 July 2021 (the "**Submission Deadline**") via any one of the following means:

(i) by email to Company's Investor Relations team at elliot.siow@rhtgoc.com. When submitting the questions, please provide the Company with the following details, for verification purpose:

  (a) Full name (for individuals)/company name (for corporates) as per CDP/scrip/ CPF/SRS Account records;

  (b) NRIC or Passport Number (for individuals)/Company Registration Number (for corporates);

  (c) Number of shares held;

(d) The manner in which you hold shares in the Company (e.g. via CDP, scrip, CPF or SRS);

(e) Address;

(f) Contact Number; and

(g) Email Address

OR

(ii) by post to be lodged at the office of the Company's polling agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street #19-08 Prudential Tower Singapore 049712.

If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and executed proxy form, the following details must be included with the submitted questions: (1) the full name of the shareholder; and (2) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

The Company will provide responses to substantial queries and relevant comments from Shareholders relating to the agenda of the EGM prior to, or at, the EGM via LIVE WEBCAST and AUDIO ONLY MEANS. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the EGM in respect of substantial and relevant matters. The responses from the Board and management of the Company shall thereafter be published on SGXNet, together with the minutes of the EGM, within one (1) month after the EGM.

Please note that shareholders will not be able to ask questions at the EGM and accordingly, it is important for shareholders to submit their questions by the Submission Deadline.

Appointment of Chairman of the EGM as Proxy

Shareholders (whether individuals or corporates) appointing the Chairman of the EGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.

The proxy form must be submitted to the Company no later than 10 a.m. on 27 July 2021 through any one of the following means:

(i) by posting a physical copy at the registered office of the Company at 37 Jalan Pemimpin, #07-16 Mapex Building, Singapore 577177; or

(ii) by sending a scanned PDF copy by email to angeline.yap@pslgroup.com.sg.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email as early as possible, to enable your vote(s) to be counted, and to follow all government guidance and requirements.

Persons who hold shares through relevant intermediaries

Persons who hold shares of the Company through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), including CPFIS Investors and/or SRS Investors, and who wish to participate in the EGM by:

(i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream;

(ii) submitting questions in advance of the EGM; and/or

(iii) voting by proxy at the EGM.

should approach the relevant intermediary (which would include, in the case of CPFIS Investors and SRS investors, their respective CPF/SRS approved nominees (CPF Agent Banks or SRS operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

14. DESPATCH OF PRINTED COPIES OF CIRCULAR, NOTICE OF EGM AND PROXY FORM

14.1 Printed copies of the Circular, the Notice of EGM and the Proxy Form in respect of the EGM will be despatched to Shareholders. A copy of the Circular attaching the Notice of EGM and the Proxy Form has also been uploaded on SGXNet. A Shareholder will need an internet browser and PDF reader to view these documents on SGXNet.

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

15.1 CPFIS Investors who wish to attend and vote at the EGM are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

15.2 SRS Investors who wish to attend and vote at the EGM are advised to consult their respective SRS Operators should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

16. DEPOSITORS

16.1 A Depositor shall not be regarded as a member of the Company unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

17. RECOMMENDING DIRECTORS' RECOMMENDATIONS

17.1 The Recommending Directors are of the opinion that the Selective Capital Reduction is in the best interests of the Company in light of the rationale for the Selective Capital Reduction stated in paragraph 3.4 of the Letter to Shareholders, and the advice given by the IFA set out in paragraph 11 of the Letter to Shareholders and in **Appendix A**. Accordingly, they recommend that the Eligible Shareholders vote in favour of Special Resolution 1 set out in the Notice of EGM.

18. DIRECTORS' RESPONSIBILITY STATEMENT

18.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular (other than (a) the IFA Letter set out in **Appendix A** to this Circular for which the IFA has taken responsibility, (b) all other facts relating to, and opinions expressed by the Non-Participating Shareholders, and (c) the summary of the Valuation Report set out in **Appendix F** to this Circular for which the Independent Valuer has taken responsibility) constitutes full and true disclosure of all material facts about the Selective Capital Reduction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

18.2 Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

19. DOCUMENTS FOR INSPECTION

19.1 A copy of the following documents may be inspected by Shareholders at the registered office of the Company at 37 Jalan Pemimpin, #07-16, Mapex, Singapore 577177 during normal business hours from the date of this Circular up to the date of the EGM:

(a) the Constitution;

(b) the annual report of the Company for FY 2020;

(c) the audited consolidated financial statements of the Group for FY 2017, FY 2018 and FY 2019;

(d) the audited consolidated financial statements of the Group for FY 2020 (the "**FY 2020 Results**") as set out in **Appendix G** of this Circular;

(e) the unaudited consolidated financial statements of the Group for the first quarter (ended 31 March 2021) of FY 2021 (the "**Q1 2021 Financial Statements**") as set out in **Appendix G** of this Circular;

(f) the IFA letter as set out in **Appendix A** to this Circular;

(g) the Valuation Report, summary of which is set out in **Appendix F** to this Circular;

(h) the letters of consent referred to in **Appendix D** to this Circular;

(i) the letters of undertaking referred to in paragraph 8.3.1 of the Letter to Shareholders; and

(j) the Announcement.

19.2 In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the registered office of the Company may not be possible during this period. Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

Yours faithfully
For and on behalf of the Board of Directors of
PSL HOLDINGS LIMITED

Fhifi Alfhian Ronie, SH
Non-Executive Independent Chairman

APPENDIX A

NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201723484W)

7 Temasek Boulevard
#18-03B Suntec Tower 1
Singapore 038987

8 July 2021

To: The Recommending Directors of PSL Holdings Limited
(in respect of the Exit Offer (as defined below))

Mr. Fhifi Alfhian Ronie, SH
Mr. Richard Kennedy Melati
Mr. William Teo Choon Kow
Mr. Wong Wei Boon, Kevin
Ms. Leong Ting Ting

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) OF PSL HOLDINGS LIMITED (THE "COMPANY") IN RESPECT OF THE SELECTED CAPITAL REDUCTION, WHICH WILL SERVE AS AN EXIT OFFER IN CONNECTION WITH THE COMPANY'S DIRECTED DELISTING FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 8 July 2021 (the "**Circular**") issued by the Company to the shareholders of the Company (the "**Shareholders**") shall have the same meanings herein.*

1. INTRODUCTION

On 5 June 2017, the Company announced that it would be placed on the watchlist for companies listed on the Mainboard of the SGX-ST (the "**Watchlist**") by the SGX-ST with effect from 5 June 2017 pursuant to Rule 1311(1) of the listing manual of the Mainboard of the SGX-ST (the "**Listing Manual**"), and would be given 36 months from 5 June 2017 to restore its financial health and meet the requirements of Rule 1314(1) of the Listing Manual, failing which the SGX-ST would delist the Company or suspend trading in the Shares with a view to delisting the Company. On 4 June 2020, the Company announced that it had applied to the SGX-ST for an extension of time to exit the Watchlist. On 22 June 2020 (the "**Delisting Announcement Date**"), the Company announced that it had on 19 June 2020 received a response from the SGX-ST that its application was rejected, pursuant to which the Company will be delisted from the Official List of the SGX-ST (the "**Delisting**") as the Company is unable to exit the financial watchlist by the end-date of the cure period of 4 June 2020 (the "**Delisting Notification**").

Pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires a fair and reasonable exit offer to be provided to the Shareholders. On 16 July 2020, the Company announced that it was considering various proposals for the exit offer and on 20 July 2020 (the "**Suspension Date**"), trading in the Shares was suspended (the "**Suspension**"). On 4 August 2020, the Company announced that having considered the available exit strategies, the board of Directors (the "**Board**") had determined that it was in the best interests of the Shareholders that the Company be liquidated by way of a members' voluntary liquidation, and the proceeds raised from the liquidation be distributed to the Shareholders.

Subsequently on 12 January 2021, the Company had announced that the business of the

Company appeared to show signs of improvement and that it therefore may be worth preserving. Therefore after careful deliberation, the Company had proposed to undertake a selective capital reduction exercise to use its cash to cancel all the issued ordinary shares in the capital of the Company ("**Shares**") held by the Shareholders who are not the Non-Participating Shareholders (as defined in section 2.3.7 of the Circular) (the "**Eligible Shareholders**") and reduce the Share capital of the Company (the "**Selective Capital Reduction**"), thereby giving the Eligible Shareholders an opportunity to realise the value of their Shares in the Company.

The major Shareholders of the Company (the "**Non-Participating Shareholders**") will not be participating in the Selective Capital Reduction and, in accordance with the requirement of the SGX-ST, has each provided unconditional and irrevocable undertakings to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction, and collectively have come to the view that the business may be worth preserving as a going concern and that the Selective Capital Reduction would be more appropriate than a voluntary winding up. On this basis, the Company is of the view that the Non-Participating Shareholders are acting in concert given that they intend to remain as Shareholders of the Company and consolidate effective control over the Company and its business following the delisting of the Company.

The Selective Capital Reduction proposed by the Company will serve as an exit offer pursuant to Rule 1309 of the Listing Manual (the "**Exit Offer**") and the Eligible Shareholders will receive S$0.36 in cash for each Share (the "**Exit Offer Price**") held that is cancelled as a result of the Selective Capital Reduction.

In connection with the Exit Offer and pursuant to Rule 1309(2) of the Listing Manual, Novus Corporate Finance Pte. Ltd. ("**NCF**") has been appointed by the Company as the independent financial adviser (the "**IFA**") to the directors of the Company (the "**Directors**") who are regarded as independent for the purposes of making a recommendation to the Shareholders in respect of the Selective Capital Reduction, being the Exit Offer, as required under the Code (the "**Recommending Directors**"). This letter ("**Letter**") is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation of the financial terms of the Selective Capital Reduction, being the Exit Offer, and our opinion and advice thereon, and forms part of the Circular providing, *inter alia*, details of the Selective Capital Reduction, being the Exit Offer, and the recommendation of the Recommending Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA as required under Rule 1309(2) of the Listing Manual as well as to advise the Recommending Directors on the financial terms of the Selective Capital Reduction, being the Exit Offer, in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Selective Capital Reduction, being the Exit Offer, and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Selective Capital Reduction, being the Exit Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long-term merits of the Selective Capital Reduction, being the Exit Offer, or on the future prospects of the Company and its subsidiaries and associate (collectively, the "**Group**") or the method and terms by which the Selective Capital Reduction, being the Exit Offer, has been made or any other alternative methods by which the Selective Capital Reduction, being the Exit Offer, may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice as set out in this Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Selective Capital Reduction, being the Exit Offer, as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Selective Capital Reduction, being the Exit Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, provided by the management of the Company (the "**Management**"), the Directors and the Company's solicitors and/or auditors (where relevant). We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Selective Capital Reduction, being the Exit Offer, the Company and/or the Group has been disclosed to us, (b) such information is true, complete and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Selective Capital Reduction, being the Exit Offer, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Selective Capital Reduction, being the Exit Offer, and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group in our evaluation of the Selective Capital Reduction, being the Exit Offer. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any independent evaluation or appraisal of the assets and liabilities of the Group, except for the valuation report dated 7 April 2021 (the "**Valuation Report**") by AVA Associates Limited (the "**Independent Valuer**") as commissioned by the Company for the purposes of the independent valuations of the Group's selected vessels and heavy equipment as at 31 December 2020.

Our analysis, opinion and advice as set out in this Letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 28 June 2021 (the "**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Selective Capital Reduction, being the Exit Offer, which may be released by the Company after the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax status, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to vote in favour or the Selective Capital Reduction.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion and advice in respect of the Selective Capital Reduction, being the Exit Offer, as set out in section 9 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE SELECTIVE CAPITAL REDUCTION

The following information has been extracted from section 3.1 to 3.3 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

"***3.1 Company's Proposal***

3.1.1 The Company proposes to implement the Selective Capital Reduction and cancel all the Shares held by the Eligible Shareholders to provide the Eligible Shareholders with an avenue to realise the value of their Shares which serves as an exit offer. The Eligible Shareholders will receive S$0.36 for each Share held that is cancelled as a result of the Selective Capital Reduction.

3.1.2 In arriving at the share price of S$0.36 for each Share, the Company had taken into consideration, among others, the historical trading price of the Shares, the net asset value per Share, the poor financial performance of the Group and the current general weak market conditions in the industries and markets which the Group operates in. The share price of S$0.36 for each Share represents: (i) a premium of approximately 143.2% over the volume weighted average price of the Shares of S$0.148 on 13 July 2020, being the last market day which recorded trades in the Shares prior to the suspension of the Shares; and (ii) a discount of approximately 18.2% to the unaudited net asset value per Share of S$0.44 as at 31 March 2021.

3.1.3 As set out in the IFA Letter, the IFA has opined that the financial terms of the Selective Capital Reduction, being the exit offer, are fair and reasonable, as required under Rule 1309 of the Listing Manual. ***Shareholders are advised to read the full text of the IFA letter set out in Appendix A to this circular carefully.***

3.1.4 Accordingly, the aggregate sum of S$9,106,499 arising from the Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S$0.36 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction. The aggregate sum of S$9,106,499 represents 77.3% of the cash and cash equivalents of S$11.8 million of the Group as at the Latest Practicable Date.

3.2 Reduction of Share Capital

3.2.1 The Selective Capital Reduction will involve reducing the share capital of the Company from S$35,762,912 comprising 55,686,996 Shares to S$26,656,413 comprising 30,391,165 Shares, representing a reduction of the total issued share capital of the Company by approximately 45.43%.

3.3 Process

3.3.1 The Selective Capital Reduction will be effected by:

3.3.1.1. cancelling the amount of S$9,106,499 constituting part of the total paid-up share capital of the Company that is held by the Eligible Shareholders; and

3.3.1.2. cancelling 25,295,831 of the said Shares constituting part of the total issued share capital of the Company that is held by the Eligible Shareholders.

3.3.2 The aggregate sum of S$9,106,499 arising from the Selective Capital Reduction will be returned to the Eligible Shareholders in cash, on the basis of S$0.36 for each Share held by each Eligible Shareholder that is cancelled as a result of the Selective Capital Reduction.

3.3.3 The Selective Capital Reduction will be funded from existing cash reserves. As at the Latest Practicable Date, the Company has cash and cash equivalents of S$11.8 million."

4. INFORMATION ON THE NON-PARTICIPATING SHAREHOLDERS

The following information on the Non-Participating Shareholders (as defined below) has been extracted from section 2.3.7 and 2.3.9 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

"*2.3.7 The major Shareholders of the Company (the "**Non-Participating Shareholders**"), who in aggregate hold 30,391,165 Shares representing 54.57% of the issued and paid-up share capital of the Company, comprise the following individuals:*

2.3.7.1. Atan is the legal and beneficial owner of 10,521,650 Shares representing 18.89% of the issued and paid-up share capital of the Company.

He is a private investor who is based in Indonesia. His investment experience is primarily in transport and forwarding as well as the food and beverage industry in Indonesia. He is currently a shareholder of PT Global Jasa Express, which engages in transport and trucking services in Indonesia;

2.3.7.2. Melda Veronica, the legal and beneficial owner of 5,002,500 Shares representing 8.98% of the issued and paid-up share capital of the Company.

She is the Assistant Finance Manager of the Company and is responsible for managing the financial and accounting functions of the Company and its subsidiaries. She is also the spouse of Mr. Kee Siang Hui, the Executive Director of the Company;

2.3.7.3. A Guat is the legal and beneficial owner of 4,176,524 Shares representing 7.50% of the issued and paid-up share capital of the Company.

She is a private investor who is based in Indonesia. Her investment experience is primarily in the automotive industry in Indonesia, specifically her family business Bengkel Santri, which is a company providing automotive workshop services;

2.3.7.4. Edison is the legal and beneficial owner of 3,992,192 Shares representing 7.17% of the issued and paid-up share capital of the Company (of which 0.22% is held through Maybank Kim Eng Securities Pte. Ltd. as nominee).

He is a private investor who is based in Indonesia. His investment experience is primarily in the trucking, logistics and hotel industries in Indonesia. He is *currently a director of PT Mandiri Jaya Investama in charge of its finance department. PT Mandiri Jaya Investama is the holding company of PT Putra Mahkota Raya, which engages in hospitality services in Indonesia;*

2.3.7.5. Tan Chee Meng is the legal and beneficial owner of 2,723,000 Shares representing 4.89% of the issued and paid-up share capital of the Company.

He is a Malaysian businessman and investor with a diverse business and investment portfolio, including in the import and export of foodstuffs, provisions and general merchandise, timber trading, property letting, construction and development, interior designing and renovation. He also holds the positions of managing director or director in several Malaysian companies engaged in the aforementioned businesses;

2.3.7.6 Suman Hadi Negoro, the legal and beneficial owner of 2,621,599 Shares representing 4.71% of the issued and paid-up share capital of the Company (of which 3.14% is held through United Overseas Bank Nominees (Private) Limited as nominee).

He is a private investor who is based in Indonesia. His investment experience is primarily in the mining industry in Indonesia; and

2.3.7.7. Ng Yoke Chan is the beneficial owner of 1,353,700 Shares representing 2.43% of the issued and paid-up share capital of the Company held through Maybank Kim Eng Securities Pte. Ltd. as nominee.

She is the former Non-Executive Chairwoman of the Company and is presently the Non-Executive Non-Independent Director of the Company. She was appointed to the Board on 31 August 2016.

Edison, Atan and A Guat are acquainted with Ng Yoke Chan as friends and together with Melda Veronica, were introduced to the Company by Ng Yoke Chan. They have also each participated in placement exercises undertaken by the Company in 2016 and/or 2017.

Tan Chee Meng was introduced to the Company by Atan and has been a shareholder of the Company since 2016.

Suman Hadi Negoro became a substantial shareholder of the Company on 31 December 2015. He ceased to be a substantial shareholder of the Company on 25 July 2019 following the disposal of 5,500,000 Shares to Atan via an off-market transaction.

2.3.8 The Non-Participating Shareholders will not be participating in the Selective Capital Reduction and, as per the requirement of the SGX-ST, each has provided unconditional and irrevocable undertakings to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction.

2.3.9 The Company is of the view that the Non-Participating Shareholders are acting in concert given that they intend to remain as Shareholders of the Company and consolidate effective control over the Company and its business following the delisting of the Company."

5. IRREVOCABLE UNDERTAKINGS BY THE NON-PARTICIPATING SHAREHOLDERS

The following information has been extracted from section 8.3 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

"***8.3 Irrevocable Undertaking***

8.3.1 *The Non-Participating Shareholders, who collectively hold 30,391,165 Shares comprising approximately 54.57% of the issued and paid-up share capital of the Company have each provided an unconditional and irrevocable undertaking to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction.*"

6. NON-PARTICIPATING SHARHEOLDERS' INTENTION FOR THE COMPANY AND RATIONALE FOR THE SELECTIVE CAPITAL REDUCTION

6.1 Non-Participating Shareholders' Intention for the Company

The full text of the intention of the Non-Participating Shareholders for the Company has been extracted from section 5.1 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

"***5.1 Non-Participating Shareholders' Future Plans for the Company***

5.1.1 The Non-Participating Shareholders currently intend for the Company to continue its existing business activities and has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the Company's fixed assets, or (iii) discontinue the employment of any of the existing employees of the Company and/or of its subsidiaries, other than in the ordinary course of business.

5.1.2 Nonetheless, the Non-Participating Shareholders retain the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Non-Participating Shareholders regard to be in the interests of the Group."

6.2 Rationale for the Selective Capital Reduction

The full text of the rationale for the Selective Capital Reduction has been extracted from section 3.4 of the Circular and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

"***3.4 Rationale***

3.4.1 Rule 1306 of the Listing Manual provides that if the SGX-ST exercises its power to remove an issuer from the Official List of the SGX-ST, the issuer or its controlling shareholders must, subject to Rule 1308 of the Listing Manual, comply with the requirements of Rule 1309 of the Listing Manual to make a fair and reasonable exit offer to its shareholders.

3.4.2 In view of the above, the Company is of the view that it is in the best interests of the Shareholders that the Company pursues a Selective Capital Reduction, for the reasons set out below:

3.4.2.1 The Selective Capital Reduction is an internal corporate exercise that is proposed by the Company for the Eligible Shareholders. As stated in the 4 August Announcement, the business of the Company appears to show signs of improvement and may be worth preserving. However, as the shareholdings in the Company are fragmented, no single major Shareholder is in a position to make an offer to acquire all the Shares of the other Shareholders, including the public Shareholders.

3.4.2.2 Furthermore, following the delisting of the Company, it will become difficult for the Eligible Shareholders to realise their investment in the Shares given the lack of a public market for the Shares. Therefore, after careful deliberation, the Company is proposing, by way of the Selective Capital Reduction, to use its cash to cancel the Shares held by the Eligible Shareholders, thereby giving the Eligible Shareholders an opportunity to realise the value of their Shares."

7. DETAILS ON SHAREHOLDERS' AND COURT APPROVAL, AS WELL AS ADMINISTRATIVE PROCEDURES

Further details on (a) the relevant approval requirements to be obtained from Shareholders and the High Court of the Republic of Singapore (the "**Court**") in respect of the Selective Capital Reduction, and (b) the administrative procedures for the Selective Capital Reduction are set out in sections 7 and 8 of the Circular respectively.

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE SELECTIVE CAPITAL REDUCTION, BEING THE EXIT OFFER

In assessing the financial terms of the Selective Capital Reduction, being the Exit Offer, we have considered the following which we view as pertinent and having a significant bearing on our evaluation:

(a) Historical market price performance and trading activity of the Shares;

(b) Historical financial performance of the Group;

(c) Net asset value ("**NAV**") of the Group;

(d) Historical trailing price-to-NAV multiples of the Shares;

(e) Valuation ratios of selected companies listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and/or the Indonesia Stock Exchange ("**IDX**") which principal business activities are broadly comparable to those of the Group;

(f) Selected precedent directed delisting exit offers involving companies listed on the SGX-ST;

(g) Theoretical valuation of the Company; and

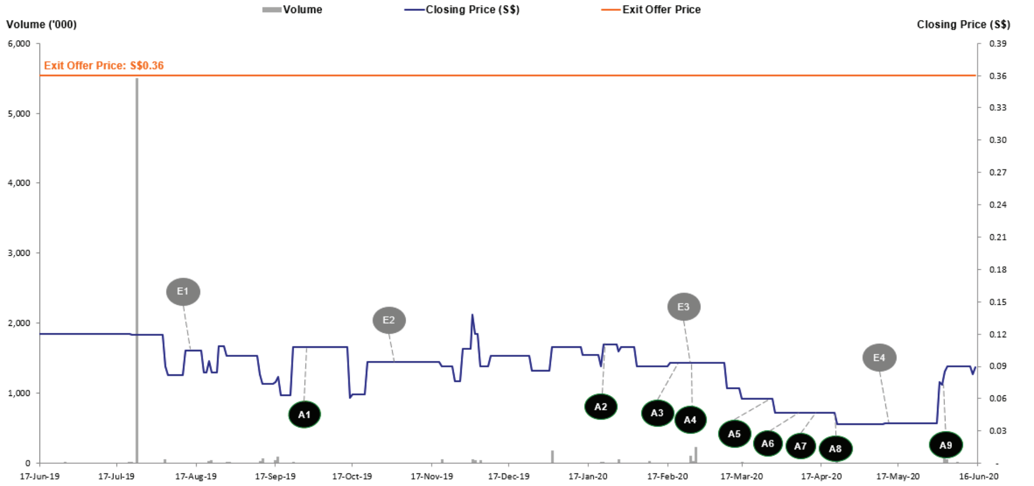
(h) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST, the IDX and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

8.1. Historical market price performance and trading activity of the Shares

We note that 16 June 2020 (the "**Last Trading Day**") was the last market day on which the Shares were last traded on the SGX-ST prior to the Delisting Announcement Date. Accordingly, we have compared the Exit Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares for the last one-year period from 17 June 2019, being the last market day one (1) year prior to the Last Trading Day, to the Last Trading Day. We have also marked certain dates in the one-year period where significant events had occurred.

Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and up to the Last Trading Day



Source: *Thomson Reuters Eikon and Company's announcements on the SGXNET*

Earnings announcements:

E1. **13 August 2019:** The Company announced its unaudited financial statements for the 6-month financial period ended 30 June 2019 ("**6M2019**") in which the Group's net loss attributable to equity holders of the Company decreased by approximately S$0.7 million or 49.1% from S$1.5 million for the 6-month financial period ended 30 June 2018 to S$0.8 million in 6M2019.

E2. **6 November 2019:** The Company announced its unaudited financial statements for the 9-month financial period ended 30 September 2019 ("**9M2019**") in which the Group's net loss attributable to equity holders of the Company decreased by approximately S$2.7 million or 89.9% from S$3.0 million for the 9-month financial period ended 30 September 2018 to S$0.3 million in 9M2019.

E3. **28 February 2020:** The Company announced its unaudited financial statements for the financial year ended 31 December 2019 ("**FY2019**") in which the Group's net loss attributable to equity holders of the Company decreased by approximately S$3.3 million or 71.1% from S$4.6 million in FY2018 to S$1.3 million in FY2019.

E4. **14 May 2020:** The Company announced its unaudited financial statements for the 3-month financial period ended 31 March 2020 in which the Group recorded a net profit attributable to equity holders of the Company of approximately S$0.1 million, as compared to a net loss attributable to equity holders of the Company of S$0.5 million for the 3-month financial period ended 31 March 2019.

Other significant announcements:

A1. **2 October 2019:** The Company announced the lapse and/or abortion of the previous proposed global settlement of all outstanding disputes in relation to PT. Momentum Indonesia Investama ("**PT MII**") as set out in the Term Sheet dated 18 April 2018 and the Settlement Agreement dated 10 December 2018 (the "**Previous Proposed Settlement**").

A2. **23 January 2020:** The Company announced that following the lapse and/or abortion of the Previous Proposed Settlement, Mr. Sudirman Kurniawan, Mr. Angelo Fernandus and PT. Triputra Senamustika (collectively, the "**Sudirman Group**"), the Company and PT MII (collectively, the "**Parties**") had commenced fresh settlement discussions and had, on 20 January 2020, entered into a term sheet dated 20 January 2020 (the "**New Term Sheet**") with the Sudirman Group and PT MII in relation to the resolution of all outstanding disputed claims between themselves in relation to PT MII (the "**New Proposed Settlement**").

A3. **21 February 2020:** The Company announced that in connection with the New Term Sheet and the New Proposed Settlement, the Parties had on, 19 February 2020, entered into a new settlement agreement (the "**New Settlement Agreement**") to resolve the outstanding disputes in relation to PT MII and to give effect to the settlement contemplated by the New Term Sheet. The New Settlement Agreement covers, amongst others, (i) the repayment of shareholder's loan by PT MII to the Company, (ii) the sale of PT MII's vessels to various parties, including the Sudirman Group, PT. Multi Indo Selaras and PT. Kwan Samudera Mandir PT KSM and (iii) the repayment of the amount due and owing by Mr. Sudirman Kurniawan and Mr. Angelo Fernandus to the Company in respect of the profit guarantee executed by Mr. Sudirman Kurniawan and Mr. Angelo in favour of the Company.

A4. **28 February 2020:** The Company published a press release stating that, in accordance with the New

Settlement Agreement, the Company is expected to recover approximately USD18 million in total upon the full settlement, and the Company and Sudirman Group has mutually agreed to break up their business partnership in PT MII. Accordingly, the Company had resolved the litigation claims which were ongoing since November 2016.

A5. **20 March 2020:** The Company announced that the Parties had, on 20 March 2020, mutually agreed in writing to an extension of time of approximately one (1) month in respect of, amongst others, the repayment of shareholder's loan by PT MII to the Company, the sale of PT MII's vessels to PT. Multi Indo Selaras, and the withdrawal and/or discontinuance of the outstanding disputes set out in the announcement of 21 February 2020.

A6. **9 April 2020:** The Company announced that the Parties have, on 8 April 2020, entered into an agreement for the extension of time pursuant to the New Settlement Agreement in respect of, amongst others, the sale of PT MII's vessels to PT. Multi Indo Selaras, the withdrawal and/or discontinuance of the outstanding disputes set out in the announcement of 21 February 2020 and the completion of the audit of PT MII's financial accounts for the period ended 31 December 2019, the issuance of an unqualified auditor's report, and the approval of such report by the board of PT MII.

A7. **16 April 2020:** The Company announced that its independent auditors, Messrs Foo Kon Tan LLP, had issued a disclaimer of opinion in their independent auditor's report dated 15 April 2020 for the financial statements of the Company and the Group for FY2019. This disclaimer of opinion was in respect of the recoverability of loans due from PT MII and contingent consideration receivable by the Company.

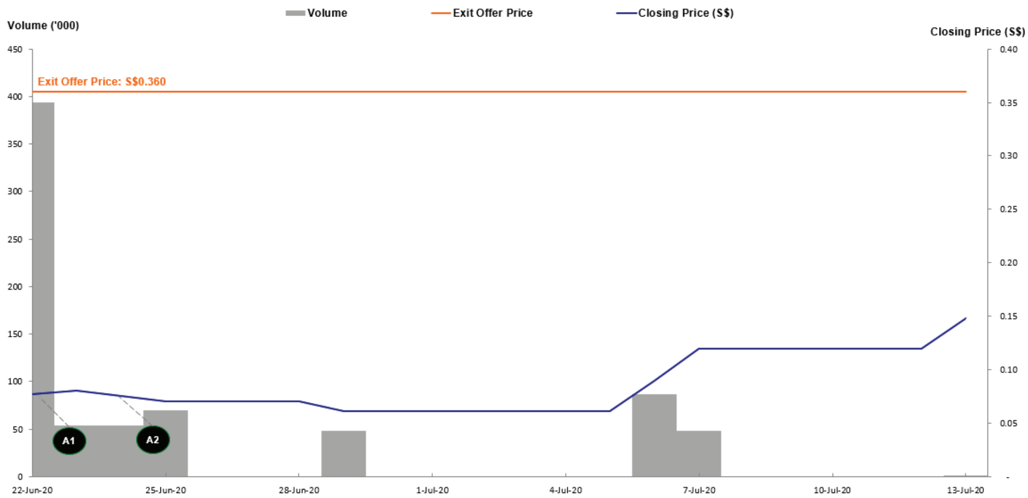
A8. **22 April 2020:** Following the announcement of 9 April 2020, the Company announced, *inter alia*, that PT MII was not in a position to complete the sale of the PT MIS Vessels and repay the balance US$8.5 million of the shareholder's loan owed to the Company by 20 April 2020.

A9. **4 June 2020:** The Company announced that it had applied to the SGX-ST for an extension of time to exit the watch-list due to the financial entry criteria. The deadline for the Company to meet the exit criteria of the watch-list was 36 months from 5 June 2017, which was on 4 June 2020.

Based on the above chart, the Exit Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, with the highest closing price of the Shares recorded on 3 December 2019. During this period, the closing prices of the Shares were at their lowest between 23 April 2020 and 11 May 2020 at S$0.036, subsequently improving slightly to close at S$0.037 between 12 May 2020 and 1 June 2020, and eventually closing at S$0.089 on the Last Trading Day. The Shares were generally thinly traded on only 57 market days during the one-year period prior to and including the Last Trading Day.

The daily closing prices and daily trading volumes of the Shares for the period between the Delisting Announcement Date and 13 July 2020, being the last market day which had recorded trades in the Shares prior to the Suspension Date (the "**Last Market Day**"), are set out below:

Daily closing prices and daily trading volumes of the Shares for the period between the Delisting Announcement Date and the Last Market Day



Source: *Thomson Reuters Eikon and Company's announcements on the SGXNET*

Other significant announcements:

APPENDIX A

A1. **22 June 2020:** The Company announced that following its application to the SGX-ST on 4 June 2020, it had on, 19 June 2020, received a notification from the SGX-ST that the SGX-ST is unable to grant an extension of time for the Company to satisfy the requirements for removal from the watchlist. Accordingly, the Company will be delisted as the Company is unable to exit the financial watchlist by the end-date of the cure period of 4 June 2020. In addition, the Company is required to inform the SGX-ST of the exit offer proposal as soon as practicable and no later than one month from the date of the Delisting Notification. Trading in the Company's securities will continue until 5.05pm, 19 July 2020, and will be suspended until the completion of the exit offer.

A2. **24 June 2020:** Following the announcement of 22 April 2020, the Company announced that the Parties had on 24 June 2020 entered into a variation agreement ("**Variation Agreement**") to vary and amend the New Term Sheet and the New Settlement Agreement (as amended by the Agreement for Extension of Time), on the terms and conditions of the Variation Agreement.

Based on the above, the closing prices of the Shares during the period after the Delisting Announcement Date and up to the Last Market Day ranged between S$0.061 and S$0.12 from the Delisting Announcement Date to 12 July 2020, before eventually closing at S$0.148 on the Last Market Day. The closing prices of the Shares during this period were still significantly below the Exit Offer Price.

We also set out below the premia implied by the Exit Offer Price over the historical volume-weighted average prices ("**VWAP**") for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Delisting Announcement Date and up to the Last Market Day:

	VWAP(1) (S$)	**Premium of Exit Offer Price over VWAP (%)**	**Highest closing price (S$)**	**Lowest closing price (S$)**	**Average daily trading volume(2) ("ADTV")**	**ADTV as a percentage of free float(2)(3) (%)**	**Traded days(4)**
Periods prior to and including the Last Trading Day							
One-year	0.123	192.7	0.138	0.036	29,313	0.10	57
Six-month	0.083	333.7	0.110	0.036	8,685	0.03	25
Three-month	0.059	510.2	0.090	0.036	5,616	0.02	11
One-month	0.070	414.3	0.090	0.037	9,414	0.03	7
Last Trading Day	0.089(5)	304.5	0.089	0.089	10,000	0.03	1
Period after the Delisting Announcement Date and up to the Last Market Day							
After Delisting Announcement Date and up to the Last Market Day	0.076	373.7	0.148	0.061	50,420	0.16	9
Last Market Day	0.148(6)	143.2	0.148	0.148	1,300	n.m.(7)	-

***Source:** Thomson Reuters Eikon and NCF's calculations*

Notes:

(1) The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant market days for each of the above periods.

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period divided by the number of market days during that period.

(3) Free float refers to approximately 30.6 million Shares or 55.02% of the issued share capital of the Company held by the public (as defined in the Listing Manual) for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Delisting Announcement Date and up the Last Market Day.

(4) Refers to the number of market days in each of the above periods where there was trading in the Shares.

(5) Refers to the closing price of the Shares on 16 June 2020, being the Last Trading Day prior to the Delisting Announcement Date.

(6) Refers to the closing price of the Shares on 13 July 2020, being the Last Market Day prior to the Suspension.

(7) Denotes "not meaningful" as the ADTV as a percentage of free float is less than 0.01%.

Our observations are set out below.

Periods prior to and including the Last Trading Day

(a) The closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S$0.036 per Share (on 23 April 2020) and a high of S$0.138 per Share (on 3 December 2019), and the Exit Offer Price represents a significant premium of approximately 192.7%, 333.7%, 510.2% and 414.3% over the VWAP of the Shares for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day respectively.

(b) The Exit Offer Price represents a significant premium of approximately 304.5% over the closing price of the Shares of S$0.089 on the Last Trading Day.

(c) The trading of the Shares had been sporadic during the one-year period, of which the Shares were traded on only 57, 25, 11 and seven (7) market days for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day respectively.

(d) During the one-year period prior to and including the Last Trading Day, the average daily trading volume of the Shares ranged between 5,516 Shares and 29,313 Shares, representing between approximately 0.02% and 0.10% of the Company's free float for each of the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day.

Period after the Delisting Announcement Date and up to the Last Market Day

(e) The closing prices of the Shares ranged between S$0.061 and S$0.148 for the period after the Delisting Announcement Date and up to the Last Market Day, and the Exit Offer Price represents (i) a significant premium of approximately 373.7% over the VWAP of the Shares of S$0.076 for the period after the Delisting Announcement Date and up to the Last Market Day, and (ii) a premium of approximately 143.2% over the closing price of the Shares of S$0.148 on the Last Market Day.

(f) During this period, the ADTV of the Shares was 50,420 Shares, representing approximately 0.16% of the Company's free float.

Based on the above observations, it would appear that the market prices of the Shares since 17 June 2019 and up to the Suspension Date, which would have taken into account, among others, the Company's historical financial performance (as elaborated herein) as well as news of the Delisting Notification and impending Suspension of the Shares, have not traded above the Exit Offer Price.

Shareholders should note that (a) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance, and (b) in view of the thin trading liquidity of the Shares for the aforementioned periods and that trading of the Shares remain suspended, the market price performance of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares.

Shareholders should also note that the Selective Capital Reduction is the only exit offer as at the Latest Practicable Date that provides Shareholders the opportunity to monetise their Shares. Trading of the Shares will remain suspended until completion of the Selective Capital Reduction and the Shares will be delisted thereafter. There is no certainty that Shareholders will otherwise be able to obtain a better value for their Shares if they do not vote in favor of the Selective Capital Reduction.

8.2. Historical financial performance of the Group

For the purpose of evaluating the financial terms of the Exit Offer, we have considered the audited consolidated financial statements of the Group for the last (3) financial years ended 31 December ("**FY**") 2018, 2019 and 2020, as well as the unaudited interim condensed consolidated financial statements of the Group for the 3-month financial period ended 31 March 2021 ("**1Q2021**") and its comparative figures for the 3-month financial period ended 31 March 2020 ("**1Q2020**"). The following summary of the financial information should be read in conjunction with the full text of the Group's published financial statements for FY2019 and FY2020 in respect of the relevant financial years including the notes thereto.

Consolidated statements of comprehensive income

	-------------------- Audited --------------------			-------- Unaudited --------	
(S$'000)	**FY2018**	**FY2019**	**FY2020**	**1Q2020**	**1Q2021**
Revenue	7,679	1,665	7,851	1,232	1,856
Gross profit/(loss)	(347)	776	4,632	819	1,011
Profit/(loss) before income tax	(4,651)	(1,255)	(5,637)	265	(258)
Net profit/(loss) attributable to equity holders of the Company	(4,620)	(1,329)	(6,204)	124	(360)

Consolidated statements of cash flows

	-------------------- Audited --------------------			------- Unaudited --------	
(S$'000)	**FY2018**	**FY2019**	**FY2020**	**1Q2020**	**1Q2021**
Net cash (used in)/generated from operating activities	(4,396)	(2,463)	7,922	1,858	2,204
Net cash generated from/ (used in) investing activities	506	12	1,436	2	(184)
Net cash (used in)/generated from financing activities	(1,382)	427	(1,300)	3,149	(1,016)
Net increase/(decrease) in cash and cash equivalents	(5,272)	(2,024)	8,058	5,009	1,004
Cash and cash equivalents at end of financial year/period	4,546	2,552	10,410	7,650	11,376

Source: *Annual reports of the Company for FY2019 and FY2020, as well as the unaudited financial statements and* *related announcement for 1Q2021 (the "**1Q2021 Results**")*

Consolidated statements of comprehensive income

FY2018 vs FY2019

The revenue of the Group decreased by approximately S$6.0 million or 78.3% from approximately S$7.7 million in FY2018 to approximately S$1.7 million in FY2019 mainly due to the closing down of the operations of TSL Transport & Engineering Pte Ltd, a wholly-owned subsidiary of the Group, which incurred losses up to FY2018 and lower revenue contributed by PT Indah Perkasa Abad ("**PT IPA**"), the Group's 75%-owned indirect subsidiary in Indonesian. PT IPA was primarily involved in projects within the civil construction industry for the supply of resources and materials within Indonesia from August 2017 to 2018. However, from mid-August 2019, PT IPA had successfully secured an agreement with PT Cahaya Riau Mandiri ("**PT CRM**"), which is the business of mining activities ranging from removal of overburden, coal mining and heavy equipment rental, for the lease and operation of heavy equipment for a coal mining project located at South Sumatra in Indonesia for a period of three (3) years.

Notwithstanding the lower revenue, the Group managed to achieve a gross profit of approximately S$0.8 million for FY2019 compared to a gross loss of S$0.3 million for FY2018. The gross loss for FY2018 was mainly attributable to exceptional costs incurred on the civil construction projects as a result of wet weather conditions in Indonesia which impeded the progress of the work.

The loss before income tax of the Group decreased by approximately S$3.4 million or 270.6% from approximately S$4.7 million in FY2018 to approximately S$1.3 million in FY2019 mainly due to (a) the reversal from a gross loss of approximately S$0.3 million in FY2018 to a gross profit of approximately S$0.8 million in FY2019, and (b) the decrease in general and administrative expenses by approximately S$2.3 million or 52.0% from S$4.5 million in FY2018 to S$2.2 million in FY2019, in tandem with a series of cost-cutting measures implemented by the Management to emerge from the SGX-ST Watchlist; which was slightly offset by an increase in finance costs by approximately S$0.4 million as a result of the new loans obtained by PT IPA to finance the purchase of heavy equipment (the "**FY2019 Loans**").

Taking into account the income tax expenses, the Group's net loss attributable to equity holders of the Company decreased by approximately S$3.3 million or 247.6% from approximately S$4.6 million in FY2018 to approximately S$1.3 million in FY2019.

FY2019 vs FY2020

The revenue of the Group increased by approximately S$6.2 million or 371.5% from approximately S$1.7 million in FY2019 to approximately S$7.9 million in FY2020 mainly due to (a) higher revenue derived from its construction logistics (the "**Construction Logistics**") segment, contributed by PT IPA from the lease of heavy equipment to PT CRM since mid-August 2019 and (b) revenue derived from a new marine logistics (the "**Marine Logistics**") segment as a result of the accounting consolidation of PT MII during FY2020. We understand from Management that PT MII generates revenue through the transportation of dry bulk commodities (mainly coal) in the mining industry and charges a fixed monthly charter rate. Accordingly, the Construction Logistics and Marine Logistics segments account for approximately 77.1% and 22.9% of the Group's total revenue respectively for FY2020.

In tandem with the higher revenue, cost of sales increased from approximately S$0.9 million in FY2019 to S$3.2 million in FY2020, resulting in an increase in gross profit of approximately S$3.8 million or 496.9% from S$0.8 million for FY2019 to S$4.6 million for FY2020.

The loss before income tax of the Group increased by approximately S$4.4 million from approximately S$1.2 million in FY2019 to S$5.6 million in FY2020 mainly due to (a) an increase in other operating expenses of approximately S$6.7 million mainly as a result of impairment losses recorded on goodwill arising on consolidation of approximately S$4.9 million and right-of-use assets of approximately S$1.5 million arising from the Independent Valuations (as defined herein) (collectively, the "**One-Time Impairment Loss**"), as well as impairment losses on trade and other receivables of approximately S$0.2 million, (b) an increase in finance costs of approximately S$0.7 million due to interest incurred on the FY2019 Loans, (c) an increase in general and administrative expenses of approximately S$0.7 million due to professional fees incurred in relation to the ongoing delisting process of the Company as well as higher expenses incurred pursuant to the consolidation of PT MII, and (d) a net decrease in other gains of approximately S$0.2 million due to currency exchange losses.

Taking into account the income tax expenses, the Group's net loss attributable to owners of the Company increased by approximately S$4.9 million from approximately S$1.3 million in FY2019 to S$6.2 million in FY2020. Had the One-Time Impairment Loss been excluded, we note that the Group would have reported a net profit attributable to equity holders of the Company of approximately S$0.2 million instead.

1Q2020 vs 1Q2021

The revenue of the Group increased by approximately S$0.6 million or 50.6% from approximately S$1.2 million in 1Q2020 to approximately S$1.9 million in 1Q2021 mainly due to the increase in revenue from the Marine Logistics segment which was partially offset by a decrease in revenue from the Construction Logistics segment contributed by PT IPA from the lease of heavy equipment to PT CRM. The Construction Logistics and Marine Logistics segments account for approximately 62.1% and 37.9% of the Group's total revenue respectively for 1Q2021.

In tandem with the higher revenue, cost of sales increased from approximately S$0.4 million in 1Q2020 to S$0.8 million in 1Q2021, resulting in an increase in gross profit of approximately S$0.2 million or 23.4% from S$0.8 million for 1Q2020 to S$1.0 million for 1Q2021.

The Group recorded a loss before income tax of approximately S$0.3 million for 1Q2021, down from a profit before income tax of approximately S$0.3 million for 1Q2020 mainly due to a reversal from other gains (net) of approximately S$0.2 million for 1Q2020 to other losses (net) of approximately S$0.6 million for 1Q2021, arising from an increase in foreign exchange losses. This was partially offset by (a) higher gross profit contributed by revenue from PT MII following its consolidation, and (b) the increase in other operating income arising from fair value changes on profit guarantee due from the vendors of PT MII.

Taking into account the income tax expenses, the Group recorded a net loss attributable to equity holders of the Company of approximately S$0.4 million for 1Q2021, which is down by approximately S$0.5 million or 390.3% as compared to a net profit attributable to equity holders of the Company of approximately S$0.1 million for 1Q2020.

<u>Consolidated statements of cash flows</u>

The Group recorded net cash used in operating activities of approximately S$4.4 million and S$2.5 million in FY2018 and FY2019 respectively, and net cash generated from operating activities of approximately S$7.9 million in FY2020. For 1Q2020 and 1Q2021, the net cash generated from operating activities are approximately S$1.9 million and S$2.2 million respectively. The net cash generated by operating activities of approximately S$2.2 million in 1Q2021 was primarily due to the (a) operating profit before changes in working capital of approximately S$0.5 million, and (b) decrease in trade and other receivables of approximately S$1.7 million.

Taking into account (a) the cash and cash equivalents at the beginning of the financial period of approximately S$10.4 million, (b) the net increase in cash and cash equivalents of approximately S$1.0 million, and (c) the effect of currency translation of approximately S$(38,000), the Group's cash and cash equivalents as at 31 March 2021 amounted to approximately S$11.4 million.

Segmental results

Up until FY2019, the Group had two (2) main operating business segments comprising (i) the trading and engineering segment and (ii) the Construction Logistics segment. Pursuant to the completion of the transfer of the 49% PT MII Shares (the "**Further Share Transfer**") to the Company on 3 October 2020, the Management now manages and monitors the Group's business in terms of the Construction Logistics and Marine Logistics segments.

A breakdown of certain key information in relation to the Group's reportable operating segments during FY2018, FY2019, FY2020, 1Q2020 and 1Q2021 is as follows:

External sales (S$'000)	FY2018	FY2019	FY2020	1Q2020	1Q2021
Trading and engineering	-	-	-		-
Construction Logistics	7,679	1,665	6,052	1,232	1,153
Marine Logistics	-	-	1,799	-	703
Corporate[1]	-	-	-	-	-
Total	**7,679**	**1,665**	**7,851**	**1,232**	**1,856**

EBITDA[2] (S$'000)	FY2018	FY2019	FY2020	1Q2020	1Q2021
Trading and engineering	(234)	(14)	-	-	-
Construction Logistics	(1,922)	928	4,721	974	778
Marine Logistics	-	-	1,228	-	363
Corporate[1]	(2,790)	(1,656)	(2,238)	(325)	(546)

	------------------------- As at 31 December -------------------------			As at 31 March
Net assets (S$'000)	**2018**	**2019**	**2020**	**2021**
Trading and engineering	15	-	-	-
Construction Logistics	1,182	3,579	3,404	3,235
Marine Logistics	-	-	7,708	7,361
Corporate[1]	19,106	19,924	3,396	2,823

Source: *Unaudited financial statements and related announcements for the fourth quarter ended 31 December 2019 and 31 December 2020 and based on FY2018 and FY2019 audited figures respectively, as well as information from the Company*

Notes:

(1) Comprises costs of the Group functions not allocated to the two (2) business segments.

(2) Means earnings before interest, taxes, depreciation and amortisation.

Based on the above, it could be observed that the Construction Logistics segment has consistently been the Group's largest revenue contributor during the last three (3) historical financial years; and has demonstrated a trend of improving operating profitability from recording a negative EBITDA position and EBITDA margin in FY2018, to positive EBITDA and EBITDA margins of approximately 55.7% and 78.0% in FY2019 and FY2020. On the other hand, the Marine Logistics segment is only reflected for FY2020 and 1Q2021 due to the Group's recent accounting consolidation of PT MII, contributing approximately 22.9% of the total revenue and recording a positive EBITDA margin of approximately 68.3% in FY2020. By way of comparison, net assets for the Marine Logistics segment constitute the largest proportion of the Group's total assets as at 31 December 2020 and as at 31 March 2021. The above segment results have not taken into consideration, *inter alia*, inter-segment elimination, attributable depreciation, finance expenses, interest income and income tax expenses.

In terms of geographical segmentation, we note that the Group's revenue in FY2019, FY2020 and 1Q2021 was solely derived from Indonesia, with the exception of FY2018, where approximately 92.0% of the Group's revenue was generated in Indonesia. As at 31 March 2021, the Group had non-current assets of approximately S$14.9 million based in Indonesia, representing 94.5% of the total non-current assets of the Group.

8.3. NAV of the Group

The nature of the Construction Logistics business segment entails the lease and operation of heavy equipment, while that of the Marine Logistics business segment involves the use of vessels to provide marine freight logistics services to the mining industry. We understand that the Group currently owns and/or operates, among others, (a) heavy equipment comprising 17 units of dump trucks, excavators and bulldozers (the "**Heavy Equipment**") under PT IPA, and (b) a fleet of 11 tugboats and barges (the "**Vessels**") under PT MII. Given that a significant amount of the Group's total assets is made up of these heavy equipment and vessels, we have considered the asset-based approach to be most appropriate in our evaluation of the financial terms of the Exit Offer.

8.3.1. Net asset value of the Group

The net asset value of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The net asset value approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

A summary of the unaudited financial position of the Group as at 31 March 2021 is set out as follows:

	Unaudited As at 31 March 2021 (S$'000)
Non-current assets	
Property, plant and equipment	7,620
Right-of-use assets	7,598
Trade and other receivables	580
Club membership	6
	15,804
Current assets	
Trade and other receivables	5,050
Inventories	56
Cash and cash equivalents	11,376
	16,482
Current liabilities	
Trade and other payables	846
Lease liabilities	2,235
Current income tax liabilities	394
	3,475
Net current assets	13,007
Non-current liabilities	

	Unaudited As at 31 March 2021 (S$'000)
Lease liabilities	4,410
	4,410
Net assets	24,401
Equity	
Share capital	35,763
Currency translation reserve	82
Accumulated losses	(15,978)
Capital Reserve	4,669
Total equity	**24,536**
Less: Non-controlling interests	135
Equity attributable to owners of the Company ("NAV")	**24,401**
Number of issued Shares as at 31 March 2021	55,686,996
NAV per Share (S$)	**0.44**[(1)]
Discount of Exit Offer Price to NAV per Share	**18.2%**
Price-to-NAV ("P/NAV") ratio as implied by Exit Offer Price	**0.82 times**

Source: *1Q2021 Results*

Note:

(1) Rounded to two (2) decimal places.

As set out in the table above, the unaudited NAV per Share as at 31 March 2021 was S$0.44 based on 55,686,996 issued Shares outstanding. Accordingly, the Exit Offer Price represents a discount of approximately 18.2% to the unaudited NAV per Share as at 31 March 2021 and would value the Group at a P/NAV ratio of 0.82 times.

Details on certain assets of the Group are set out below:

*Property, plant and equipment ("**PPE**")*

PPE accounted for approximately 23.6% of the Group's total assets as at 31 March 2021 and mainly comprise the Vessels following the consolidation of PT MII, as well as leasehold improvements, office and other equipment, motor vehicles and some heavy equipment. PPE are stated at cost less accumulated depreciation and any impairment losses, with depreciation computed using the straight-line method to write off the depreciable amount of the assets over their estimated used lives. Based on our discussions with Management and the notes to the FY2020 audited financial statements, we understand that the estimated useful lives of the asset classes under PPE as at 31 March 2021 are as follow:

PPE	Estimated useful lives (years)
Leasehold improvement	2 to 10[(1)]
Building	10
Furniture and fittings	3 to 10
Heavy equipment	8
Office and other equipment	3 to 10
Motor vehicles	1 to 10
Vessels	25

Note:

(1) Depreciated over shorter of the period of the lease terms or useful lives

Based on the Valuation Report and our discussions with Management, we further understand that the Vessels are stated in the Group's PPE at fair value as determined by the Independent Valuer of approximately Indonesian Rupiah ("**IDR**") 74.9 billion (or equivalent to approximately S$7.1 million based on an applied exchange rate of S$1 : IDR10,526.30) as at 31 December 2020, and after taking into account depreciation for the aforesaid Vessels as well as the other asset classes under PPE, the Group's PPE stood at approximately S$7.6 million as at 31 March 2021. Please refer to section 8.3.2 of this Letter for more details on the Independent Valuations.

Right-of-use assets

Right-of-use assets accounted for approximately 23.5% of the Group's total assets as at 31 March 2021 and mainly comprise heavy equipment, as well as office premise and some office and other equipment. A right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, with depreciation computed using the straight-line method to allocate their depreciable amounts over the shorter period of the lease term and useful life of the underlying asset. Based on our discussions with Management and the notes to the FY2020 audited financial statements, we understand that the estimated lease term / useful life of the underlying asset classes under right-of-use assets as at 31 March 2021 are as follow:

Right-of-use assets	Estimated useful lives (years)
Office premise	2
Office and other equipment	3 to 5
Heavy equipment	8

Based on the Valuation Report and our discussions with Management, we further understand that the heavy equipment is stated in the Group's right-of-use assets and PPE at its fair value as determined by the Independent Valuer of approximately IDR85.6 billion (or equivalent to approximately S$8.1 million based on an applied exchange rate of S$1 : IDR10,526.30) as at 31 December 2020, and after taking into account depreciation for the aforesaid heavy equipment as well as other right-of-use assets, the Group's right-of-use assets stood at approximately S$7.6 million as at 31 March 2021. Please refer to section 8.3.2 of this Letter for more details on the Independent Valuations.

Trade and other receivables

Both current and non-current trade and other receivables in aggregate accounted for approximately 17.4% of the Group's total assets as at 31 March 2021. Trade receivables are non-interest bearing and are generally granted 30 to 90 days credit term. In particular, we understand from Management that there were contingent considerations comprised of the net profit guarantee from the vendors of PT MII (the "**Profit Guarantee**") amounting to an aggregate of approximately S$0.6 million, which were recorded as non-current assets and represented 10.3% of the Group's total trade and other receivables as at 31 March 2021. We understand that the first instalment of the Profit Guarantee was paid in February 2020 and the final instalment will be due in January 2023.

8.3.2. Independent Valuations

The Company had commissioned the Independent Valuer to perform an independent valuation to estimate the fair value of the Vessels and Heavy Equipment held under PT MII and PT IPA respectively as at 31 December 2020 (the "**Independent Valuations**") As the assets which were the subject of the Independent Valuations are based in Indonesia, the Independent Valuer had engaged KJPP Ihot, Dollar & Raymond ("**ID&R**"), a licensed asset appraisal company in Jakarta, Indonesia to assist it in performing the Independent Valuations. The independent valuations performed by the Independent Valuer and ID&R were prepared in accordance with, where applicable, the International Valuation Standards (2020 Edition) as published by the

International Valuation Standards Council, KEPI (the Indonesian Valuer Code of Ethics) and SPI (Indonesian Valuation Standards, Edition VII – 2018). The valuation reports prepared by ID&R are also attached as an exhibit to the Valuation Report.

As set out in the Valuation Report, the valuations performed by AVA and ID&R had been carried out in uncertain conditions as a result of the COVID-19 pandemic and accordingly, users of the Valuation Report are asked to be careful in determining the relevance of the results of the Independent Valuations to their needs, especially with respect to the differences between the date of the valuation and the time when the results of the Independent Valuations are used in making business, economic and/or financial decisions.

The estimation of the value of the Vessels and the Heavy Equipment was based on the following premises of value which defines fair value as "*the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*".

Valuation by ID&R

Methodology

We note that ID&R had adopted the market approach in valuing the Vessels and Heavy Equipment for the following reasons:

(a) Assets that are valued are not specific assets, so it is easy to find comparable data of the same type and this approach is easy to understand, subjective elements of the appraisal can be reduced, therefore the market approach is very appropriate to be used for this valuation; and

(b) the market approach is carried out on the object of valuation that meets the principle of highest and best use, which is defined as the use of the most likely and optimal from a property, which is physically possible, it has been adequately considered, legally permissible, financially feasible, and produce the highest value of the property.

In adopting the market approach, ID&R had carried out the following procedures:

(a) Carried out data collection by conducting research to obtain information on transaction data and bid data from comparable and similar assets; and

(b) adjusting the transaction data / comparative property offering by considering several factors such as (i) technical specification factors, (ii) physical condition factors, (iii) time factor being the possibility of the price difference between the time of the offer / transaction and the price indication at the time of valuation, (iv) prospect of selling in connection with the liquidity (level of ease) of sales, and (v) other factors that can affect value, such as the existence of compulsion on a transaction.

Valuation by the Independent Valuer

Methodology

We note that the Independent Valuer had considered and excluded the income approach due to difficulty in determining income and expenses that can be directly attributed to specific equipment The Independent Valuer had also excluded the cost approach as data and price information on comparable and similar assets are readily available, which is in accordance with valuation standards.

The Independent Valuer had instead applied the market approach as the assets under consideration in the Independent Valuations are not specialised assets and comparable data are available. The procedures employed by the Independent Valuer in respect of the Independent Valuations are as follow:

(a) Researched and collated information on transaction and bid/ask data on comparable assets.

(b) Adjusted the data collected by considering the following factors:

(i) Ship size, ship capacity, technical specifications, year of manufacture, main engine (capacity and engine type / brand);

(ii) Technical specification of the Heavy Equipment such as year of manufacture, system installation, maintenance, country of manufacture and legality;

(iii) Physical condition and utility of the assets;

(iv) Existence of price difference between the time of the offer / transaction and the price indication at the time of valuation; and

(v) The prospect of selling in connection with the liquidity (level of ease) of sale.

As set out above, the Independent Valuer and ID&R have adopted the same methodology and valuation approach in respect of the Independent Valuations. The Independent Valuations were carried out based on market conditions as at 31 December 2020 and took into account factors that the appraisers believe represent economic conditions as at 31 December 2020.

Key assumptions and exclusions

Key assumptions

The Independent Valuations assume that each of the assets, unless identified otherwise in this report, will continue to be used 'as is' and as part of an ongoing business. Therefore, the assets have been valued under an in-use premise, which recognizes the additional value related to the freight, tax, and installation (including engineering and installation) costs that were incurred when the assets were placed into service. Accordingly, the Vessels and Heavy Equipment have been appraised based on the assumption that all the appraised equipment are in existing use and in good operational condition. The Independent Valuer's assessment is based on the premise that the equipment is in a condition that commensurate with age and usage.

Exclusions

The Independent Valuer did not carry out a full mechanical survey, nor inspected machinery and equipment which are covered, unexposed or inaccessible. Rather the assessment is based on the aforementioned premise. The Independent Valuer had also relied to a considerable extent on information such as machinery and equipment list, and when available to it, equipment specifications, drawings, contract invoices and other documents furnished by the Company. Lastly, the Independent Valuer had not investigated the title or any liabilities affecting the machinery and equipment appraised. No consideration was made for any outstanding amount owed under financing agreements, if any.

Valuation conclusion

Based on the information provided and the analysis conducted, we note that the Independent Valuer, having reviewed and based on the independent valuations conducted by ID&R, is of the opinion that the fair value of the Vessels and Heavy Equipment in continued use as at 31 December 2020 amounted to approximately IDR74.9 billion and IDR85.6 billion respectively (or equivalent to approximately S$7.1 million and S$8.1 million respectively at an exchange rate of S$1 : IDR10,526.30 as at 31 December 2020 based on our discussions with Management). The net book value and the fair value of the Vessels and Heavy Equipment respectively are set out as follows:

Assets	As at 31 December 2020 (IDR) Unaudited net book value	Fair value	Net revaluation deficit
Vessels	104,470,878,463	74,872,700,000	29,598,178,463
Heavy Equipment	102,369,744,791	85,613,200,000	16,756,544,791
Total	**206,840,623,254**	**160,485,900,000**	**46,354,723,254**

Source: *Valuation Report and information from the Company*

Based on our discussions with the Independent Valuer, we understand that the Independent Valuer had monitored the valuation process, including among others, (i) communicating with ID&R to ensure completeness of work, (ii) discussing the information gathered and received, including but not limited to ID&R's findings from the site inspection in respect of the Vessels and Heavy Equipment, (iii) agreeing with ID&R on the use of the market approach, and (iv) reviewing the data and workings provided by ID&R, including but not limited to the valuation calculations through the direct comparison method. For the avoidance of doubt, we understand that both the Independent Valuer and ID&R have jointly agreed on the above fair values of the Vessels and Heavy Equipment as at 31 December 2020. Further details of the Independent Valuations, including the assumptions and limitations thereof, are set out in the Valuation Report and the summary of the Valuation Report which is appended as Appendix F to the Circular, and Shareholders are advised to read the information carefully.

Based on the table above, assuming a hypothetical disposal of the Vessels and Heavy Equipment at their aggregate fair value of approximately IDR160.5 billion (or equivalent to approximately S$15.2 million based on an applied exchange rate of S$1 : IDR10,526.30 as at 31 December 2020), as compared to their aggregate net book value of approximately IDR206.8 billion (or equivalent to approximately S$19.6 million based on an applied exchange rate of S$1 : IDR10,526.30 as at 31 December 2020), this would result in an aggregate revaluation deficit or downward adjustment of approximately IDR46.4 billion (or equivalent to approximately S$4.4 million based on an applied exchange rate of S$1 : IDR10,526.30 as at 31 December 2020).

We understand that the Company had made the necessary fair value and impairment adjustments to the unaudited book values of the Vessels and Heavy Equipment as at 31 December 2020 based on the findings of the Valuation Report, which were also reflected in the Company's unaudited financial statements and related announcement for the fourth quarter ended 31 December 2020 (the "**Unaudited FY2020 Results**"). The Unaudited FY2020 Results were subsequently audited by the Company's external auditors and certain material adjustments were made to the Unaudited FY2020 Results (the "**Material Adjustments**") prior to the release of the audited financial statements in the Company's annual report for FY2020 (the "**FY2020 Annual Report**"). Shareholders may wish to refer to the Company's announcement on 13 April 2021 regarding the differences between the Unaudited FY2020 Results and the audited FY2020 financial statements, as well as the FY2020 Annual Report for further details on, among others, the Material Adjustments.

For the avoidance of doubt and based on the foregoing, we note that the 1Q2021 Results have taken into account the aforementioned fair values of the selected vessels and heavy equipment as at 31 December 2020 as set out in the Independent Valuations.

Pursuant to Rule 26.3 of the Code, the Company is required to make an assessment of the potential tax liabilities which would arise based on a hypothetical sale of the Vessels and Heavy Equipment at the valuation amount. Shareholders should note that such potential tax liabilities would only crystallise if the Company were to dispose of the Vessels and Heavy Equipment in its entirety. Based on the Valuation Reports and information provided by the Company, we understand that no potential tax liabilities are expected to be incurred by the Group on the hypothetical disposal of the Subject Properties on an "as is" basis.

8.3.3. Ex-cash NAV of the Group

As at 31 March 2021, the Group's cash and cash equivalents amounted to approximately S$11.4 million. Taking into consideration the total borrowings which comprised current and non-current lease liabilities in aggregate of approximately S$6.6 million as at 31 March 2021, we note that the Group had recorded a net excess cash and cash equivalents position of approximately S$4.7 million which translates into net cash per Share of approximately S$0.08 (based on 55,686,996 issued Shares) as at 31 March 2021.

When a offeree company that is the subject of a general offer has recorded a net excess cash position at the time when the general offer was made, as part of our assessment as the independent financial adviser, we would typically also consider the offer price on an ex-cash basis on the premise that the excess cash and cash equivalents would be made available to an offeror for use at its discretion upon a successful completion of an exit offer (and assuming that the offeror acquires the entire shareholding interest of the offeree company). However, we note that such an assessment would not be applicable in this case as the Company is making an exit offer to Shareholders by means of the Selective Capital Reduction, wherein the aggregate sum of S$9,106,499 arising from the Selective Capital Reduction (the "**Distribution Amount**") to be returned to the Eligible Shareholders will be funded internally from the existing cash reserves of the Group. Assuming that the Distribution Amount is deducted from the Group's cash and cash equivalents as at 31 March 2021, the Group would only have a remaining cash balance of approximately S$2.3 million available to the Non-Participating Shareholders to be utilised for the purposes of their future plans for the Company. Accordingly, taking into consideration the Group's total borrowings as stated above as at 31 March 2021, the Group would be in a net debt position of approximately S$4.4 million upon completion of the Selective Capital Reduction.

As set out in section 5.1 of the Circular, the Non-Participating Shareholders currently intend for the Company to continue its existing business activities and have no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the Company's fixed assets, or (iii) discontinue the employment of any of the existing employees of the Company and/or of its subsidiaries, other than in the ordinary course of business. Nonetheless, we note that the Non-Participating Shareholders retain the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which the Non-Participating Shareholders regard to be in the interests of the Group.

Shareholders should also note that the above NAV analyses provide an estimate of the value of the Group based on the net assets of the Group (including a hypothetical sale of the Vessels and Heavy Equipment at its market value) as at 31 March 2021, and such hypothetical scenarios are assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically affect the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market values of the assets and liabilities may vary depending on prevailing market and economic conditions.

In our evaluation of the financial terms of the Selective Capital Reduction, being the Exit Offer, we have also considered whether there is any other asset which value may be materially different from that recorded in the statement of financial position of the Group as at 31 March 2021 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to have a material impact on the NAV of the Group as at 31 March 2021.

In respect of the above, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

(a) there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 31 March 2021;

(b) there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at 31 March 2021;

(c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and/or the Group as at 31 March 2021;

(d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed, that would have had a material impact on the overall financial position of the Group as at 31 March 2021;

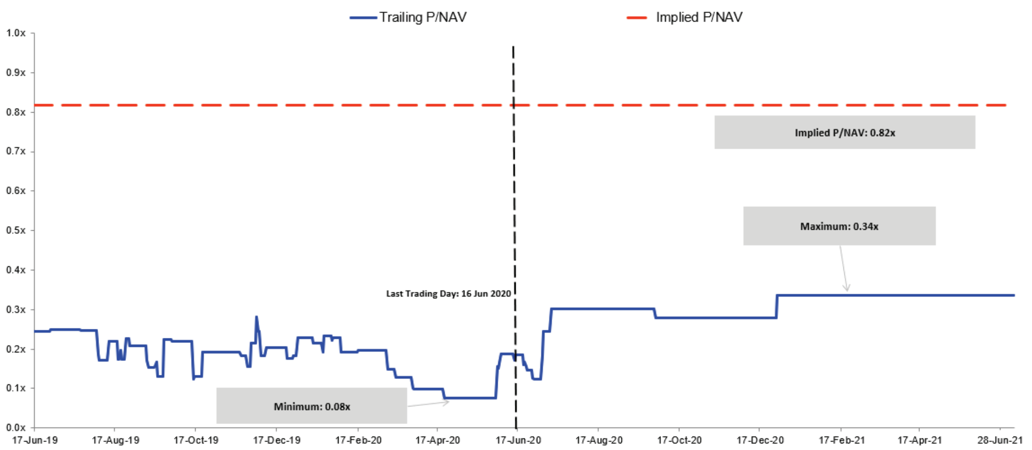
(e) there are no material acquisitions or disposals of assets by the Group between 31 March 2021 and the Latest Practicable Date, and the Group does not have any definite plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and

(f) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited statement of financial position of the Group as at 31 March 2021.

8.4. Historical trailing P/NAV multiples of the Shares

We have compared the P/NAV multiples of the Shares as implied by the Exit Offer Price *vis-à-vis* the historical trailing P/NAV multiples of the Shares respectively (based on the daily closing prices of the Shares and the Group's trailing announced NAV per Share) for the one-year period from 17 June 2019, being the last market day one (1) year prior to the Last Trading Day, and ending on the Latest Practicable Date, as set out below:

Historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: *Thomson Reuters Eikon*

We set out below the historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date:

	Historical trailing P/NAV multiples		
	Average	High	Low
One-year	0.18	0.28	0.08

Six-month	0.15	0.23	0.08
Three-month	0.11	0.19	0.08
One-month	0.13	0.19	0.08
After Delisting Announcement Date and up to Latest Practicable Date	0.30	0.34	0.12

Source: *Thomson Reuters Eikon, the Company's announcements on the SGXNET and NCF's calculations*

Our observations are set out below.

Periods prior to and including the Last Trading Day

The P/NAV multiple of 0.82 times (as implied by the Exit Offer Price) is (a) above the average historical trailing P/NAV multiples of the Shares of 0.18 times, 0.15 times, 0.11 times and 0.13 times for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day respectively, and (b) above the range of historical trailing P/NAV multiples of between 0.08 and 0.28.

Period after the Delisting Announcement Date and up to the Latest Practicable Date

The P/NAV multiple of 0.82 times (as implied by the Exit Offer Price) is above the range of historical trailing P/NAV multiples of the Shares of 0.12 times to 0.34 times for the period after the Delisting Announcement Date and up to the Latest Practicable Date.

Shareholders should note that the above analysis is solely for illustrative purposes as the NAV of the Group is not necessarily a realisable value given that the market values of the net assets may vary depending on, amongst others, prevailing market and economic conditions.

8.5. Valuation ratios of Selected Companies listed on the SGX-ST and/or the IDX which principal business activities are broadly comparable to those of the Group

Based on the Group's audited financial statements for FY2019 and FY2020, as well as the unaudited interim consolidated financial statements for 1Q2021, we note that the Group is principally engaged in the business of (a) leasing and operating heavy equipment such as excavators, dump trucks and bulldozers to PT CRM for mining activities in Indonesia, and (b) providing tug and barge freight logistics services for the transportation of dry bulk commodities (mainly coal) in the mining industry. We further note that the Group's operations and a significant portion of its assets are focused / based in Indonesia.

In our evaluation of the financial terms of the Selective Capital Reduction, being the Exit Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST, and/or the IDX with market capitalisations of up to S$100 million (or its equivalent in IDR) and which are principally engaged in leasing and/or operation of heavy equipment (the "**Equipment Rental Comparables**") or the provision of marine logistics services (the "**Marine Logistics Comparables**", and together with the Equipment Rental Comparables, collectively, the "**Comparable Companies**") which we consider to be broadly comparable to the principal business of the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST, and/or the IDX which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Company / Listing exchange	Business description	Financial year-end
Equipment Rental Comparables		
Sin Heng Heavy Machinery Ltd ("**Sin Heng Heavy Machinery**") / SGX-ST	Sin Heng Heavy Machinery is a lifting service provider in Singapore. Its principal activities include rental and servicing of cranes and aerial lifts, and trading of cranes and aerial lifts.	31 December
Huationg Global Ltd ("**Huationg Global**") / SGX-ST	Huationg Global is a Singapore-based company engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services which includes rental of construction equipment including tipper trucks, compactors.	31 December
Hiap Tong Corporation Ltd ("**Hiap Tong**") / SGX-ST	Hiap Tong is principally engaged in the lifting and haulage services (formerly named as 'leasing of cranes and haulage equipment') which involve renting of cranes, prime movers, heavy machinery and equipment, and trading of cranes and heavy equipment.	31 March
MS Holdings Ltd ("**MS Holdings**") / SGX-ST	MS Holdings is principally engaged in the provision of leasing of cranes.	30 April
Marine Logistics Comparables		
ASL Marine Holdings Ltd ("**ASL Marine**") / SGX-ST	ASL Marine is an investment holding company and is principally engaged in the provision of chartering of vessels and transportation services, as well as the provision of ship repair, dredging engineering product and related services.	30 June
Capitol Nusantara Indonesia Tbk PT ("**Capitol Nusuantara**") / IDX	Capitol Nusantara is an Indonesian-based Company engaged in transportation business, through chartering of vessels and ship management.	30 June
Pelayaran Nasional Bina Buana Raya Tbk PT ("**Pelayaran Nasional**") / IDX	Pelayaran Nasional is an Indonesia-based company primarily engaged in the provision of transportation services of either trans-shipment or delivery via rivers and coastal routes, for various kinds of bulk mining material such as coal, granite and sand, as well as the chartering of its anchor handling tug supply vessels to support a range of offshore oil and gas activities.	31 December
Rig Tenders Indonesia Tbk PT ("**Rig Tenders**") / IDX	Rig Tenders is an Indonesia-based energy logistic services provider. Its business is classified into two (2) reportable segments: coal and offshore. The coal segment relates to the chartering tugboats and barges to coal mining companies to transport coal and other bulk aggregates. The offshore segment comprises chartering supply vessels and accommodation work barges to upstream oil and gas companies to support their offshore operations.	30 June
Mitrabahtera Segara Sejati Tbk PT ("**Mitrabahtera Segara Sejati**") / IDX	Mitrabahtera Segara Sejati is an Indonesia-based company engaged in providing river and sea coal transportation solutions to the coal mining industry.	31 December

Source: *Thomson Reuters Eikon and annual reports of the Comparable Companies*

In our evaluation, we have adopted the following valuation measures:

Valuation ratio	Description
Latest twelve-month (“**LTM**”) price-earnings (“**LTM P/E**”) ratio	The LTM P/E ratio illustrates the ratio of the market capitalisation of a company in relation to its historical consolidated full-year or LTM (as the case may be) net profit attributable to its shareholders. As such, it is affected by a company’s capital structure, tax position and accounting policies relating to depreciation and intangible assets. We have considered the LTM P/E ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.
Latest twelve-month enterprise value-to-EBITDA (“**LTM EV/EBITDA**”) ratio	EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts less its cash and cash equivalents. LTM EBITDA refers to the historical consolidated full-year earnings or LTM (as the case may be) earnings before interest, taxes, depreciation and amortisation. The LTM EV/EBITDA ratio illustrates the ratio of the market value of a company’s business in relation to its historical pre-tax operating cash flow performance. The LTM EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the LTM EV/EBITDA ratio and the LTM P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. We have considered the LTM EV/EBITDA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date, latest-available balance sheet values and latest full-year or LTM (as the case may be) EBITDA.
P/NAV ratio	P/NAV refers to the ratio of the market capitalisation of a company in relation to its NAV. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company. We have considered the P/NAV ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NAV.

The valuation ratios of the Comparable Companies based on their respective last transacted share prices as at the Latest Practicable Date are set out below:

Company	Market capitalisation (million)	LTM P/E (times)	LTM EV/EBITDA[(1)] (times)	P/NAV (times)
Equipment Rental Comparables				
Sin Heng Heavy Machinery	S$39.9	33.37	1.35	0.35
Huationg Global	S$14.1	n.a.[(2)]	9.28	0.22
Hiap Tong	S$19.4	n.a.[(2)]	3.92	0.25
MS Holdings	S$8.3	n.a.[(2)]	10.39	0.34
Maximum		**33.37**	**10.39**	**0.35**
Mean		**n.m.[(3)]**	**6.23**	**0.29**
Median		**n.m.[(3)]**	**6.60**	**0.29**
Minimum		**n.m.[(3)]**	**1.35**	**0.22**

Company	Market capitalisation (million)	LTM P/E (times)	LTM EV/EBITDA[(1)] (times)	P/NAV (times)
Marine Logistics Comparables				
ASL Marine	S$48.5	n.a.[(2)]	6.34	0.47
Capitol Nusuantara	IDR117,515 / S$10.9[(4)]	n.a.[(2)]	n.a.[(2)]	n.a.[(2)]
Pelayaran Nasional	IDR268,354 / S$25.0[(4)]	n.a.[(2)]	n.a.[(2)]	2.59
Rig Tenders	IDR121,826 / S$11.3[(4)]	n.a.[(2)]	3.09	0.20
Mitrabahtera Segara Sejati	IDR815,512 / S$75.9[(4)]	n.a.[(2)]	5.53	0.39
Maximum		**n.m.[(3)]**	**6.34**	**2.59**
Mean		**n.m.[(3)]**	**4.99**	**0.91**
Median		**n.m.[(3)]**	**5.53**	**0.43**
Minimum		**n.m.[(3)]**	**3.09**	**0.20**
Company[(5)]	**S$20.0**	**n.m.[(6)]**	**4.62**	**0.82[(7)]**

Source: *Thomson Reuters Eikon, annual reports and announcements of the Comparable Companies on the SGXNET and NCF's calculations*

Notes:

(1) LTM EBITDA has been adjusted for impairment of tangible and intangible assets.

(2) Denotes "not applicable" as the respective companies had recorded LTM net losses attributable to owners of the company, negative LTM EBITDA and/or negative shareholders' equity, as the case may be.

(3) Denotes "not meaningful" as the LTM P/E ratios of the comparable companies were all negative, save for Sin Heng Heavy Machinery's LTM P/E ratio.

(4) Based on the exchange rate of S$1 : IDR10,749.65 as at 28 June 2021, being the Latest Practicable Date, as extracted from Thomson Reuters Eikon.

(5) Based on the Exit Offer Price.

(6) Denotes "not meaningful" as the Company had recorded LTM net losses attributable to equity holders of the Company.

(7) Based on the unaudited NAV per Share of S$0.44 as at 31 March 2021.

Our observations are set out below.

In view that the Company and all the Comparable Companies had recorded LTM net losses attributable to owners of the company which resulted in negative LTM P/E ratios, with the exception of Sin Heng Heavy Machinery's LTM P/E ratio of 33.37, it would not be meaningful to make a comparison of the LTM P/E ratio of the Company with that of the Comparable Companies.

The LTM EV/EBITDA ratio of the Company of 4.62 times (as implied by the Exit Offer Price) is:

(a) (i) within the range of LTM EV/EBITDA ratios of the Equipment Rental Comparables of between 1.35 times and 10.39 times, but (ii) below the mean and median LTM EV/EBITDA ratios of the Equipment Rental Comparables of 6.23 times and 6.60 times respectively; and

(b) (i) within the range of LTM EV/EBITDA ratios of the Marine Logistics Comparables of between 3.09 times and 6.34 times, but (ii) below the mean and median LTM EV/EBITDA ratios of the Marine Logistics Comparables of 4.99 and 5.53 times respectively.

The P/NAV ratio of the Company of 0.82 times (as implied by the Exit Offer Price) is:

(a) above the range of P/NAV ratios of the Equipment Rental Comparables of between 0.22 times and 0.35 times; and

(b) (i) within the range of P/NAV ratios of the Marine Logistics Comparables of between 0.20 times and 2.59 times, (ii) above the median P/NAV ratios of the Marine Logistics Comparables of 0.43 times and (iii) slightly below the mean P/NAV ratio of the Marine Logistics Comparables of 0.91 times.

8.6. Selected precedent directed delisting exit offers involving companies listed on the SGX-ST

Following the Delisting Notification received on 19 June 2020, the Company will be delisted from the Official List of the SGX-ST as it was unable to exit the financial watchlist by the end-date of the cure period of 4 June 2020. Accordingly, the Selective Capital Reduction, being the Exit Offer, is made pursuant to Rule 1306 of the Listing Manual, which requires the Company or its controlling Shareholder(s) to comply with Rule 1309 of the Listing Manual to provide a reasonable exit alternative to Shareholders. For the purposes of our evaluation of the financial terms of the Offer, we have compared the valuation statistics of the Company as implied by the Exit Offer Price *vis-à-vis* those of successful cash offers made by companies listed on the SGX-ST pursuant to receiving similar directed delisting notification from the SGX-ST (the "**Precedent Directed Delisting Exit Offers**") during the period from January 2015 to the Latest Practicable Date.

The table below sets out the brief information of the Precedent Directed Delisting Exit Offers:

Company	Delisting notification by the SGX-ST and the respective announcement date	Announcement date in respect of the exit offer	Opinion of the independent financial adviser	Exit Offer Price (S$)	Premium/(Discount) of exit offer price over/(to)[1]				
					Last transacted price (%)	One-month VWAP (%)	Three-month VWAP (%)	Six-month VWAP (%)	Exit offer price to NAV (%)
Yong Xin International Holdings Ltd.	03 Mar 2015	30 Apr 2015	Fair and reasonable	0.0080	(27.3)	(33.3)	(38.5)	(38.5)	0.19[2]
Texchem-Pack Holdings Ltd.	05 Mar 2014	05 Aug 2015	Fair and reasonable	0.1050	16.7	41.0[3]	37.2[3]	31.3[3]	0.81[3]
Pacific Healthcare Holdings Ltd.	03 Jun 2015	26 Apr 2016	Fair and reasonable	0.0010	(85.7)	(91.7)	(91.7)	(95.7)	n.a.[4]
China Hongcheng Holdings Limited	02 Sep 2015	15 Jul 2016	Fair and reasonable	0.0054	(32.5)	35.0	(61.4)	(58.5)	n.a.[4]
Europtronic Group Ltd.	02 Mar 2016	07 Nov 2017	Fair and reasonable	0.0001	(95.0)	(98.2)	(98.7)	(98.7)	n.a.[4]
China Gaoxian Fibre Fabric Holdings Ltd.	27 Feb 2019	07 Nov 2019	Fair and reasonable	0.0305	916.7	510.0	408.3	408.3	n.a.[4]
Huan Hsin Holdings Ltd.	19 Dec 2018	29 Apr 2020	Fair and reasonable	0.0160	14.3	137.9	110.2	37.4	n.a.[4]
Lafe Corporation Ltd	05 Jun 2019	27 May 2020	Not fair but reasonable[5]	0.6000	1.0	160.9	125.0	81.4	0.29[2]
Maximum					**916.7**	**510.0**	**408.3**	**408.3**	**0.81**
Mean					**88.5**	**82.7**	**48.8**	**33.4**	**0.43**
Median					**(13.2)**	**38.0**	**(0.6)**	**(3.6)**	**0.29**
Minimum					**(95.0)**	**(98.2)**	**(98.7)**	**(98.7)**	**0.19**
Company (as implied by the Exit Offer Price)	**22 June 2020**	**12 January 2021**		**0.3600**	**304.5**	**414.3**	**510.2**	**333.7**	**0.82[6]**

Source: *Thomson Reuters Eikon, announcements on the SGXNET and the respective target companies' shareholders' circulars in relation to the Precedent Directed Delisting Exit Offers*

Notes:

(1) Market premia/(discount) calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and VWAPs of the one-month, three-month and six-month periods prior to the respective announcements.

(2) Based on the NAV per share as published in the respective circulars of the target companies.

(3) Based on the one-month, three-month and six-month volume-weighted closing prices respectively as published in the circular of the target company.

(4) Denotes "not meaningful" as the comparable companies had recorded negative book value attributable to shareholders.

(5) As mentioned in the exit offer letter dated 10 June 2020, Rule 1309 of the Listing Manual was amended following the receipt by Lafe Corporation Ltd of the delisting notification to require an exit offer to be fair and reasonable. It was also stated that the SGX-ST had confirmed that the company will be subject to Rule 1309 of the Listing Manual which was in force at the time of the delisting notification instead of Rule 1309 of the Listing Manual currently in force. Under Rule 1309 of the Listing Manual which was in force at the time of the delisting notification, if an issuer is seeking to delist from the Official List of the SGX-ST:

(a) a reasonable exit alternative, which should normally be in cash, should be offered to the shareholders and holders of any other classes of listed securities to be delisted; and;

(b) the issuer should normally appoint an independent financial adviser to advise on the exit offer.

Taking into account the aforementioned and having regard to the considerations set out in its opinion letter, the independent financial adviser had arrived at the opinion that the financial terms of the exit offer were on balance, not fair but reasonable. Notwithstanding, we note that the independent financial adviser had advised the independent directors to recommend shareholders to accept the exit offer. This transaction has been included and considered as part of our comparable analysis on the basis that it was (i) a successful cash offer made in respect of a company listed on the SGX-ST in compliance with the applicable Listing Rules at the time and (ii) the exit offer was made pursuant to the receipt of a directed delisting notification from the SGX-ST.

(6) Based on the unaudited NAV per Share of S$0.44 as at 31 March 2021.

Based on the above, we note that:

(a) the premium of approximately 304.5% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) within the range of the Precedent Directed Delisting Exit Offers of between a discount of 95.0% and a premium of 916.7% and (ii) above the corresponding mean premium and median discount of the Precedent Directed Delisting Exit Offers of 88.5% and 13.2% respectively;

(b) the premium of approximately 414.3% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of the Precedent Directed Delisting Exit Offers of between a discount of 98.2% and a premium of 510.0% and (ii) above the corresponding mean and median premium of the Precedent Directed Delisting Exit Offers of 82.7% and 38.0% respectively;

(c) the premium of approximately 510.2% (as implied by the Exit Offer Price) over the three-month VWAP of the Shares up to and including the Last Trading Day (i) exceeds the range of the Precedent Directed Delisting Exit Offers of between a discount of 98.7% and a premium of 408.3% and (ii) is above the corresponding mean premium and median discount of the Precedent Directed Delisting Exit Offers of 48.8% and 0.6% respectively;

(d) the premium of approximately 333.7% (as implied by the Exit Offer Price) over the six-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of the Precedent Directed Delisting Exit Offers of between a discount of 98.7% and a premium of 408.3% and (ii) above the corresponding mean premium and median discount of the Precedent Directed Delisting Exit Offers of 33.4% and 3.6% respectively; and

(e) the P/NAV ratio of the Company of 0.82 times (as implied by the Exit Offer Price) is slightly above the maximum exit offer price-to-NAV ratio of the Precedent Directed Delisting Exit Offers of 0.81 times.

Shareholders should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) in a directed delisting scenario varies in different circumstances depending on, *inter alia*, the attractiveness and/or financial condition of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each of the Precedent Directed Delisting Exit Offers has to be judged on its own merits (or otherwise).

The list of Precedent Directed Delisting Exit Offers indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the exit offer prices in respect of the Precedent Directed Delisting Exit Offers over the aforementioned periods and does not highlight bases other than the aforementioned in determining an appropriate premium/discount for the Precedent Directed Delisting Exit Offers. It should be noted that the comparison is made without taking into account the total amount of the offer value of each Precedent Directed Delisting Exit Offers or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings / financial performance prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Directed Delisting Exit Offers and would therefore not be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Directed Delisting Exit Offers. Therefore, any comparison of the Exit Offer with the Precedent Directed Delisting Exit Offers is solely for illustrative purposes and any conclusions drawn from the comparisons may not necessarily reflect any perceived market valuation for the Company.

8.7. Estimated theoretical valuation of the Company

In view that (i) trading in the Shares had been sporadic with only 57 market days of trading for the one-year period prior to and including the Last Trading Day, (ii) trading in the Shares has been suspended since 20 July 2020, and (iii) the asset-heavy nature of the Group's business, we have adopted the asset-based approach as our primary valuation methodology in estimating the range of valuation of the Company. It should be noted that the asset-based approach also incorporates aspects of the market approach, having taken into account the fair value of the Vessels and Heavy Equipment which collectively form the bulk of the Group's net assets as at 31 December 2020, as estimated by the Independent Valuer, and has been reflected in the Group's unaudited statement of financial position as at 31 March 2021.

For comparison purposes, we have also considered the earnings approach to value the Company based on the P/E and EV/EBITDA multiples. The P/E multiple was considered more favourably as compared to the EV/EBITDA multiple as the P/E multiple is regarded as a more acceptable and more commonly used multiple for valuation by the market. However, we note that the Group had recorded net losses for FY2018, FY2019 and FY2020. In view of this, and that the P/E multiples of the Comparable Companies do not serve as a meaningful comparison given that they had mostly recorded net losses for the relevant financial periods, with only one (1) data point of comparison which is considered to be a statistical outlier, we are of the view that the P/E multiple would not be appropriate in valuing the Company.

With regard to the EV/EBITDA multiple, we are also of the view that this would not be an appropriate valuation methodology as (a) it is not possible to derive the entire value of the Group by applying the EV/EBITDA multiples of the Comparable Companies to the Construction Logistics and/or Marine Logistics segments (as the case may be), given that there are certain costs of the Group's functions that cannot be allocated to either of these business segments, and (b) it would not be correct to apply the EV/EBITDA multiples of the Equipment Rental Comparables and/or the Marine Logistics Comparables to the entire Group in view of the respective EBITDA contribution by and allocation of net assets between the two (2) business segments.

Accordingly, the theoretical valuation of the Company would be as follows:

Valuation methodology	Theoretical valuation (S$'000)	Theoretical valuation per Share (S$)
Asset-based Approach		
P/NAV multiple for Equipment Rental Comparables(1)(2)	938	
P/NAV multiple for Marine Logistics Comparables(1)(3)	3,165 to 6,699	
Add:		
- Corporate	2,823	
- Short-term deposits and bank balances	11,376	

Less:		
- Unallocated liabilities	394	
Theoretical valuation range	**17,908 to 21,442 (4)**	**0.32 to 0.39(4)(5)**
NAV	24,401	0.44
P/NAV multiple of Precedent Directed Delisting Exit Offers	7,076 to 10,492	0.13 to 0.19(5)
Overall applied range	**17,908 to 24,401(6)**	**0.32 to 0.44(5)(6)**

Source: *1Q2021 Results, information from the Company and NCF's calculations*

Notes:

(1) Based on the respective net assets of the Construction Logistics and Marine Logistics segments as at 31 March 2021. Please refer to section 8.2 of this Letter for more details of the Group's segmental results.

(2) Based on the mean and median P/NAV multiples of the Equipment Rental Comparables.

(3) Based on the mean and median P/NAV multiples of the Marine Logistics Comparables.

(4) The range has taken into account the P/NAV multiples of the Equipment Rental Comparables and the Marine Logistics Comparables which are broadly comparable to the respective Construction Logistics and Marine Logistics business segments of the Group. As mentioned in section 8.5 of this Letter, we recognise that there is no company which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Accordingly, the Comparable Companies serve as a gauge in providing an illustrative perceived market valuation of the Group.

(5) Based on 55,686,996 issued Shares outstanding.

(6) Excludes the range of P/NAV multiples of Precedent Directed Delisting Exit Offers as most of the comparable companies had recorded negative book value attributable to shareholders, with only three (3) data points of comparison. Furthermore as mentioned in section 8.6 of this Letter, the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Directed Delisting Exit Offers, and the comparison is made without taking into account the total amount of the offer value of each Precedent Directed Delisting Exit Offers or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings / financial performance prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We note that the Exit Offer Price of S$0.36 is within the range of the overall theoretical valuation of the Company of between S$0.32 to S$0.44 based on the asset-based approach.

8.8. Other Relevant Considerations

8.8.1. Likelihood of competing offer is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Selective Capital Reduction, being the Exit Offer, being proposed by the Company, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

As disclosed in section 8.3 of the Circular, the Non-Participating Shareholders, who collectively hold 30,391,165 Shares representing approximately 54.57% of the issued and paid-up share capital of the Company, have each provided an unconditional and irrevocable undertaking (the "**Undertakings**") to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction. As the shareholdings in the Company are fragmented, no single major Shareholder is in a position to make an offer to acquire all the Shares of the other Shareholders, including the public Shareholders. It is therefore highly unlikely that there will be a competing offer from any other third party aside from the Non-Participating Shareholders. Having also taken into consideration of the certainty of the delisting of the Company from the Official List of the SGX-ST as set out in the Delisting Notification, the likelihood of any alternative exit offer is remote.

Furthermore, in view that trading of Shares remains suspended since the Suspension Date, the Eligible Shareholders are unable to dispose of their Shares or exit their investments in the public market and accordingly, the Selective Capital Reduction, being the Exit Offer, is the only publicly available option for exit as at the Latest Practicable Date.

8.8.2. Abstain from Voting

As disclosed in section 9.1.1 of the Circular, the Non-Participating Shareholders are required to abstain from voting on the Selective Capital Reduction. Pursuant to Section 78G of the Companies Act, in order for the Selective Capital Reduction to be approved, (a) a special resolution must be passed by Shareholders approving the Selective Capital Reduction and (b) the approval and confirmation by the Court of the Selective Capital Reduction must be obtained. Eligible Shareholders should note that such special resolution will require the approval of at least 75% in number of all Shareholders or, if by poll, 75% of all Shares voted by Shareholders present and voting at the EGM.

It should be highlighted that pursuant to the Undertakings, the Non-Participating Shareholders will not be entitled to receive their respective pro-rata entitlement of the Cash Distribution, having waived any rights that they may have as Shareholders to participate in the Selective Capital Reduction.

8.8.3. Mandatory Delisting

The Selective Capital Reduction is undertaken to serve as the exit offer required under Rule 1309 of the Listing Manual to be provided by the Company to Shareholders, following which the Delisting will take place upon completion of the Selective Capital Reduction. Should the special resolution on the Selective Capital Reduction at the EGM be voted against and not passed, and assuming that there are no other alternative exit offers received from the Company or its controlling shareholders, the Company will be mandatorily delisted from the Official List of SGX-ST pursuant to Rule 1315 of the Listing Manual. Eligible Shareholders will continue to hold Shares in the Company, which may then become an unlisted public company if the SGX-ST proceeds with the Delisting.

Following the Delisting, in the absence of a public market for the Shares, Eligible Shareholders may likely find it difficult to sell their Shares as there is no arrangement for such Shareholders to exit. Even if such Shareholders are able to sell their Shares, there is no certainty that they will be able to fetch a higher price than the Exit Offer Price or the market prices of the shares of comparable listed companies as shares of unlisted public companies are generally valued at a discount due to the lack of marketability. Where such transfer or sale of Shares involves a change in the beneficial ownership of those Shares, they will also need to be subject to the relevant provisions of the constitution of the Company, as may be amended, modified, or supplemented from time to time (the “**Constitution**”).

Additionally, following the Delisting, the Company will no longer be subject to the listing requirements of the SGX-ST and the Listing Manual. Notwithstanding the Company will still be required to comply with the Companies Act, and accordingly in the event that the Selective Capital Reduction is not voted through, the interests of Eligible Shareholders will be protected to the extent provided for under the Companies Act and the Constitution.

8.8.4. Financial impact of the Selected Capital Reduction

We have also considered the financial impact of the Selective Capital Reduction on the Group. The unaudited pro forma financial effects of the Selective Capital Reduction as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Selective Capital Reduction.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2020 and our discussions with the Management, as well as the following bases and assumptions:

(a) the financial effects on the consolidated NAV per Share is computed based on the assumption that the Selective Capital Reduction had been completed at the end of FY2020;

(b) the financial effects on the consolidated loss per Share ("**LPS**") is computed based on the assumption that the Selective Capital Reduction had been completed on 1 January 2020; and

(c) does not take into account any estimated transaction expenses arising from the Selective Capital Reduction.

NAV per Share

The Selective Capital Reduction will have the following impact on the NAV and the NAV per Share of the Group as at 31 December 2020, assuming that the Selective Capital Reduction had been completed on 31 December 2020.

	Before the Selective Capital Reduction	After the Selective Capital Reduction
NAV as at 31 December 2020 (S$'000) (1)	24,735	15,629
NAV per Share (cents)	44.4(2)	51.4(3)

Notes:

(1) Based on the Group's audited equity attributable to equity holders of the Company as at 31 December 2020.

(2) Calculated based on 55,686,996 Shares outstanding.

(3) Calculated based on 30,391,165 Shares outstanding resulting from the completion of the Selective Capital Reduction.

We note that the NAV per Share would increase from approximately 44.4 cents as at 31 December 2020 to 51.4 cents after completion of the Selective Capital Reduction.

Net gearing and working capital

The Selective Capital Reduction will have the following impact on the net gearing and working capital position of the Group as at 31 December 2020, assuming that the Selective Capital Reduction had been completed on 31 December 2020.

(S$'000)	Before the Selective Capital Reduction	After the Selective Capital Reduction
Cash and cash equivalents	10,410	1,304
Total borrowings	7,366	7,366
Working capital	12,624	3,518
Equity attributable to owners of the Company as at 31 December 2020	24,735	15,629
Net gearing (times)(1)	(0.12)	0.39

Note:

(1) Net gearing is defined as the Group's total borrowings, net of cash and cash equivalents, divided by equity attributable to equity holders of the Company.

We note that the net gearing of the Group would increase from a negative value of 0.12 times (reflecting a net cash position) as at 31 December 2020 to a positive value of 0.39 times after the completion of the Selective Capital Reduction. The working capital of the Group would also decrease from approximately S$12.6 million as at 31 December 2020 to S$3.5 million after the completion of the Selective Capital Reduction.

LPS

The Selective Capital Reduction will have the following impact on the LPS of the Group for FY2020, assuming that the Selective Capital Reduction had been completed on 1 January 2020.

	Before the Selective Capital Reduction	After the Selective Capital Reduction
Net loss attributable to equity holders of the Company (S$'000)	6,204	6,204
LPS (cents)	11.14[(1)]	20.41[(2)]

Notes:

(1) Calculated based on 55,686,996 weighted average Shares for FY2020. There were no potentially dilutive Shares or new issued Shares for FY2020.

(2) Calculated based on 30,391,165 Shares weighted average Shares from FY2020 resulting from completion of the Selective Capital Reduction.

We note that the LPS of the Group would increase from approximately 11.14 cents for FY2020 to 20.41 cents, assuming that the Selective Capital Reduction had taken place at the beginning of FY2020.

8.8.5. Outlook of the Group

The Group has consistently recorded a net loss attributable to equity holders since its financial year ended 31 December 2014. While the Group had recorded a net loss for FY2020 despite having recorded a significant increase in revenue and gross profit, we note that this was mainly attributable to the One-Time Impairment Loss. In respect of 1Q2021, we note that while the Group posted a higher gross profit than in 1Q2020, it has recorded an overall net loss position due mainly to other losses (net) arising from an increase in foreign exchange losses.

We also note the following disclosure in the 1Q2021 Results. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the 1Q2021 Results.

"***10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.***

The Asian Development Bank expects Indonesia's growth rate to reach 4.5% in 2021 and 5.0% in 2022 amid improving global conditions and a gradual reopening of the economy[1]. The positive outlook for Indonesia's growth trajectory is supported by a sustained trade recovery, a revival in manufacturing and the large national economic recovery budget for 2021.

Furthermore, Fitch Solutions has projected year-on-year growth of 8.7% for Indonesia's construction sector in 2021[2]. The optimistic growth outlook for the construction sector is led by a robust pipeline of projects, including several large-scale government-backed infrastructure programmes.

However, Indonesia's economic recovery could be slowed by vaccination delays and the threat of a possible spike in Covid-19 cases. In view of the challenging business environment, the Group will continue to exercise prudence in financial management while it continues to strive to achieve profitability in the coming quarters.

The Company will continue to closely monitor the financial and economical impact of the Covid-19 pandemic on the construction logistics and marine logistics business operations of the Group and keep shareholders updated as and when appropriate.

*The Company also continues to work closely with its professional advisers on its proposed Selective Capital Reduction exercise announced on 12 January 2021 to cancel all the issued ordinary shares in the capital of the Company ("**Shares**") held by the Eligible Shareholders and return the share capital in cash to the Eligible Shareholders (the "**Selective Capital Reduction**").*

The Company is in the process of arranging the documentation and expert reports as well as obtaining the necessary regulatory approvals for this exercise and will update shareholders of further developments.

[1]Asian Development Bank, 29/04/2021: Indonesia's economy to return to growth in 2021 - ADB
[2]The Business Times, 26/04/2021: Indonesia infrastructure tipped to rebound strongly from Covid-19 through"

Based on our discussions with Management, we understand that the Group's existing business assets are all fully utilised / contracted at present and are expected to provide a stable stream of revenue in the near term. However, due to the current Covid-19 pandemic and prevailing economic uncertainty, Management does not anticipate that PT IPA and PT MII will undertake any new major capital expenditures or investment to increase their existing fleets of heavy equipment and vessels respectively. Accordingly, Management does not expect any significant business growth in the near term until such time that it is able secure sufficient funding to inject new investments to scale up the Group's operations and expand the customer base of both its Construction Logistics and Marine Logistics segments.

8.8.6. Dividend track record of the Company

The Company has not declared or paid any dividends over the past eight (8) financial years, with the last dividend distribution of S$0.005 being declared in respect of the financial year ended 31 December 2013. Accordingly, the Selective Capital Reduction would provide Eligible Shareholders with an alternative way to realise their investments in the Shares at a premium over the historical share prices of the Shares, up to and including the Last Market Day. As set out in the Company's annual report for FY2020, the Company does not have a dividend policy in place and the Directors would consider, *inter alia*, the Group's profit growth, cash position, positive cash flow generated from operations and projected capital requirements for business growth in deciding whether to declare dividends.

Notwithstanding this, we wish to highlight that the absence of dividend payments for the past financial periods is not an indication of the Company's future dividend policy, and there is no certainty that the Company will not be declaring dividends for future financial periods.

9. OPINION AND ADVICE

9.1. Our Opinion

In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(a) the Exit Offer Price represents (i) a significant premium of approximately 192.7%, 333.7%, 510.2% and 414.3% over the VWAPs of the Shares for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day respectively, (ii) a significant premium of approximately 304.5% over the closing price of the Shares of S$0.089 on the Last Trading Day and (iii) a premium of approximately 373.7% over the VWAP of the Shares of S$0.076 for the period after the Delisting Announcement Date and up to the Last Market Day, and (v) a premium of approximately 143.2% over the closing price of the Shares of S$0.148 on the Last Market Day;

(b) the Group's revenue over the last three (3) financial years fluctuated from year to year, having recorded a decrease in revenue from approximately S$7.7 million in FY2018 to approximately S$1.7 million in FY2019 and subsequently an increase back to approximately S$7.9 million in FY2020. The Group has also historically recorded a net loss attributable to equity holders of the Company of approximately S$4.6 million, S$1.3 million and $6.2 million in FY2018, FY2019 and FY2020 respectively. Had the One-Time Impairment Loss been excluded, we note that the Group would have recorded a net profit attributable to equity holders of the Company of approximately S$0.2 million in FY2020 instead, for the reasons set out in section 8.2 of this Letter. In addition, in respect of the Group's 1Q2021 Results, we note that the Group remains in a loss-making position of approximately S$0.4 million attributable to equity holders of the Company on the back of an increase in foreign exchange losses;

(c) the Exit Offer Price represents a discount of approximately 18.2% to the unaudited NAV per Share as at 31 March 2021 which would value the Group at a P/NAV ratio of 0.82 times;

(d) the P/NAV multiple of 0.82 times (as implied by the Exit Offer Price) is (i) above the average historical trailing P/NAV multiples of the Shares of 0.18 times, 0.15 times, 0.11 times and 0.13 times for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) above the range of historical trailing P/NAV multiple of the Shares of 0.12 times to 0.34 times for the period after the Delisting Announcement Date and up to the Latest Practicable Date;

(e) in respect of the Comparable Companies:

  (i) in view that the Company and the Comparable Companies had recorded LTM net losses attributable to owners of the company which resulted in negative LTM P/E ratios, with the exception of Sin Heng Heavy Machinery's LTM P/E ratio of 33.37, it would not be meaningful to make a comparison of the Company's LTM P/E ratio with that of the Comparable Companies;

  (ii) the LTM EV/EBITDA ratio of the Company of 4.62 times (as implied by the Exit Offer Price) is:

    (aa) (1) within the range of LTM EV/EBITDA ratios of the Equipment Rental Comparables of between 1.35 times and 10.39 times, but (2) below the mean and median LTM EV/EBITDA ratios of the Equipment Rental Comparables of 6.23 times and 6.60 times respectively;

    (bb) (1) within the range of LTM EV/EBITDA ratios of the Marine Logistics

Comparables of between 3.09 times and 6.34 times, but (2) below the mean and median LTM EV/EBITDA ratios of of the Marine Logistics Comparables of 4.99 and 5.53 times respectively;

(iii) the P/NAV ratio of the Company of 0.82 times (as implied by the Exit Offer Price) is:

(aa) above the range of P/NAV ratios of the Equipment Rental Comparables of between 0.22 times and 0.35 times;

(bb) (1) within the range of P/NAV ratios of the Marine Logistics Comparables of between 0.20 times and 2.59 times, (2) above the median P/NAV ratio of the Marine Logistics Comparables of 0.43 times, but (3) below the mean P/NAV ratio of the Marine Logistics Comparables of 0.91 times;

(f) in respect of the Precedent Directed Delisting Exit Offers:

(i) the premium of approximately 304.5% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Directed Delisting Exit Offers of between a discount of 95.0% and a premium of 916.7% and (bb) above the corresponding mean premium and median discount of the Precedent Directed Delisting Exit Offers of 88.5% and 13.2% respectively;

(ii) the premium of approximately 414.3% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Directed Delisting Exit Offers of between a discount of 98.2% and a premium of 510.0% and (bb) above the corresponding mean and medium premium of the Precedent Directed Delisting Exit Offers of 82.7% and 38.0% respectively;

(iii) the premium of approximately 510.2% (as implied by the Exit Offer Price) over the three-month VWAP of the Shares up to and including the Last Trading Day (aa) exceeds the range of the Precedent Directed Delisting Exit Offers of between a discount of 98.7% and a premium of 408.3% and (bb) is above the corresponding mean premium and median discount of the Precedent Directed Delisting Exit Offers of 48.8% and 0.6% respectively;

(iv) the premium of approximately 333.7% (as implied by the Exit Offer Price) over the six-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Directed Delisting Exit Offers of between a discount of 98.7% and a premium of 408.3% and (bb) above the corresponding mean premium and median discount of the Precedent Directed Delisting Exit Offers of 33.4% and 3.6% respectively; and

(v) the P/NAV ratio of the Company of 0.82 times (as implied by the Exit Offer Price) is slightly above the maximum offer price-to-NAV ratio of the Precedent Directed Delisting Exit Offers of 0.81 times; and

(g) the Exit Offer Price of S$0.36 is within the range of the overall theoretical valuation of the Company of between S$0.32 to S$0.44 based on the asset-based approach;

(h) as at the Latest Practicable Date, apart from the Selective Capital Reduction, being the Exit Offer, being proposed by the Company, no alternative offer or proposal from any third party has been received by the Company and there is no publicly available evidence of any alternative offer for the Offer Shares from any third party. Furthermore, in view that trading of Shares remains suspended since the Suspension Date, the Selective Capital Reduction is the only publicly available option for exit as at the Latest Practicable Date;

(i) the irrevocable undertaking provided by the Non-Participating Shareholders to, among others, waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction;

(j) should the special resolution on the Selective Capital Reduction at the EGM be voted against and not passed, and assuming that there are no other alternative exit offers received from the Company or its controlling shareholders, the Eligible Shareholders will continue to hold Shares in the Company, which may then become an unlisted public company if the SGX-ST proceeds with the Delisting;

(k) the financial impact of the Selected Capital Reduction;

(l) the outlook of the Group; and

(m) the absence of dividend payments over the past eight (8) financial years with no certainty of dividend payments for future financial periods.

Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Selective Capital Reduction, being the Exit Offer, are **fair and reasonable**.

In determining that the Selective Capital Reduction, being the Exit Offer is **fair**, we have considered the following pertinent factors:

(i) the Exit Offer Price represents a significant premium over (aa) the VWAPs of the Shares for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day, (bb) the closing price of the Shares on the Last Trading Day, (cc) the VWAP of the Shares for the period after the Delisting Announcement Date and up to the Latest Practicable Date, and (dd) the closing price of the Shares on the Latest Practicable Date;

(ii) while the Exit Offer Price represents a discount to the unaudited NAV per Share as at 31 March 2021, the P/NAV multiple as implied by the Exit Offer Price is above the average historical trailing P/NAV multiples of the Shares for the one-year, six-month, three-month and one-month periods prior to and including the Last Trading Day; and

(iii) while the Exit Offer Price represent a discount to the unaudited NAV per Share as at 31 March 2021, the Exit Offer Price is within the range of the overall applied range of the Company based on the asset-based approach.

In determining that the Selective Capital Reduction, being the Exit Offer is **reasonable**, we have considered the following pertinent factors:

(i) while the Group has recorded a net loss attributable to owners of the Company over the last three (3) financial years, the net loss position has been significantly reduced in FY2020 due to the increase in revenue and gross profit arising from the Group's business operations. On balance, we have also considered (aa) the effect of the One-Time Impairment Loss on the audited financial results of the Company for FY2020, (bb) the Group's loss-making position in respect of its 1Q2021 Results, (cc) the current suspended status of the Shares and that the Company is due to be mandatory delisted from the Official List of the SGX-ST, (dd) the financial impact of the Selective Capital Reduction, and (ee) the outlook of the Group;

(ii) in respect of the Comparable Companies:

   (aa) the LTM EV/EBITDA ratio of the Company (as implied by the Exit Offer Price) is within the range of LTM EV/EBITDA ratios of the Equipment Rental Comparables and Marine Logistics Comparables; and (bb) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is above the range of P/NAV ratios of the Equipment Rental Comparables and the median P/NAV ratios of the Marine Logistics Comparables;

(iii) in respect of the Precedent Directed Delisting Exit Offers, (aa) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is slightly above the range of price-to-NAV ratios of the Precedent Directed Delisting Exit Offers, and (bb) the premia of the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP, three-month VWAP and six-month VWAP of the Shares up to and including the Last Trading Day are significantly above the corresponding mean and median premia of the Precedent Directed Delisting Exit Offers; and

(iv) as at the Latest Practicable Date, there are no alternative offers or proposals for the Shares.

9.2. Our Advice

Accordingly, we advise the Recommending Directors to recommend that Shareholders **vote in favour of** the Selective Capital Reduction, being the Exit Offer.

The Recommending Directors should note that our opinion and advice on the Selective Capital Reduction do not and cannot take into account any future events or changes in the market, economic, industry, monetary and other conditions after the Latest Practicable Date since these are governed by factors beyond the ambit of our review.

This Letter is issued as required under Rule 1309(2) of the Listing Manual, and also addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Selective Capital Reduction. The recommendation made by them to the Shareholders in relation to the Selective Capital Reduction shall remain the sole responsibility of the Recommending Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Selective Capital Reduction. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo Chief Executive Officer	Melvin Teo Associate Director

APPENDIX B – Disclosures of Shareholdings and Dealings in Relevant Securities

1. SHAREHOLDINGS IN RELEVANT SECURITIES

1.1 As at the Latest Practicable Date, the interests in Shares held by the Non-Participating Shareholders and parties acting in concert with the Non-Participating Shareholders are set out below:

	Number of Ordinary Shares				
	Direct Interest	**%**	**Deemed Interest**	**%**	**Total Interest (%)**
Atan	10,521,650	18.89	–	–	18.98
Melda Veronica(1)	5,002,500	8.98	–	–	8.89
A Guat	4,176,524	7.50	–	–	7.50
Edison(2)	3,867,292	6.94	124,900	0.22	7.17
Tan Chee Meng	2,723,000	4.89	–	–	4.89
Suman Hadi Negoro(3)	871,599	1.57	1,750,000	3.14	4.71
Ms Ng Yoke Chan(4)	–	–	1,353,700	2.43	2.43

Notes:

(1) Executive Director, Mr. Kee Siang Hui, has a deemed interest in 5,002,500 Shares representing 8.98% of the issued and paid-up share capital of the Company beneficially owned by his spouse, Melda Veronica (one of the Non-Participating Shareholders listed above).

(2) Edison has a deemed interest in 124,900 Shares representing 0.22% of the issued and paid-up share capital of the Company held through Maybank Kim Eng Securities Pte. Ltd. as nominee.

(3) Suman Hadi Negoro has a deemed interest in 1,750,000 representing 3.14% of the issued and paid-up share capital of the Company held through United Overseas Bank Nominees (Private) Limited as nominee.

(4) Non-executive Director and Non-Participating Shareholder, Ms. Ng Yoke Chan, has a deemed interest in 1,353,700 Shares representing 2.43% of the issued and paid-up share capital of the Company held through by Maybank Kim Eng Securities Pte. Ltd. as a nominee.

1.2 Save as disclosed above, neither the Non-Participating Shareholders nor the parties acting in concert with the Non-Participating Shareholders hold any other Relevant Securities.

1.3 Save as disclosed in this **Appendix B** to this Circular, during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date, none of the Non-Participating Shareholders or parties acting in concert with the Non-Participating Shareholder has dealt for value in any Relevant Securities.

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APPENDIX C – General Information on the Non-Participating Shareholders

1. DISCLOSURE OF INTERESTS

1.1 No Agreement having any Connection with or Dependence upon the Selective Capital Reduction

1.1.1 As at the Latest Practicable Date, there is no agreement, arrangement or understanding between: (a) the Non-Participating Shareholder and/or parties acting in concert with the Non-Participating Shareholder; and (b) any of the current or recent directors of the Company or any of the current or recent Shareholders having any connection with or dependence upon the Selective Capital Reduction.

1.2 TRANSFER OF SHARES

1.2.1 The Shares held by the Eligible Shareholders will be cancelled pursuant to the Selective Capital Reduction. The Non-Participating Shareholder reserves the right to transfer any Shares to any of their related corporations (within the meaning of Section 6 of the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to them.

1.3 No Payment or Benefit to Directors of the Company

1.3.1 As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or a director of a related corporation (within the meaning of Section 6 of the Companies Act) of the Company as compensation for loss of office or otherwise in connection with the Selective Capital Reduction.

1.4 No Agreement Conditional upon Outcome of the Selective Capital Reduction

1.4.1 As at the Latest Practicable Date, there is no agreement, arrangement or understanding between: (a) the Non-Participating Shareholder; and (b) any of the Directors or any other person in connection with or conditional upon the outcome of the Selective Capital Reduction or otherwise in connection with the Selective Capital Reduction.

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APPENDIX D – Additional Information on the Company

1. DIRECTORS

1.1 The names and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Designation
Mr. Fhifi Alfhian Ronie, SH	Non-Executive Independent Chairman
Mr. Richard Kennedy Melati	Executive Director
Mr. Kee Siang Hui	Executive Director
Ms. Ng Yoke Chan	Non-Executive Non-Independent Director
Mr. William Teo Choon Kow	Independent Director
Mr. Wong Wei Boon, Kevin	Independent Director
Ms. Leong Ting Ting	Independent Director

2. PRINCIPAL ACTIVITIES

2.1 The Company's principal activity is in investment holding. The Company is involved in businesses relating to provision of land logistics and support services as well as the provision of marine logistics.

3. REGISTERED OFFICE

3.1 The registered office of the Company is at 37 Jalan Pemimpin, #07-16, Mapex, Singapore 577177.

4. SHARE CAPITAL OF THE COMPANY

4.1 The Company has an issued and fully paid up share capital of S$35,762,912 comprising 55,686,996 Shares. The Company does not hold any Shares in treasury and there are no instruments convertible into Shares, or any options, rights or warrants for the issuance of any new Shares, outstanding. There is only one class of shares in issue.

4.2 As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2020, being the end of the last financial year of the Company.

4.3 The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For the ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in **Appendix E** to this Circular.

4.4 The Constitution does not contain any restrictions on the right to transfer Shares, which has the effect of requiring holders of such Shares, before transferring them, to offer them for purchase to members of the Company or to any person.

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Company in Non-Participating Shareholders' Shares

5.1.1 As at the Latest Practicable Date, the Company does not have any direct or deemed interests in Non-Participating Shareholders' Shares.

5.2 Dealings in Non-Participating Shareholders' Shares by the Company

5.2.1 The Company has not dealt for value in any Non-Participating Shareholder's Securities during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of Directors in Non-Participating Shareholders' Shares

5.3.1 As at the Latest Practicable date, save as disclosed in **Appendix B** to this Circular, none of the Directors have any direct or deemed interests in the Non-Participating Shareholders' Shares.

5.4 Dealings in Non-Participating Shareholders' Shares by the Directors

5.4.1 None of the Directors have dealt for value in any Non-Participating Shareholders' Shares during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

5.5 Interests of Directors in Relevant Securities

5.5.1 As at the Latest Practicable date, save as disclosed in **Appendix B** to this Circular, none of the Directors have any direct or deemed interests in the Relevant Securities.

5.6 Dealings in Relevant Securities by the Directors

5.6.1 None of the Directors have dealt for value in any Relevant Securities during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

5.7 Interests of RHT Capital in Relevant Securities

5.7.1 As at the Latest Practicable date, none of RHT Capital or its related corporations owns or controls any Relevant Securities.

5.8 Dealings in Relevant Securities by RHT Capital

5.8.1 None of RHT Capital or its related corporations have dealt for value in any Relevant Securities during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

5.9 Interests of the IFA in Relevant Securities

5.9.1 As at the Latest Practicable date, none of the IFA or its related corporations owns or controls any Relevant Securities.

5.10 Dealings in Relevant Securities by the IFA

5.10.1 None of IFA or its related corporations have dealt for value in any Relevant Securities during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date.

5.11 Intentions of the Directors in respect of their Shares

5.11.1 As at the Latest Practicable Date, save for the Directors disclosed in **Appendix B** to this Circular, none of the Directors hold any Shares. The Abstaining Directors disclosed in **Appendix B** to this Circular, namely Mr. Kee Siang Hui and Ms. Ng Yoke Chan, who hold interests in Shares will abstain from voting on the Selective Capital Reduction at the EGM.

6. OTHER DISCLOSURES

6.1 Directors' Service Contracts

6.1.1 As at the Latest Practicable Date, there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation.

6.1.2 There are no such service contracts entered into or amended between any of the Directors or proposed directors with the Company or any of its subsidiaries during the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date.

6.2 No Payment or Benefit to the Directors

6.2.1 As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Selective Capital Reduction.

6.3 No Agreement Conditional upon Outcome of Selective Capital Reduction

6.3.1 As at the Latest Practicable Date, there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Selective Capital Reduction.

6.4 Material Contracts entered into by the Non-Participating Shareholders

6.4.1 As at the Latest Practicable Date, there are no material contracts entered into by the Non-Participating Shareholders in which any Director has a material personal interest, whether direct or indirect.

7. FINANCIAL INFORMATION

7.1 As at the Latest Practicable Date, copies of the latest consolidated financial statements (audited for FY 2020 and unaudited for the first quarter (ended 31 March 2021) of FY 2021) are disclosed in **Appendix G** to this Circular.

7.2 Significant Accounting Policies

7.2.1 The Company prepares its financial statements in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards.

7.3 Changes in Accounting Policies

7.3.1 Save as set out in publicly available information on the Group, as at the Latest Practicable Date:

7.3.1.1. there are no significant accounting policies or any matter from the notes of the financial statements of the Group which are of major relevance for the interpretation of the financial statements of the Group; and

7.3.1.2. there are no changes in the accounting policies of the Group which will cause the financial information disclosed in this Circular to not be comparable to a material extent.

8. MATERIAL CHANGES IN FINANCIAL POSITION

8.1 Save as disclosed in this Circular, the FY 2020 Results and the Q1 2021 Financial Statements, and save for any publicly available information on the Group, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 March 2021. Shareholders should note that the FY 2020 Results and the Q1 2021 Financial Statements are set out in **Appendix G** to this Circular.

9. MATERIAL CHANGE IN INFORMATION

9.1 Save as disclosed in this Circular and save for information relating to the Company, the Group and the Selective Capital Reduction that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Announcement Date and ending on the Latest Practicable Date.

10. MATERIAL CONTRACTS WITH INTERESTED PERSONS

10.1 Neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Code)[1] during the period commencing three years prior to the Announcement Date and ending on the Latest Practicable Date.

1 "Interested Person" is defined in the Note on Rule 23.12 of the Code as: (a) a director, chief executive officer or a substantial shareholder (being an individual) of the Company; (b) the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

11. MATERIAL LITIGATION

11.1 Save as disclosed in this Circular and save for information relating to the Company, the Group and the Selective Capital Reduction that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Announcement Date and ending on the Latest Practicable Date.

12. VALUATION REPORT

12.1 Bases of Valuation

12.1.1 The Company has an independent Valuation Report. The summary of the Valuation Report (which includes the basis of the valuation) is set out in **Appendix F** to this Circular.

12.2 Potential Tax Liability

12.2.1 Under Rule 26.3 of the Code, for the valuation of the assets given in connection with the Selective Capital Reduction, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with the Selective Capital Reduction, were to be sold at the amount of the valuation.

12.2.2 Based on information from the Valuation Report as well as information provided by the Company, no potential tax liabilities is expected to be incurred by the Group on the hypothetical disposal of the Subject Properties on an "as is" basis.

13. GENERAL

13.1 Costs and Expenses

13.1.1 All expenses and costs incurred by the Company in relation to the Selective Capital Reduction will be borne by the Company.

13.2 Consent of RHT Capital

13.2.1 RHT Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all the references to its name, in the form and context in which they appear in this Circular.

13.3 Consent of IFA

13.3.1 Novus Corporate Finance Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and the IFA Letter set out in **Appendix A** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

13.4 Consent of Independent Valuer

13.4.1 AVA Associates Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all the references to its name and summary of its Valuation Report which is annexed hereto as **Appendix F** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

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APPENDIX E

APPENDIX E – Extracts from the Company's Constitution

RIGHTS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

All capitalised terms used in the following extracts shall have the same meanings given to them in the constitution of the Company.

The rights of Shareholders in respect of capital, dividends and voting are contained in the constitution of the Company, relevant provisions of which are set out below:

ISSUE OF SHARES

3. (A) Subject to the Statutes and the provisions of these Regulations, no shares may be issued by the Directors without the prior approval of the Company in a General Meeting, but subject thereto and the terms of such approval and to Regulation 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and whether or not subject to the payment of any part of the amount (if any) thereof in cash or otherwise as the Directors may think fit, and any shares may, be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

   (B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

   (C) Except so far as otherwise provided by the conditions of issue or by these Regulations, all new shares shall be issued subject to the provisions of the Statutes and of these Regulations with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

   (D) Except as herein provided, no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him.

   (E) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Act and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

4. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares, the offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

(B) Notwithstanding Regulation 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:–

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Regulations; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(C) The Company may, notwithstanding Regulations 5(A) and 5(B) above, authorise the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

(D) No shares may be issued to transfer a controlling interest without prior approval of the Company in a general meeting.

6. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of that share capital (except treasury shares) as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.

8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrear.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

(C) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

(D) The Company may issue shares for which no consideration is payable to the Company.

VARIATION OF RIGHTS

9. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, only be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Regulations relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney

and that any holder of shares of the class present in person or by proxy or attorney may demand a poll, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Regulation 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The rights attached to any class of shares having preferential or other rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

10. (A) The Company may by Ordinary Resolution:–

(a) consolidate and divide all or any of its shares;

(b) cancel the number of shares which at the date of the passing of the resolution, have not been taken, or agreed to be taken by any person or which have been forfeited, and diminish its share capital in accordance with the Act;

(c) sub-divide its shares, or any of them (subject nevertheless to the provisions of the Act and this Constitution), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;

(d) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency; and/or

(B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.

11. (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes (including the Act) and any applicable rules of the Designated Stock Exchange (hereafter, the "**Relevant Laws**"), on such terms and in such manner as it may from time to time think fit, and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Regulations and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

SHARE CERTIFICATES

12. (A) Every certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

(B) The provisions in this Regulation and in Regulations 13 to 16 (so far as they are applicable) shall not apply to transfer of book-entry securities.

13. (A) The Company shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member.

(B) Only one certificate shall be issued in respect of any share.

(C) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all. Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

14. Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or the date of lodgement of a registrable transfer or on a transmission of shares (as the case may be), to receive one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

15. (A) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the Member shall pay (in the case of sub-division) a maximum fee of S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) for each new certificate. Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.

16. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and in case of defacement or wearing out on delivery of the old certificate, and in any case on payment of such sum not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

17. The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

18. Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

19. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding eight per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.

20. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

21. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

22. (A) The Directors may if they think fit receive from any Member willing to advance the same all or any part of the monies uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made and upon the monies so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum, unless the Company in general meeting otherwise directs) as the Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

(B) The Directors may apply all dividends which may be declared in respect of any shares in payment of any calls made or instalments payable and which may remain unpaid in respect of the same shares.

FORFEITURE AND LIEN

23. If a Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

24. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

25. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

26. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so forfeited or surrendered to any such other person as aforesaid.

27. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.

28. The Company shall have a first and paramount lien on every share (not being a fully paid share) and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation 28.

29. (A) The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice.

    (B) In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.

30. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.

31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered

as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSMISSION OF SHARES

37. (A) In case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(B) In the case of the death of a Member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

38. (A) Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. The Directors shall, in any case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.

(B) If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing (in a form as may be approved by the Directors from time to time) signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by such Member.

39. (A) Save as otherwise provided by or in accordance with these Regulations, a person becoming entitled to a share by transmission (and upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to General Meetings of the Company until he shall have been registered as a Member in respect of the share.

(B) The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

40. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require.

STOCK

43. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.

44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.

45. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

GENERAL MEETINGS

46. Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors (subject to the listing rules of the Designated Stock Exchange). All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as prescribed by the Act and the byelaws and listing rules of the Designated Stock Exchange or other legislation applicable to the Company from time to time.

47. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

PROCEEDINGS AT GENERAL MEETINGS

52. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the General Meeting. If required by the listing rules of the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Designated Stock Exchange.

53. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present. In addition, for the purposes of a quorum, joint holders of any share shall be treated as one Member.

54. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.

55. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

56. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.

57. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

58. (A) If required by the listing rules of the Designated Stock Exchange, a resolution put to the vote at any General Meeting shall be decided by a poll (unless such requirement is waived by the Designated Stock Exchange).

(B) Subject to Regulation 58(A), at any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:–

(a) the chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote; or

(c) any Member or Members present in person or by proxy, or where such a Member has appointed two or more proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than 5 per cent. of the total voting rights of all the Members having the right to vote at the General Meeting; or

(d) any Member or Members present in person or by proxy, or where such a Member has appointed two or more proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than 5 per cent. of the total sum paid up on all the share conferring that right,

A demand for a poll made pursuant to this Regulation 58(B) may be withdrawn only with the approval of the meeting.

(C) If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.

59. Unless a poll is required, a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was required. The chairman of the General Meeting may (and, if required by the listing rules of the Designated Stock Exchange or if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

60. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is required shall be entitled to a casting vote.

61. (A) A poll on the choice of a chairman of the meeting or on a question of adjournment shall be taken immediately. A poll required on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman of the Meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll pursuant to Regulation 58(B) shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.

(B) After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed.

VOTES OF MEMBERS

62. (A) Subject to any special rights, privileges or restrictions as to voting attached by or in accordance with these Regulations to any class of shares, and to Regulation 4, each Member entitled to vote may vote in person or by proxy.

(B) On a show of hands every Member who is present in person or by proxy shall have one vote, provided that:

(a) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(b) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to one vote on a show of hands.

(C) On a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents. For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy or proxies may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

63. In the case of joint holders of a share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the name which stands first in the Register of Members or, as the case may be, the name which appears first in the Depository Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

64. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

65. No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

66. No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive.

67. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

68. (A) Save as otherwise provided in the Act:

(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(B) (a) In any case where a Member is a Depositor, the Company shall be entitled and bound:–

(i) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting; and

(ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(b) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

(C) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(D) A proxy need not be a Member of the Company.

69. (A) An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:–

(a) in the case of an individual Member:

(i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a Member which is a corporation:

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a Member (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Regulation, failing which the instrument of proxy may be treated as invalid.

(C) The Directors may, in their absolute discretion:

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulation 69(A)(a)(ii) and 69(A)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 69(A)(a)(i) and/or (as the case may be) Regulation 69(A)(b)(i) shall apply.

70. (A) An instrument appointing a proxy or the power of attorney or other authority, if any:

(a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.

(B) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 70(A)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 70(A)(a) shall apply.

(C) An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

71. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.

72. A vote cast by proxy in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least one hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

73. Subject to these Regulations and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

CORPORATIONS ACTING BY REPRESENTATIVES

74. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Regulations (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.

RESERVES

122. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

DIVIDENDS

123. The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.

124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

125. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-

(a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

126. (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such monies unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or monies to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or monies against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other monies are first payable.

(B) A payment by the Company to CDP of any Dividend or other monies payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

127. No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

128. (A) The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

(C) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

129. The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

130. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

131. Any Dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend, return of capital or other monies payable or property distributable on or in respect of the share.

133. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such shares.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

134. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 5(B):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Regulation 134, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(C) In addition and without prejudice to the powers provided for by this Regulation 134, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other monies of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or noncumulative preferential Dividends (including profits or other monies carried and standing to any reserve or reserves) and to apply such profits or other monies in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit.

(D) The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

APPENDIX F – Summary of Valuation Report

AVA Associates Limited

(Company Number 1292515)
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

7 April 2021

To
Board of Directors
PSL HOLDINGS LIMITED
37 Jalan Pemimpin
#07-16 Mapex
Singapore 577177

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited ("**AVA**") has performed a valuation of selected vessels and heavy equipment belonging to PSL Holdings Limited ("**PSL**", the "**Company**" or the "**Client**"), in continued use, as at 31 December 2020 ("**Valuation Date**"), for the Company's reference in relation to its annual audit and a proposed corporate exercise. This engagement is to assist the Board of Directors of the Company (the "**Board**") in their assessment of the revalued net asset value of the Company for possible inclusion of our report in a circular to the shareholders in relation to the selective capital reduction exercise announced by the Company. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Fair Value – *The amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*

Scope of Work

To comply with the listing rules of Singapore Exchange ("**SGX**"), the Company instructed AVA to estimate the Fair Value of selected vessels and heavy equipment, belonging to subsidiaries of the Company, in continued use as at Valuation Date. The assets are as follows.

- 11 tugboats and barges (the "**Vessels**") belonging to PT Momentum Indonesia Investama
- 17 heavy equipment (the "**Heavy Equipment**") belonging to PT Indah Perkasa Abadi

Our valuation and report are based on the valuation of the Vessels and Heavy Equipment as conducted by licensed valuers at KJPP Ihot, Dollar & Raymond, a licensed asset appraisal company in Jakarta, Indonesia (the "**Indonesia Valuer**"). AVA has engaged the Indonesia Valuer to assist in the valuation of the Vessels & Heavy Equipment and received the valuation reports, dated 19 February 2021, as prepared by the Indonesia Valuer for the purpose of this exercise.

Our work is prepared in accordance with the International Valuation Standards (2020 edition) as published by the International Valuation Standard Committee, KEPI (the Indonesian Valuer Code of Ethics) and SPI (Indonesian Valuation Standards, Edition VII – 2018).

The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Inspection of the assets by the Indonesia Valuer;
- Discussion with the appropriate parties regarding the identified assets, adopted/proposed valuation methodologies, and current/proposed operations of the Company, etc;
- Development of appropriate valuation models pertinent to the exercise;
- Preparation of draft reports for discussion with the Company; and
- Submission of the final report for the purpose of this exercise.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the Company, including, but not limited to, the following:

- Annual financial statements of the Company, as announced on SGX's portal;
- Fixed asset registers for the Vessels and Heavy Equipment;
- Purchase invoice and/or agreement for selected Vessels and Heavy Equipment;
- Various certificates of the Vessels; and
- Other relevant documentations.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Company's Vessels and Heavy Equipment. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies are true and accurate. We have, however, made reasonable enquiries and exercised our judgement on the reasonable use of such information and representations (as deemed necessary) provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the valuation procedures we employed provide a reasonable basis for our opinion.

Statement of Independence

We confirm that AVA and the Indonesia Valuer have no present or contemplated interest in the Company which is the subject of this valuation and are acting independently of all parties.

Valuation Theory

The approach in valuing the identified asset relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Market Approach* measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment.

- The *Cost Approach* measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Description of the Indonesia Valuer

The Indonesia Valuer (Kantor Jasa Penilai Publik – KJPP) operates in Indonesia with approvals from the Ministry of Finance (License No. 2.12.0110) and the Financial Services Authority. Ihot Parasian Gultom is the managing director and holds a public valuer license no. P.1.09.0092, Member of Indonesian Society of Appraiser (MAPPI) No. 96-S-00724 and STTD No. STTD.PP-27/PM.2/2018. The firm has experience in the valuation of assets, similar to the Vessels and Heavy Equipment, for use in public disclosure and financial reporting.

APPENDIX F

Description – Vessels and Heavy Equipment

AVA and the Indonesia Valuer were provided with asset registers that list the Vessels and Heavy Equipment as shown in the following tables.

No.	Description	Unit	Year
1	Kapal Tunda (*Tugboat*) "PASIFIC ONE"	1	2008
2	Tongkang (*Barge*) "PASIFIC 3001"	1	2008
3	Kapal Tunda (*Tugboat*) "MOMENTUM 06"	1	2013
4	Tongkang (*Barge*) "MOMENTUM 3006"	1	2013
5	Kapal Tunda (*Tugboat*) "MOMENTUM 07"	1	2013
6	Kapal Tunda (*Tugboat*) "MOMENTUM 10"	1	2013
7	Tongkang (*Barge*) "MOMENTUM 3010"	1	2013
8	Kapal Tunda (*Tugboat*) "MOMENTUM 11"	1	2013
9	Tongkang (*Barge*) "MOMENTUM 3011"	1	2013
10	Kapal Tunda (*Tugboat*) "MOMENTUM 12"	1	2014
11	Tongkang (*Barge*) "MOMENTUM 3012"	1	2014

No.	Description	Unit	Year
1	Stone Crusher	1	2018
2	Hitachi Hydraulic Excavator ZX 200-5G	1	2019
3	Hitachi Hydraulic Excavator ZX 200-5G	1	2019
4	Hitachi Hydraulic Excavator ZX870LVH-5G	1	2019
5	Hitachi Hydraulic Excavator ZX870LVH-5G	1	2019
6	Komatsu Dump Truck HD465-7	1	2019
7	Komatsu Dump Truck HD465-7	1	2019
8	Komatsu Dump Truck HD465-7	1	2019
9	Komatsu Dump Truck HD465-7	1	2019
10	Komatsu Dump Truck HD465-7	1	2019
11	Komatsu Dump Truck HD465-7	1	2019
12	Komatsu Bulldozer D155A-6	1	2019
13	Komatsu Dump Truck HD465-7R	1	2019
14	Komatsu Dump Truck HD465-7R	1	2019
15	Komatsu Dump Truck HD465-7R	1	2019
16	Komatsu Dump Truck HD465-7R	1	2019
17	Hitachi Hydraulic Excavator ZX870LVH-5G	1	2019

This valuation assumes that each of the assets, unless identified otherwise in this report, will continue to be used 'as is' and as part of an ongoing business. Therefore, the assets have been valued under an in-use premise, which recognizes the additional value related to the freight, tax, and installation (including engineering and installation) costs that were incurred when the assets were placed into service.

Inspection

The Indonesia Valuer conducted an inspection of the Vessels and Heavy Equipment from 29 January 2021 to 2 February 2021.

Conditions of the Vessels and Heavy Equipment

The Vessels and Heavy Equipment have been appraised based on the assumption that all the appraised equipment are in existing use and in good operational condition. Our assessment is based on the premise that the equipment are in a condition commensurate with age and usage. Should we receive fresh and updated information that will have material impact on our reported values, we would amend our values accordingly.

Methodology – Vessels and Heavy Equipment

We have considered and excluded the income approach due to difficulty in determining income and expenses that can be directly attributed to specific equipment.

The cost approach establishes value based on the cost of reproducing or replacing the equipment, less depreciation from physical deterioration, and functional and economic/external obsolescence. In accordance with valuation standards, we have also excluded this approach as data and price information on comparable and similar assets are readily available.

In arriving at our opinion of value, we have applied the market approach as the assets under consideration in this exercise are not specialized assets and comparable data are available. Procedures employed in the valuation are as follows:

- Researched and collated information on transaction and bid/ask data on comparable assets.

- Adjusted the data collected by considering the following factors:

  - Ship size, ship capacity, technical specifications, year of manufacture, main engine (capacity and engine type/brand);

  - Technical specifications of the Heavy Equipment such as year of manufacture, system installation, maintenance, country of manufacture and legality;

  - Physical condition and utility of the assets;

  - Existence of price difference between the time of the offer/transaction and the price indication at the time of valuation; and

  - The prospect of selling in connection with the liquidity (level of ease) of sale.

The valuation has been carried out based on market conditions at the Valuation Date and took into account factors that the appraisers believe represent economic conditions at Valuation Date.

For the purposes of this engagement, we did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the appraised assets are used. It was assumed that prospective earnings would provide a reasonable return on the appraised value of the assets, plus the value of any assets not included in the appraisal, and adequate net working capital.

Exclusions

We did not carry out a full mechanical survey, nor inspected machinery and equipment which are covered, unexposed or inaccessible. Our assessment is based on the premise that the items are in a condition commensurate with age and usage.

We have relied to a considerable extent on information such as machinery and equipment list, and when available to us, equipment specifications, drawings, contract invoices and other documents furnished to us by the Company.

We have not investigated the title or any liabilities affecting the machinery and equipment appraised. No consideration was made for any outstanding amount owed under financing agreements, if any.

We hereby certify that we have neither present nor prospective interest in the assets appraised or on the value reported.

Valuation Conclusion

Based on the information provided and the analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Fair Value of the Vessels and Heavy Equipment, in continued use, is reasonably stated as follows:

Asset	**31 December 2020 Fair Value (IDR)**
PT Momentum Indonesia Investama • Vessels	74,872,700,000
PT Indah Perkasa Abadi • Heavy Equipment	85,613,200,000

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued based on the understanding that management has drawn our attention to all material matters which may have an impact on our report up to the date of this report. We are not required to update our report or any other information provided to you for events and circumstances arising after the issue of our final report.

The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company.

Respectfully submitted,

AVA Associates Limited

AVA Associates Limited, based in Hong Kong and Singapore, has been providing independent valuation services to clients in Asia since 2008. We provide transaction-based advisory services, primarily focusing on independent valuation services to assist its clients to comply with internal and external requirements. Our valuation team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

Valuation – Property

1. This valuation is prepared in accordance with the Valuation Standards and Guidelines published by the Singapore Institute of Surveyors and Valuers.

2. Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any.

3. Any action, claim or proceedings arising out of the engagement of services shall be brought against the Firm with whom the Client has engaged and not against any employee, director or sub-contractor of the Firm involved directly or indirectly in the delivery of the Services.

4. Any liability arising from the Valuer's negligence (if any) in connection with this engagement shall be limited to the amount of fees received for this engagement.

5. The report is considered invalid if there is non-payment of the valuation fees. We shall not be responsible and accept no liability of the report if payment is not received within 30 days from the date of report.

6. Each valuation is current as at the Valuation Date only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. We also do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the Valuation Date.

7. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of the valuation stated in the report and may not be used for any other purpose.

8. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we accept no responsibility if this information should later prove not to be so.

9. We may adopt assumptions in the valuation being carried out as some matters cannot be calculated accurately or fall outside the scope of our expertise. The risk that any of the assumptions adopted in our valuation may be incorrect should be taken into account. While all reasonable care is taken, we does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.

10. Neither the whole nor any part of this report nor any reference to it may be included in any document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.

11. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation of other hidden defects. We have also not made any tests to the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc.) and these services are presumed to be in good working order.

12. Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).

13. We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.

14. Any plans or map included in this report are meant for identification purposes and to assist the reader in visualizing the subject property. We have not made any survey of the property and assume no responsibility in connection with such matters.

15. Unless otherwise instructed, we do not carry out requisition with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements, drainage proposal, etc.

16. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.

17. Our valuation is prepared on the basis that the premises and any works (e.g. alterations and additions) thereto comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a statutory completion by the Building Authority.

18. Our valuation assumes that all development charges and maintenance/service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.

19. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property(ies).

20. In the event that we are instructed to provide a valuation based on kerb-side inspection and/or without the extent of information normally available, our valuation will be dependent on the adequacy and accuracy of the information supplied and/or the assumptions make. Should the information prove to be incorrect or inadequate, the accuracy of the valuation may be affected and we shall not be held responsible for the inaccuracy of the valuation.

21. We shall not be required to give testimony or to appear in court for any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

22. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

Valuer's Professional Declaration

The following valuers certify, to the best of their knowledge and belief, that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Committee.

Thomas Chua	**Jasper Jia**
Director	*Valuer*
MBA, CVA 100233	*MRICS 6610986*

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APPENDIX G – FY 2020 Results and Q1 2021 Financial Statements

FY 2020 Results

Financial statements
PSL Holdings Limited and its subsidiaries

For the year ended 31 December 2020

Company information

Company registration number	199707022K
Registered office	37 Jalan Pemimpin #07-16 Mapex Singapore 577177
Board of Directors	Fhifi Alfhian Ronie, SH (Chairman) Richard Kennedy Melati Kee Siang Hui Ng Yoke Chan William Teo Choon Kow Kevin Wong Wei Boon Leong Ting Ting
Company Secretary	Chua Kern
Share Registrar	In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.)
Audit Committee	William Teo Choon Kow (Chairman) Kevin Wong Wei Boon Fhifi Alfhian Ronie, SH Leong Ting Ting
Nominating Committee	Kevin Wong Wei Boon (Chairman) William Teo Choon Kow Fhifi Alfhian Ronie, SH Leong Ting Ting
Remuneration Committee	Fhifi Alfhian Ronie, SH (Chairman) William Teo Choon Kow Kevin Wong Wei Boon Leong Ting Ting

Company information

Bankers	DBS Bank Ltd PT. Bank Danamon Indonesia, TBK PT. Bank Mandiri (Persero) TBK PT. Bank Negara Indonesia (Persero) TBK PT. Bank Rakyat Indonesia TBK PT. Bank Central Asia TBK PT. Bank UOB Indonesia United Overseas Bank Limited
Independent auditor	Foo Kon Tan LLP Public Accountants and Chartered Accountants 24 Raffles Place, #07-03 Clifford Centre Singapore 048621 Partner-in-charge: Ang Soh Mui (Since financial year ended 31 December 2018)

Contents

Directors' statement
for the financial year ended 31 December 2020

The directors are pleased to present their statement to the members together with the audited financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2020.

In the opinion of the directors,

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

(b) at the date of this statement, having regard to Note 2(a) of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors have, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Fhifi Alfhian Ronie, SH (Chairman)
Richard Kennedy Melati
Kee Siang Hui (appointed on 8 May 2020)
Ng Yoke Chan
William Teo Choon Kow
Kevin Wong Wei Boon
Leong Ting Ting

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company - PSL Holdings Limited	As at 1.1.2020	**As at 31.12.2020**	As at 1.1.2020	**As at 31.12.2020**
Ng Yoke Chan [(1)]	-	-	1,353,700	**1,353,700**
Kee Siang Hui [(2)]	-	-	-	**5,002,500**

Directors' interest in shares or debentures (Cont'd)

Notes:
(1) Ng Yoke Chan is deemed to have an interest in the shareholding of PSL Holdings Limited by virtue of the shares held under Maybank Kim Eng Securities Pte Ltd.

(2) Kee Siang Hui is deemed to have an interest in the shareholding of PSL Holdings Limited by virtue of the shares held under his spouse, Melda Veronica, a substantial shareholder of the Company.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2021.

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

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

William Teo Choon Kow (Chairman)
Kevin Wong Wei Boon
Fhifi Alfhian Ronie, SH
Leong Ting Ting

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(a) the external auditors' audit plans, their evaluation of the system of internal controls, their management letter and management's response thereto;
(b) the internal auditors' internal audit plans and their evaluation of the adequacy of the Group's internal control and accounting system before submission of the results of such review to the Board for approval;
(c) the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
(d) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
(e) the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the management, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of the management where necessary);

Audit Committee (Cont'd)

(f) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
(g) interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
(h) potential conflicts of interest (if any) and to set out a framework to resolve or mitigate such potential conflicts of interests;
(i) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
(j) review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response thereto;
(k) the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations which has or is likely to have material impact on the Group's operating results and/or financial position;
(l) arrangements by which the Group's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
(m) the effectiveness and adequacy of the Group's administrative, operating, internal accounting and financial control procedures; and
(n) the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer, and the internal and external auditors, to attend its meetings.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, Rules 712 and 715 of the SGX Listing Manual have been complied.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the directors

....
KEE SIANG HUI

....
RICHARD KENNEDY MELATI

Dated: 8 April 2021

Independent auditor's report to the members of PSL Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	Risks	How our audit addressed the Key Audit Matter
1 Accounting for PT Momentum Indonesia Investama ("PTMII") as a subsidiary 1A Assessing control over PTMII Management had deconsolidated PTMII from the Group with effect from 1 January 2017 due to lack of control over PTMII and reclassified its investment in PTMII as financial assets at FVOCI from that date. The Company was holding 49% interest in PTMII then. During the financial year ended 31 December 2020 (FY2020), the management made a decision to acquire the remaining 51% equity interests in PTMII from the previous shareholders via the settlement and variation agreements ("the Agreements"). The Company has entered into 2 loan-for-security arrangements with Fhifi Alfhian Ronie, SH ("Fhifi") and Melda Veronica to acquire 2% and 49% of the shares in PTMII. These Agreements are governed by 2 Powers of Attorney to exercise rights over the 2% and 49% shares in PTMII to ascertain that the Group has control over PTMII on the basis that these Agreements granted the rights and benefits to the Company in respect of the shares held by Fhifi and Melda Veronica in PTMII. The Agreements for the 2% shares held by Fhifi were effective on 30 June 2020 and the Group consolidated PTMII with effect from 1 July 2020. The 49% shares of Melda Veronica took effect on 1 October 2020 and the Group used 100% to perform consolidation of PTMII from 1 October 2020.	1A Assessing control over PTMII The Group has reassessed that it has control over PTMII in FY2020 and accounted for PTMII as a subsidiary in FY2020. Management reviewed its rights and power over the investment in PTMII and concluded that it gained control over PTMII on 1 July 2020. In accordance with SFRS(I) 10 Consolidated Financial Statements, the gaining of control represented a significant economic event that required the parent to start consolidating the subsidiary at the date when control was gained. The previous Indonesian shareholders and directors of PTMII have already resigned from the board The Group also took over the accounting functions and control over the bank account of PTMII in FY2020. The assessment of the management's judgement in determining whether the Group has control over PTMII is a key focus area of our audit because this judgement has significant effect on the amounts recognised in the consolidated financial statements.	We reviewed and evaluated management's assessment on whether the Group has the practical ability and substantive right to direct the relevant activities of PTMII in accordance with SFRS(I) 10 Consolidated Financial Statements. We corroborated the management's assessment with the review of the following: 1. Copies of the Agreements signed between Fhifi and the Company in FY2020 for the 2% share in PTMII. 2. Copies of the Agreements signed between Melda Veronica and the Company in FY2020 for the 49% share in PTMII. 3. Legal confirmation from the lawyer to confirm that the 2 Powers of Attorney which allowed the Company to exercise its rights in respect of the 2% shares held by Fhifi and 49% shares held by Melda Veronica are legally valid in Indonesia. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures on the consolidation of the subsidiary is included in Note 6 to the financial statements.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	Risks	How our audit addressed the Key Audit Matter
1 Accounting for PT Momentum Indonesia Investama ("PTMII") as a subsidiary 1(B) Accounting for the purchase price allocation exercise of PTMII The Company has accounted for PTMII as a subsidiary with effect from July 2020. Management performed a purchase price allocation exercise ("PPA") as at the acquisition date to determine the appropriate fair values of the net identifiable assets and liabilities at the acquisition date on 1st July 2020.	1(B) Accounting for the purchase price allocation exercise of PTMII SFRS(I) 3, Business Combinations, requires the Group to recognise the identified assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over identified fair value of recognised assets and liabilities as goodwill. Such transactions could be complex and judgement was required from management in determining if the acquisition resulted in the Group obtaining control over the investee. There was also inherent uncertainty in the determination of the fair values of the contingent consideration, assets transferred, identified assets acquired and liabilities assumed in the transactions. Management has engaged an independent valuer to provide the fair values of the identified assets and liabilities at acquisition date. The purchase price allocation ("PPA") exercise was completed before the reporting date and goodwill of S$4.9 million was recognised. This process involves estimation and judgement of fair values of the adjusted net assets.	In our audit procedures, we have obtained the legal and contractual information to understand the acquisition and we have engaged our valuation expert to review the PPA report and reasonableness of the underlying key assumptions. Based on our procedures, we had also assessed the independence and competencies of both the auditors and management's experts performing the valuation for PPA in PTMII. We had also evaluated the appropriateness of the key assumptions used in the PPA report. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures of the business combination accounting applied to the Acquisition of PTMII is included in Note 6 to the financial statements.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	Risks	How our audit addressed the Key Audit Matter
2 Impairment of goodwill on acquisition of PTMII During FY2020, the Group completed the PPA for PTMII and recorded a goodwill of S$4.9 million in FY2020. The Group recorded an impairment loss of S$4.9 million on the goodwill of PTMII in the profit or loss for FY2020.	Under SFRS(I) 36, Impairment of Assets, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test is important to our audit as the balance of S$4.9 million is material to the consolidated financial statements. We focus on goodwill impairment testing of cash generating units ("CGU") of PTMII based on higher of fair value less costs to sell and estimated value-in-use ("VIU"). The VIU was not adopted as there is no reason to believe that the goodwill's VIU would materially exceed its fair value less costs to sell. The fair value less cost to sell was determined based on the financials of PTMII which comprised mainly property, plant and equipment, cash balances, trade and other receivables and trade and other payables. Based on the impairment testing, an impairment loss of S$4.9 million in respect of goodwill was recognised under other operating expenses in profit or loss of the Group for FY2020. The key assumptions used are the fair values of identified assets and liabilities for PTMII.	We focused on evaluating and reviewing the assessment of key assumptions used by management in conducting the impairment review. In addition, we evaluated the key assumptions used by management in assessment of the reasonableness of the fair values of the identified assets and liabilities related to PTMII for the goodwill impairment recorded in FY2020 for PTMII. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures on goodwill and its impairment testing are included in Note 6 to the financial statements.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	Risks	How our audit addressed the Key Audit Matter
3. Recoverability assessment of loan receivable from PTMII and contingent consideration on the previous acquisition of PTMII (A) Loans due from PTMII of S$7.166 million As of 31 December 2019, there were loans due from PTMII of S$14.013 million at the Company level. From FY2017 to FY2019, PTMII was not consolidated as a subsidiary. In FY2020, the Group accounted for PTMII as a subsidiary following its acquisition. As there were impairment indicators for the loans due from PTMII, the management has engaged valuation experts to carry out a fair value assessment of the vessels owned by PTMII which forms bulk of the underlying assets owned by PTMII as at 31 December 2020. The management computed the estimated recoverable amount based on the adjusted net assets and recorded an impairment loss of S$2.31 million in the profit or loss of the Company for FY2020.	We consider the recoverability of the loans receivable from PTMII and contingent consideration as a key audit matter because of the application of significant judgement by management and the significance of their carrying values to the total assets of the Group as at 31 December 2020. Management also engaged an independent valuer to issue a valuation report on the 5.5 sets of vessels of PTMII. Significant judgement used in ascertaining the fair values of the 5.5 sets of vessels of PTMII to assess the valuation of the loans due from PTMII and fair values of the vessels owned by Sudirman for the recoverability of the contingent consideration receivable.	We have assessed the appropriateness of management's judgement used in the recoverability assessment on the loans due from PTMII and the contingent consideration receivable. We have assessed the appropriateness of the valuation report provided by the management by evaluating the valuation method applied and considered recent sales from comparable vessels for both valuation reports for the loans due from PTMII and contingent consideration receivable. We corroborated the management's assessment with the review of the desktop valuations on the fair values of both PTMII vessels and Sudirman vessels performed independently by an external valuer. We have also assessed the competency, capability and objectivity of the external valuer.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	Risks	How our audit addressed the Key Audit Matter
3. Recoverability assessment of loan receivable from PTMII and contingent consideration on the previous acquisition of PTMII (B) <u>Contingent consideration receivable of S$3.6 million</u> The Company has received instalments totalling US$2.22 million (equivalent to S$3.06 million) of repayments up to March 2021. As the contingent consideration receivable is secured by a pledge in favor of the Company of the title deeds of the Sudirman Vessels, management assessed that there is no issue in the recoverability of the contingent consideration. In the event of default, the vessels can be sold to repay the outstanding balance. Management also engaged independent expert to issue a valuation report on the vessels owned by Sudirman (previous shareholder of PTMII) as at 31 December 2020 and ascertained that there is no impairment required on the contingent consideration receivable as at 31 December 2020.		We have obtained legal confirmation from the lawyer to confirm that the Company has the right to exercise the pledge. Management's expert's valuation report of the vessels has a higher fair value than the outstanding amount of S$3.6 million due from the contingent consideration. Additionally, repayments made have been timely and as per schedule laid out. We also assessed the disclosures relating to loans due from PTMII and contingent consideration receivable in the financial statements. The Group's disclosures on the contingent consideration and the loans due from PTMII are included in Notes 8 and 12 to the financial statements respectively.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

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)s, 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company 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.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

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

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.

- 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company 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.

Independent auditor's report to the members of PSL Holdings Limited (Cont'd)

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

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.

Other matters

The audit report for the previous financial year ended 31 December 2019 contained a disclaimer of opinion on the recoverability of loans due from PTMII and contingent consideration receivable by the Company.

Loans due from PTMII of S$9.5 million has been impaired as at 31 December 2020 to the net liquid assets less liability of PTMII. Total impairment of S$2.31 million is recognised in profit and loss during the current financial year ended 31 December 2020.

We have obtained management's valuation report on the Sudirman Vessels related to the contingent consideration receivable by the Company. The fair value of the underlying assets is higher than the outstanding amount of contingent consideration receivable and repayments based on the schedule set out for the contingent consideration receivable has been timely.

We are satisfied that the above 2 issues have been resolved.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ang Soh Mui.

Foo Kon Tan LLP

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
8 April 2021

Statements of financial position
as at 31 December 2020

	Note	The Group		The Company	
		31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**7,761**	617	**280**	352
Right-of-use assets	4	**8,131**	7,299	**28**	85
Goodwill	5	**-**	-	**-**	-
Investments in subsidiaries	6	**-**	-	**155**	200
Financial assets, at FVOCI	7	**-**	-	**-**	-
Trade and other receivables	8	**1,172**	3,699	**1,172**	3,699
Deferred tax asset	9	**-**	16	**-**	-
Club membership		**6**	6	**6**	6
		17,070	11,637	**1,641**	4,342
Current Assets					
Trade and other receivables	8	**5,548**	6,914	**2,492**	2,391
Inventories	10	**72**	21	**-**	-
Amounts due from subsidiaries	11	**-**	-	**3,930**	4,369
Loans due from PTMII	12	**-**	14,013	**7,166**	14,013
Cash and cash equivalents	13	**10,410**	2,552	**6,289**	1,019
		16,030	23,500	**19,877**	21,792
Total assets		**33,100**	35,137	**21,518**	26,134
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	**35,763**	35,763	**35,763**	35,763
Currency translation reserve	14	**(79)**	(116)	**-**	-
Accumulated losses		**(15,618)**	(9,414)	**(15,012)**	(10,181)
Capital reserve	14	**4,669**	146	**-**	-
Attributable to equity holders of the Company		**24,735**	26,379	**20,751**	25,582
Non-controlling interests	6	**(176)**	(320)	**-**	-
Total equity		**24,559**	26,059	**20,751**	25,582
Non-Current Liabilities					
Lease liabilities	15	**5,135**	4,798	**19**	29
		5,135	4,798	**19**	29
Current Liabilities					
Amounts due to subsidiaries	11	**-**	-	**141**	150
Lease liabilities	15	**2,231**	1,374	**10**	57
Trade and other payables	16	**816**	2,894	**597**	316
Current tax liabilities		**359**	12	**-**	-
		3,406	4,280	**748**	523
Total liabilities		**8,541**	9,078	**767**	552
Total equity and liabilities		**33,100**	35,137	**21,518**	26,134

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of comprehensive income
for the financial year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	Year ended 31 December 2019 (Restated) $'000
Revenue	17	**7,851**	1,665
Cost of sales		**(3,219)**	(889)
Gross profit		**4,632**	776
Other operating income	18	**454**	429
Other (losses)/gains – net	19	**(64)**	116
General and administrative expenses	20(a)	**(2,894)**	(2,160)
Other operating expenses	20(b)	**(6,695)**	(11)
Finance costs	21	**(1,070)**	(405)
Loss before income tax		**(5,637)**	(1,255)
Income tax expense	22	**(491)**	(25)
Loss for the year, net of tax		**(6,128)**	(1,280)
Other comprehensive (loss)/income, net of tax			
Items that will not be reclassified to profit or loss:			
Currency translation differences, at nil tax		**14**	(150)
		14	(150)
Total comprehensive loss for the year		**(6,114)**	(1,430)
(Loss)/income attributable to:			
Equity holders of the Company		**(6,204)**	(1,329)
Non-controlling interests		**76**	49
		(6,128)	(1,280)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(6,167)**	(1,469)
Non-controlling interests		**53**	39
		(6,114)	(1,430)
Loss per share attributable to equity holders of the Company (Cents)			
- Basic and diluted loss per share	23	**(11.14)**	(2.39)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of changes in equity
for the financial year ended 31 December 2020

	Share capital $'000	Accumulated losses $'000	Currency translation reserve $'000	Fair value reserve $'000	Capital reserve $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2019	35,763	(8,082)	24	(3)	146	27,848	(359)	27,489
(Loss)/income for the year	-	(1,329)	-	-	-	(1,329)	49	(1,280)
Other comprehensive (loss)/income for the year								
- De-recognition of equity instruments at FVOCI upon liquidation of subsidiary	-	(3)	-	3	-	-	-	-
- Currency translation differences	-	-	(140)	-	-	(140)	(10)	(150)
Total comprehensive (loss)/income for the year	-	(1,332)	(140)	3	-	(1,469)	39	(1,430)
At 31 December 2019	35,763	(9,414)	(116)	-	146	26,379	(320)	26,059
At 1 January 2020	**35,763**	**(9,414)**	**(116)**	**-**	**146**	**26,379**	**(320)**	**26,059**
(Loss)/profit for the year	**-**	**(6,204)**	**-**	**-**	**-**	**(6,204)**	**76**	**(6,128)**
Other comprehensive (loss)/income for the year								
- Currency translation differences	**-**	**-**	**37**	**-**	**-**	**37**	**(23)**	**14**
Total comprehensive (loss)/income for the year	**-**	**(6,204)**	**37**	**-**	**-**	**(6,167)**	**53**	**(6,114)**
Consolidation of a subsidiary (Note 6)	**-**	**-**	**-**	**-**	**-**	**-**	**4,614**	**4,614**
Acquisition of non-controlling interests (Note 6)	**-**	**-**	**-**	**-**	**4,523**	**4,523**	**(4,523)**	**-**
At 31 December 2020	**35,763**	**(15,618)**	**(79)**	**-**	**4,669**	**24,735**	**(176)**	**24,559**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2020

	Note	Year ended 31 December 2020 $'000	Year ended 31 December 2019 $'000
Cash Flows from Operating Activities			
Loss before taxation		**(5,637)**	(1,255)
Adjustments for:			
Depreciation of property, plant and equipment	3	**312**	132
Depreciation of right-of-use assets	4	**1,468**	447
Loss from disposal of property, plant and equipment	19	**-**	9
Impairment loss on property, plant and equipment	3	**53**	8
Impairment loss on right-of-use assets	4	**1,548**	-
Impairment loss on goodwill	20(b)	**4,854**	-
Fair value changes on profit guarantee due from vendors	18	**7**	78
Interest income	18	**(197)**	(482)
Interest expense	21	**1,010**	318
Operating income/(loss) before working capital changes		**3,418**	(745)
Changes in inventories		**25**	21
Changes in trade and other receivables		**4,766**	(845)
Changes in trade payables, other payables and accruals		**(93)**	(850)
Cash generated from/(used in) operations		**8,116**	(2,419)
Income tax paid		**(194)**	(44)
Net cash generated from/(used in) operating activities		**7,922**	(2,463)
Cash Flows from Investing Activities			
Interest received		**104**	166
Consolidation of a subsidiary, net of cash acquired	6	**1,452**	-
Acquisition of property, plant and equipment	3	**(120)**	(335)
Proceeds from disposal of property, plant and equipment		**-**	181
Net cash generated from investing activities		**1,436**	12
Cash Flows from Financing Activities			
Receipt of loans and accrued interest due from PTMII		**4,569**	-
Repayment of obligations under finance lease		**-**	(61)
Repayment of lease liabilities		**(2,740)**	(1,892)
Repayment / Increase of loan due to third party (former non-controlling interest of a subsidiary		**(2,119)**	58
Changes in short-term deposits pledged		**-**	2,640
Interest paid		**(1,010)**	(318)
Net cash (used in)/generated from financing activities		**(1,300)**	427
Net increase/(decrease) in cash and cash equivalents		**8,058**	(2,024)
Cash and cash equivalents at beginning of year		**2,552**	4,546
Effects of currency translation on cash and cash equivalents		**(200)**	30
Cash and cash equivalents at end of year	13	**10,410**	2,552

Reconciliation of liabilities arising from financing activities:

2020	At beginning of the year $'000	Adoption of SFRS(I)16 $'000	Cash flow-lease payment $'000	New leases $'000	Interest expense $'000	Foreign exchange movement $'000	**At end of the year $'000**
Lease liabilities	**6,172**	**-**	**(2,740)**	**2,924**	**1,010**	**-**	**7,366**
2019							
Obligations under finance lease	61	-	(61)	-	-	-	-
Lease liabilities	-	137	(1,892)	7,561	318	48	6,172

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the financial statements
for the financial year ended 31 December 2020

1 General information

The financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 37 Jalan Pemimpin #07-16, Mapex, Singapore 577177.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

<u>Going concern</u>
The Group is placed under SGX's watchlist financial criteria. The Group has incurred a loss for the year of S$6,128,000 (2019 - S$1,280,000) and a total comprehensive loss of S$6,114,000 (2019 - S$1,430,000). The Group's and the Company's accumulated losses amounted to S$15,618,000 (2019 - S$9,414,000) and S$15,012,000 (2019 - S$10,181,000), 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. Management had assessed the assumptions of the use of going concern by performing a cash flow projection for the next 12 months based on the sales and related forecast.

The cash flow projection for the next 12 months from the reporting date prepared by management resulted in a net cash inflow of S$2,555,000. In addition, the Group and the Company have current liabilities of S$3.4 million and S$0.7 million, respectively as at 31 December 2020, which can be repaid by the cash balances of S$10.4 million and S$6.3 million of the Group and the Company, respectively. In addition, the Group has generated net cash of S$7.9 million from operating activities.

On 12 January 2021, the Group announced that it is proposing to undertake a Selective Capital Reduction exercise to cancel all the issued ordinary shares in the capital of the Company ("**Shares**") held by the Eligible Shareholders and return the share capital in cash to the Eligible Shareholders (the "**Selective Capital Reduction**"). The Board will seek the approval of the shareholders of the Company (the "**Shareholders**") for the Selective Capital Reduction at an extraordinary general meeting of the Company (the "**EGM**") to be convened.

The Selective Capital Reduction will serve as the exit offer, and the Company intends that it be fair and reasonable in compliance with SGX Listing Manual. In the event that the special resolution for the Selective Capital Reduction is not approved by shareholders at the EGM, the Board undertakes to pursue other options to provide a fair and reasonable exit offer to facilitate the delisting exercise.

2(a) Basis of preparation (Cont'd)

These consolidated financial statements are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(1)"), and have been prepared on the historical cost basis except as described in the notes below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars to the nearest thousand ($'000), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2020, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 3	*Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	*Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	*Interest Rate Benchmark Reform*	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020

<u>Amendments to SFRS(I) 3 Definition of a Business</u>
The amendments clarify that, while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

Amendments to SFRS(I) 3 Definition of a Business (Cont'd)
The Group has applied the amendments relating to definition of a business to any acquired set of activities and assets whose acquisition date is on or after 1 January 2020 in assessing whether the Group has acquired a business or a group of assets. Details of the Group's acquisition of subsidiary during the year are disclosed in Note 6(A) to the financial statements.

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material
The amendments include clarifications to the definition of 'material' and the related guidance:

- the threshold of 'could influence' has been replaced with 'could reasonably be expected to influence;
- the term of 'obscuring information' has been included in the definition of 'material' to incorporate the existing concept in SFRS(I) 1-1 and examples have been provided of circumstances that may result in information being obscured; and
- the scope of 'users' has been clarified to mean the primary users of general purpose financial statements and their characteristics have been defined.

The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1 January 2020.

There is no impact to the Group's and the Company's financial statements.

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform
The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships that are directly affected by the global reform initiative with respect to the inter-bank offered rate ("IBOR"). The reliefs have the effect that the IBOR reform should not generally cause hedge accounting to terminate. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing IBOR reform.

Any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainties arising from the IBOR reform are no longer present. The amendments also introduce new disclosure requirements in SFRS(I) 7 for hedging relationships that are subject to the exceptions introduced by the amendments to SFRS(I) 9 and SFRS(I) 1-39. The amendments are mandatory for all hedges within scope and are to be applied retrospectively for annual reporting periods beginning on or after 1 January 2020.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021, the date by which the reform is expected to be implemented:

- cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows (in SGD);
- fair value hedges where IBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the IBOR risk component (in SGD);
- net investment hedge where an IBOR-linked derivative hedges the foreign currency risk of its net investment in foreign operations in China; and
- loans to joint ventures, bank borrowings and lease liabilities which reference IBOR and are subject to the IBOR reform.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform (Cont'd)
The application of the amendments impacts the Group's accounting in the following ways.

- Hedge accounting relationships shall continue despite the following:
  - for cash flow hedge of IBOR cash flows: there is uncertainty about the timing and amount of the hedged cash flows due to the IBOR reform;
  - for IBOR fair value hedge: the benchmark interest rate component may not be separately identifiable; and
  - for net investment hedge: there is uncertainty about the replacement of the IBOR reference rate included in the hedging derivative.
- The Group shall not discontinue hedge accounting even if the retrospective assessment of hedge effectiveness for a hedging relationship that is subject to the IBOR reform falls outside the range of 80% to 125% in accordance with SFRS(I) 1-39.
- The Group shall retain the cumulative gain or loss in the cash flow hedging reserve for designated IBOR cash flow hedges that are subject to the IBOR reform even though there is uncertainty arising with respect to the timing and amount of the cash flows of the hedged items.

There is no impact to the Group's and the Company's financial statements.

Revised Conceptual Framework for Financial Reporting
The purpose of the Conceptual Framework is to assist in developing financial reporting standards. The Conceptual Framework is not a standard itself and none of the concepts contained therein override the requirements in any standard. The main changes to the Conceptual Framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. These revisions affect those entities which had developed their accounting policies based on the Conceptual Framework in the absence of specific SFRS(I) requirements. In such cases, the entities shall review those policies and apply the new guidance retrospective for annual periods beginning on or after 1 January 2020.

Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the Conceptual Framework. The Amendments to References to the Conceptual Framework in SFRS(I), issued together with the revised Conceptual Framework, sets out updates to SFRS(I), their accompanying documents and SFRS(I) practice statements to reflect the issue of the revised Conceptual Framework. These amendments are effective for annual periods beginning on or after 1 January 2020.

There is no impact to the Group's and the Company's financial statements.

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 16	*COVID-19 Related Rent Concessions*	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	*Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to SFRS(I) 3	*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	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2023

<u>Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions</u>
The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020. Early application is permitted.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

<u>Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2</u>
The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying SFRS(I) 7 to accompany the amendments regarding modifications and hedge accounting.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the IBOR reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current SFRS(I) requirements. A similar practical expedient is provided for lessee accounting applying SFRS(I) 16. SFRS(I) 4 is also amended to require insurers that apply the temporary exemption from SFRS(I) 9 to apply the amendments in accounting for modifications directly required by the reform.

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 (Cont'd)
On hedge accounting, certain amendments are made to generally permit hedge accounting continuation solely because of the IBOR reform provided that the amended hedging relationships meet all the qualifying criteria to apply hedge accounting including effectiveness requirements. The amendments enable entities to amend the formal designation and documentation of a hedging relationship to reflect changes required by the IBOR reform without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk, amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged, or amending the description of the hedging instrument to refer to an alternative benchmark rate, and for those applying SFRS(I) 1-39, amending the description of how the entity shall assess hedge effectiveness.

Amendments to SFRS(I) 7 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR to alternative benchmark rates, and how the entity is managing this transition.

The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted. The amendments apply retrospectively but provide relief from restating comparative information. An entity may restate prior period figures if, and only if, it is possible to do so without the use of hindsight.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

Amendments to SFRS(I) 3 Reference to the Conceptual Framework
The amendments update SFRS(I) 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Conceptual Framework. According to the amendments, for obligations within the scope of SFRS(I) 1-37, the acquirer shall apply SFRS(I) 1-37 to determine whether a present obligation exists at the acquisition date as a result of past events, and for a levy within the scope of SFRS(I) INT 21 Levies, the acquirer shall apply SFRS(I) INT 21 to determine whether the obligating event giving rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer shall not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if the entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in profit or loss and measure the cost of those items in accordance with SFRS(I) 1-2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g. direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current
The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

(i) Significant judgements used in applying accounting policies
The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Assessment of ability to exercise control over PTMII
Management had taken into consideration of the triggering events which indicated a change in circumstances that resulted in the Group with neither any participation nor practical ability to exercise its rights in the affairs and operations of PT Momentum Indonesia Investama nor any influence on PTMII's management. In accordance with SFRS(I) 10, the loss of control represents a significant economic event that requires the parent to stop consolidating the subsidiary at the date when control is lost. Accordingly, management had deconsolidated PT Momentum Indonesia Investama from the Group with effect from 1 January 2017 and reclassified its investment in PT Momentum Indonesia Investama as financial assets at FVOC I from that date.

In accordance with Paragraph 2.3(a) of the Announcement dated 24 June 2020, the Sudirman Group completed the transfer of 2% of the total issued and paid-up capital of PT MII (the "**2% PT Momentum Indonesia Investama Shares**") to Mr Fhifi Alfhian Ronie SH on 30 June 2020. Mr Sudirman Kurniawan also stepped down and fully discharged his management responsibilities as the President Director of PT Momentum Indonesia Investama on 30 June 2020. Following his resignation, the Company has taken over the accounting function of PT Momentum Indonesia Investama and the board control has also been taken over by the two Nominee Directors appointed by PSL, Mr Richard Kennedy Melati and Mr Satria Walensa, allowing the Company to establish "control" of PT Momentum Indonesia Investama as defined in SFRS(I) 10. This was done through a Power of Attorney to Vote the Shares.

As announced on 6 October 2020, the Sudirman Group further completed the transfer of 49% of the total issued and paid-up capital of PT MII (the "**49% PT Momentum Indonesia Investama Shares**") to Ms Melda Veronica on 3 October 2020. This was done through a Power of Attorney to Vote the Shares.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(i) Significant judgements used in applying accounting policies (Cont'd)

Assessment of ability to exercise control over PTMII (Cont'd)
Management had taken into consideration the above triggering events which indicated a change in circumstances which allowed the Group to have the practical ability to exercise its rights in the affairs and operations of PTMII as well as to exercise influence on PTMII's management. In accordance with SFRS(I) 10, management has accounted for PTMII as a subsidiary of the Company and has consolidated 51% and 100% of the results of PTMII with effect from 1 July 2020 and 1 October 2020 respectively.

Income tax
Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such a determination is made.

Determination of operating segments
Management identifies the Chief Operating Decision Maker ("CODM") as well as their business activities (which may not necessarily earn revenue or incur expenses). Management has further determined whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management in the allocation of resources to the operating segments.

Determination of the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of the office premise and plant and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(ii) Key sources of estimation uncertainty

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

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

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

Impairment tests for cash-generating units containing goodwill (Note 6)
Goodwill is allocated to the Group's cash-generating units ("CGU") according to the individual subsidiary as follows:

	31 December 2020 $'000
PTMII (2019: PT IPA)	
Cost	4,854
Less: impairment loss	(4,854)
	-

The recoverable amount of a CGU is determined based on the higher of fair value less cost to sell ("FVLCTS") and value-in-use ("VIU") calculations.

Based on the impairment assessment, an impairment loss of S$4,854,000 was recognised on goodwill allocated to PTMII in the financial year ended 31 December 2020. Following the impairment loss recognised, the recoverable amount was equal to the carrying amount.

The carrying amount of goodwill as at 31 December 2020 amounted to S$Nil.

Impairment tests for property, plant and equipment and right-of-use assets (Notes 3 and 4)
These assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

A decrease of 5% (2019 - 5%) in the recoverable amount of the Group's property, plant and equipment and right-of-use assets would have decreased the Group's profit by S$388,000 (2019 - S$31,000) and S$407,000 (2019 - S$365,000), respectively. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets are disclosed in Notes 3 and 4 to the financial statements.

Allowance for expected credit losses ("ECL") on trade and other receivables (Note 8)
Allowance for ECL of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. 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. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The Group and the Company apply the 3-stage general approach to determine ECL for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

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

Allowance for expected credit losses ("ECL") on trade and other receivables (Note 8) (Cont'd)
ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amount of the Group's and the Company's trade and other receivables are disclosed in Note 8. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

Estimation of the incremental borrowing rate ("IBR")
For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's right-of-use assets and lease liabilities are disclosed in Notes 4 and 15, respectively. An increase/decrease of 50 basis points in the estimated IBR will not have a significant impact on the Group's right-of-use assets and lease liabilities.

Depreciation of property, plant and equipment and right-of-use assets (Notes 3 and 4)
Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. The Group's management estimates the useful lives of these assets to be within 1 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If depreciation on the Group's property, plant and equipment and right-of-use assets changes by 10% (2019 - 10%) from management's estimates, the Group's loss for the year will increase/decrease by approximately S$178,000 (2019 - S$58,000). The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets are disclosed in Note 3 and Note 4, respectively, to the financial statements.

Impairment of amounts due from subsidiaries (Note 11)
The Company held non-trade receivables from its subsidiaries of S$3,930,000 (2019 - S$4,369,000) as at the end of the reporting period. The impairment of the amounts due from its subsidiaries are based on the expected credit loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the end of the reporting period. As a result of management's assessment, the Company is not exposed to significant credit loss arising from amounts due from subsidiaries.

Impairment of investments in subsidiaries (Note 6)
Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

At the reporting date, the carrying amounts of investments in subsidiaries are S$155,000 (2019 - S$200,000). Management has evaluated the recoverability of the investment based on such estimates. If

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

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

Impairment of investments in subsidiaries (Note 6) (Cont'd)
the present value of estimated future cash flows decreases by 10% (2019 - 10%) from management's estimates, the Company's allowance for impairment of investments in subsidiaries will increase by S$16,000 (2019 - S$20,000).

Allowance for inventory obsolescence (Note 10)
The Group reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable values of the inventory decrease/increase by 10% (2019 - 10%) from management's estimates, the Group's loss for the year will increase/decrease by S$7,000 (2019 - S$2,000). The carrying amounts of the Group's inventories are disclosed in Note 10 to the financial statements.

Recoverability of loans due from PTMII and contingent consideration (Notes 12 and 8)
As at 31 December 2020, the Company's loans due from PTMII and contingent consideration amounted to S$7.2 million (2019 - S$14.0 million) (Note 12) and S$3.6 million (2019 - S$6.1 million) (Note 8), respectively. Management has evaluated the expected credit loss to be insignificant based on considerations as detailed in Note 12 to the financial statements.

2(e) Significant accounting policies

Consolidation
(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and investees (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company or its subsidiary:

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

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

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

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

2(e) Significant accounting policies (Cont'd)

Consolidation (Cont'd)
(i) Basis of consolidation (Cont'd)

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

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

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

(ii) Changes in the Group's ownership interests in existing subsidiaries

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

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

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Business combinations
Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

2(e) Significant accounting policies (Cont'd)

Business combinations (Cont'd)
The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- disposal groups that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

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

2(e) Significant accounting policies (Cont'd)

Intangible assets
Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Goodwill
Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and joint ventures include the carrying amount of goodwill relating to the entity sold.

Investment in subsidiaries
Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

Leasehold improvement	2 to 10 years (depreciated over shorter of the period of the lease terms or useful lives)
Building	10 years
Furniture and fittings	3 to 10 years
Heavy equipment	8 years
Office and other equipment	3 to 10 years
Motor vehicles	1 to 10 years
Vessels	25 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

2(e) Significant accounting policies (Cont'd)

Property, plant and equipment (Cont'd)
For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) **Financial assets**
Measurement
Initial recognition and measurement
Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. 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

2(e) Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

contain a significant financing component at initial recognition. Refer to the accounting policies in this section Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding on the asset.

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.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, loans due from PTMII, amounts due from subsidiaries, excluding prepayments.

Fair value through other comprehensive income (debt instruments)

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised. The Group does not have financial assets at FVOCI (debt instruments).

2(e) Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Financial assets designated at fair value through OCI (equity instruments)
The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established. The Group does not have financial assets at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2(e) Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Derecognition (Cont'd)
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instrument assets carried at amortised cost. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. 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 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.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

2(e) Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when thecounterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised initially at fair value less directly attributable transaction costs.

The financial liabilities include trade and other payables, amounts due to subsidiaries and lease liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS(I) 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities that are not carried at fair value through profit or loss
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 derecognised, and through the amortisation process.

Derecognition
A financial liability is derecognised 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 derecognition 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.

2(e) Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(c) **Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank deposits with financial institutions which are subject to an insignificant risk of changes in value and are used by the Group in the management of its short-term commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude cash restricted in use, and are presented net of bank overdraft which is repayable on demand and which forms an integral part of cash management.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method and includes all costs in bringing the inventories to their present location and condition. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related overheads, but excludes borrowing costs.

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

Defined contribution option
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund in Singapore on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Government grants
Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income or cost recovery over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as offset against the related expenses.

Grants relating to income should be presented as a credit to profit or loss, either separately or under a general heading such as "Other income". Alternatively, they may be deducted in reporting the related expense.

Grants related to assets shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying value of the asset.

2(e) Significant accounting policies (Cont'd)

Revenue from contracts with customers

Goods and services sold
Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue is recognised at a point in time.

Rental income from leasing of equipment
The Group leases out its equipment under operating lease and recognises rental income proportionately over the lease term. Rental income from equipment is recognised as 'revenue' on a straight-line basis over the term of the lease.

Rental income from charter of vessels
The Group charters its vessels and recognises charter income proportionately over the charter period. Charter income from vessels is recognised as 'revenue' on a straight-line basis over the term of the charter.

Leases

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

(a) Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

2(e) Significant accounting policies (Cont'd)

Leases (Cont'd)

(i) The Group as lessee (Cont'd)
(a) Lease liability (Cont'd)

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

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

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statement of financial position.

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

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) *Right-of-use asset*

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

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

2(e) Significant accounting policies (Cont'd)

Leases (Cont'd)

(i) The Group as lessee (Cont'd)
(b) Right-of-use asset (Cont'd)
Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Office premise	: 2 years
Office and other equipment	: 3 to 5 years
Heavy equipment	: 8 years

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

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

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) The Group as lessor
Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except for the classification of the sublease entered into that resulted in a finance lease classification.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from sublease of heavy equipment under operating leases as income on a straight- line basis over the lease term within "revenue" in profit or loss.

Intermediate lessor in sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the recognition exemption or when the sublease does not transfer substantially all of the risks and rewards incidental to the ownership of the assets, then it classifies the sublease as an operating lease.

2(e) Significant accounting policies (Cont'd)

Leases (Cont'd)

(ii) The Group as lessor (Cont'd)

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

Income taxes

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

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

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

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

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

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

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

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

2(e) Significant accounting policies (Cont'd)

Related parties
A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Key management personnel
Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Dividends
Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of constitution of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Functional currency
The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value

2(e) Significant accounting policies (Cont'd)

Foreign currency transactions and translation (Cont'd)
was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

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

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

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

Segment reporting

Operating segment
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Director ("ED") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the ED include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment.

2(e) Significant accounting policies (Cont'd)

Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares, which comprise any convertible bonds and warrants.

3 Property, plant and equipment

The Group	Leasehold improvement $'000	Land and building $'000	Furniture and fitting $'000	Office and other equipment $'000	Motor vehicles $'000	Heavy equipment $'000	Vessels $'000	Construction in-progress $'000	Total $'000
Cost									
At 1 January 2019	352	-	13	403	438	180	-	-	1,386
Additions	-	-	-	37	298	-	-	-	335
Disposals	(3)	-	-	(63)	(247)	-	-	-	(313)
Currency translation differences	-	-	-	2	6	5	-	-	13
At 31 December 2019	**349**	-	**13**	**379**	**495**	**185**	-	-	**1,421**
Additions arising from acquisition of subsidiary (Note 6)	-	136	-	**20**	-	-	**7,476**	-	**7,632**
Additions	-	**14**	-	**20**	**45**	-	**5**	**36**	**120**
Disposals	-	-	-	-	-	-	-	-	-
Currency translation differences	-	**(2)**	-	**(2)**	**(2)**	**(4)**	**(224)**	-	**(234)**
At 31 December 2020	**349**	**148**	**13**	**417**	**538**	**181**	**7,257**	**36**	**8,939**
Accumulated depreciation									
At 1 January 2019	337	-	13	338	87	9	-	-	784
Depreciation for the year	8	-	-	32	69	23	-	-	132
Disposals	(2)	-	-	(45)	(76)	-	-	-	(123)
Currency translation differences	-	-	-	1	1	1	-	-	3
At 31 December 2019	**343**	-	**13**	**326**	**81**	**33**	-	-	**796**
Depreciation for the year	**6**	**2**	-	**32**	**72**	**23**	**177**	-	**312**
Disposals	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	**(1)**	**10**	-	**9**
At 31 December 2020	**349**	**2**	**13**	**358**	**153**	**55**	**187**	-	**1,117**
Accumulated impairment									
At 1 January 2019	-	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	8	-	-	8
At 31 January 2019	-	-	-	-	-	8	-	-	8
Impairment for the year	-	-	-	-	-	**39**	**14**	-	**53**
At 31 December 2020	-	-	-	-	-	**47**	**14**	-	**61**
Net book value									
At 31 December 2020	-	**146**	-	**59**	**385**	**79**	**7,056**	**36**	**7,761**
At 31 December 2019	6	-	-	53	414	144	-	-	617

3 Property, plant and equipment (Cont'd)

The Company	Leasehold improvement	Office and other equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 January 2019	351	43	198	592
Additions	-	2	230	232
Disposals	(1)	(4)	-	(5)
Transfer upon strike off of a subsidiary	-	64	-	64
At 31 December 2019 and 31 December 2020	**350**	**105**	**428**	**883**
Accumulated depreciation				
At 1 January 2019	336	30	30	396
Depreciation for the year	7	10	58	75
Disposals	-	(3)	-	(3)
Transfer upon strike off of a subsidiary	-	63	-	63
At 31 December 2019	**343**	**100**	**88**	**531**
Depreciation for the year	**7**	**3**	**62**	**72**
Disposals	**-**	**-**	**-**	**-**
At 31 December 2020	**350**	**103**	**150**	**603**
Net book value				
At 31 December 2020	**-**	**2**	**278**	**280**
At 31 December 2019	7	5	340	352

(1) In 2019, plant and equipment transferred at net book value to the Company from its subsidiary amounted to S$1,000.

(2) There were impairment indicators for the Group's and the Company's property, plant and equipment. Refer to Note 6 for the impairment assessment on property, plant and equipment.

(3) The Group's depreciation of the property, plant and equipment is allocated as follows:

The Group	**2020**	2019
	$'000	$'000
Cost of sales	**135**	-
General and administrative expenses	**177**	132
	312	132

4 Right-of-use assets

The Group	Office premise $'000	Office and other equipment $'000	Heavy equipment $'000	Total $'000
Cost				
Adoption of SFRS(I) 16:				
- Initial recognition	91	46	-	137
At 1 January 2019	91	46	-	137
Additions	-	-	7,561	7,561
Currency translation differences	-	-	50	50
At 31 December 2019	**91**	**46**	**7,611**	**7,748**
Additions	**-**	**84**	**3,922**	**4,006**
Currency translation differences	**-**	**-**	**(158)**	**(158)**
At 31 December 2020	**91**	**130**	**11,375**	**11,596**
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation for the year	45	7	395	447
Currency translation differences	-	-	2	2
At 31 December 2019	**45**	**7**	**397**	**449**
Depreciation for the year	**46**	**45**	**1,377**	**1,468**
Impairment	-	**-**	**1,548**	**1,548**
At 31 December 2020	**91**	**52**	**3,322**	**3,465**
Net book value				
At 31 December 2020	**-**	**78**	**8,053**	**8,131**
At 31 December 2019	46	39	7,214	7,299

The Company	Office premise $'000	Office and other equipment $'000	Total $'000
Cost			
Adoption of SFRS(I) 16:			
- Initial recognition	91	46	137
At 1 January 2019	91	46	137
At 31 December 2019 and 31 December 2020	**91**	**46**	**137**
Accumulated depreciation			
At 1 January 2019	-	-	-
Depreciation for the year	45	7	52
At 31 December 2019	**45**	**7**	**52**
Depreciation for the year	**46**	**11**	**57**
At 31 December 2020	**91**	**18**	**109**
Net book value			
At 31 December 2020	**-**	**28**	**28**
At 31 December 2019	46	39	85

4 Right-of-use assets (Cont'd)

The Group's depreciation of the right-of-use asset is allocated as follows:

The Group	2020 $'000	2019 $'000
Cost of sales	1,468	447

Information about the Group's leases are disclosed in Note 24.

There were impairment indicators for the Group's and the Company's right-of-use assets. Refer to Note 6 for the impairment assessment on right-of-use assets.

5 Goodwill

The Group	31 December 2020 $'000	31 December 2019 $'000
Goodwill arising on consolidation	-	-

(a) Goodwill arising on consolidation

The Group	31 December 2020 $'000	31 December 2019 $'000
Cost		
Beginning of financial year	101	101
Additions arising from acquisition of a subsidiary (Note 6)	4,854	-
End of financial year	4,955	101
Accumulated impairment		
Beginning of financial year	(101)	(101)
Impairment loss (Note 20(b))	(4,854)	-
End of financial year	(4,955)	(101)
Net book value	-	-

Please refer to Note 6 for the impairment assessment of goodwill for the Group.

6 Investments in subsidiaries

The Company	31 December 2020 $'000	31 December 2019 $'000
Unquoted equity investments, at cost		
At beginning of year	799	5,451
Strike off (Note C)	-	(4,652)
At end of year	799	799
Allowance for impairment losses		
At beginning of year	(599)	(599)
Impairment loss	(45)	-
At end of year	(644)	(599)
Carrying amount	155	200

6 Investments in subsidiaries (Cont'd)

Impairment tests for investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill

For the financial years ended 31 December 2020 and 2019, management of the Group had carried out an impairment assessment over the investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill and identified certain significant cash generating units ("CGUs") to have indications of possible impairment issues at 31 December 2020 and 2019 as they were loss-making for the past few years and with net cash outflow from operations.

Impairment of property, plant and equipment and right-of-use assets
As at 31 December 2020, the carrying amount of the Group's and the Company's property, plant and equipment amounted to S$7,761,000 (2019 - S$617,000) and S$280,000 (2019 - S$352,000), respectively. As at 31 December 2020, the carrying amount of the Group's and the Company's right-of-use assets amounted to S$8,131,000 (2019 - S$7,299,000) and S$28,000 (2019 - S$85,000), respectively.

For the financial years ended 31 December 2020 and 2019, the Group has identified that there are triggers of impairment for:

- The Indonesia subsidiaries as they were in a net deficit position and with net cash outflow from operations.
- The Company as it was having accumulated losses and incurred losses for the year.

The recoverable amount of the property, plant and equipment and right-of-use assets was based on the higher of fair value less costs to sell and value-in-use.

In the financial year ended 31 December 2020, management had assessed the recoverable amounts of property, plant and equipment and right-of-use assets based on professional external valuer's appraisal values, representing the fair value less costs to sell, which is the higher of fair value less costs to sell and value-in-use. Management had compared the carrying value of the property, plant and equipment and right-of-use assets with the recoverable amounts and had determined an impairment loss of S$53,000 (2019 - S$8,000) and S$1,548,000 (2019 – Nil) on property, plant and equipment and right-of-use assets, respectively, to be recognised in the profit or loss for the financial year ended 31 December 2020.

Impairment of cost of investment in subsidiaries
As at 31 December 2020, the carrying amount of the investment in subsidiaries amounted to S$155,000 (2019 - S$200,000).

The recoverable amount of the cost of investment in subsidiaries was based on the higher of fair value less costs to sell and value-in-use. The fair value less cost to sell is determined based on the fair values of each of the identified assets and liabilities of each subsidiary. The financials of the identified subsidiaries comprised mainly current assets and current liabilities with short term to maturity and approximated their fair values at year end. The non-current assets approximated to their fair values based on market quotes for the vessels, equipment and vehicles from reliable sources in Indonesia. The carrying amount of the revalued net assets, which approximated the fair value of the net assets, would be deemed as the recoverable amount of the subsidiaries. Recoverable amount is determined based on the fair value less costs to sell, which is the higher of fair value less costs to sell and value-in-use. Based on management's evaluation, An impairment loss amounted S$45,000 (2019 – Nil) was recognised in profit or loss of the Company, being the shortfall between the carrying amount and the recoverable amount.

6 Investments in subsidiaries (Cont'd)

Impairment tests for investments in subsidiaries, property, plant and equipment, right-of-use assets and goodwill (Cont'd)

Impairment of goodwill
In the financial year ended 31 December 2020, the Group had carried out an impairment assessment over the investment in goodwill to have indications of possible impairment issues at 31 December 2020 as PTMII was loss-making for the past few years and with net cash outflow from operations. Based on the price purchase allocation exercise on PTMII, there was goodwill amounting to S$4,854,000. Management had estimated the recoverable amount of PTMII based on the higher of fair value less cost to sell and value-in-use. The fair value less cost to sell was determined based on the financials of PTMII which comprised mainly cash balances, trade and other receivables and trade and other payables which were current and approximated fair value at year end. Based on the impairment testing, an impairment loss of S$4,854,000 in respect of goodwill was recognised under other operating expenses in profit or loss of the Group for the financial year ended 31 December 2020.

Details of investments in subsidiaries as at 31 December 2020 and 2019 are as follows:

Name	Country of incorporation/ place of business	Attributable to equity Interest of the Group		Principal activities
		2020	2019	
Held by the Company		**%**	%	
KCL Logistics Pte Ltd [(a)]	Singapore	**100**	100	Investment holding
PSL Maritime Strategic Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding
PSL Maritime Logistics Holdings Pte. Ltd. [(a)]	Singapore	**100**	100	Logistics provider
PSL Properties Pte Ltd [(a)]	Singapore	**100**	100	Real estate activities with own or leased properties
Held by KCL Logistics Pte Ltd				
PT PSL Commodities Indonesia [(b)]	Indonesia	**99**	99	Investment holding
Held by PT PSL Commodities Indonesia				
PT Indah Perkasa Abadi ("PT IPA") [(c)]	Indonesia	**74.3**	74.3	Construction and infrastructure activities
Held by PSL Maritime Strategic Pte. Ltd.				
PT Jaya Sukses Investasi [(b)]	Indonesia	**99.9**	99.9	Investment holding
Held by PT Jaya Sukses Investasi				
PT Selaras Sukses Selalu [(b)]	Indonesia	**99.99**	99.99	Investment holding
Held by PT Selaras Sukses Selalu				
PT Momentum Indonesia Investama ("PTMII") [(c),(d)]	Indonesia	**100**	-	Engaged in shipping including transport and shipping cargo and rental of vessels

(a) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.
(b) Not required to be audited under the laws of the country of incorporation.
(c) Audited by HLB Hadori Sugiarto Adi & Rekan.
(d) Following management's evaluation and conclusion to consolidate PTMII with effect from 1 July 2020, the investment in PTMII was reclassified from financial assets, at FVOCI to a subsidiary of the Company.

6 Investments in subsidiaries (Cont'd)

Carrying value of non-controlling interests ("NCI")

The Group	31 December 2020 $'000	31 December 2019 $'000
Non-material NCI	1	1
PT Indah Perkasa Abadi ("PT IPA")	(177)	(321)
	(176)	(320)

Interest in a subsidiary with material non-controlling interest
Summarised financial information of subsidiaries that have a material non-controlling interest (NCI) is set out below. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2020 and 2019 apart from those disclosed in Note 25.

Summarised balance sheet

31 December 2020

	PT IPA $'000	Non-material NCI $'000	Total $'000
Current			
Assets	4,139	6,261	10,400
Liabilities	(8,439)	(5,316)	(13,755)
Total net current (liabilities)/assets	(4,300)	945	(3,355)
Non-current			
Assets	8,701	204	8,905
Liabilities	(5,122)	-	(5,122)
Total net non-current assets	3,579	204	3,783
Net (liabilities)/assets	(721)	1,149	428
Net (liabilities)/assets attributable to NCI	(177)	1	(176)

31 December 2019

	PT IPA $'000	Non-material NCI $'000	Total $'000
Current			
Assets	5,779	6,403	12,182
Liabilities	(9,800)	(5,437)	(15,237)
Total net current (liabilities)/assets	(4,021)	966	(3,055)
Non-current			
Assets	7,495	204	7,699
Liabilities	(4,769)	-	(4,769)
Total net non-current assets	2,726	204	2,930
Net (liabilities)/assets	(1,295)	1,170	(125)
Net (liabilities)/assets attributable to NCI	(321)	1	(320)

6 Investments in subsidiaries (Cont'd)

Summarised statement of comprehensive income

31 December 2020

	PTMII $'000	PT IPA $'000
Revenue	818	6,052
Profit before income tax	(316)	692
Income tax expense	(10)	(147)
Profit after tax	(326)	545
Other comprehensive income	765	29
Total comprehensive income	439	574
Total comprehensive income allocated to non-controlling interest	215	144

31 December 2019

	PT IPA $'000
Revenue	1,665
Profit before income tax	222
Income tax expense	(25)
Profit after tax	197
Other comprehensive loss	(40)
Total comprehensive income	157
Total comprehensive income allocated to non-controlling interest	39

Summarised cash flow statement

31 December 2020	PT IPA $'000
Cash flows from operations	3,372
Interest income	39
Income tax refund	87
Net cash generated from operating activities	3,498
Net cash used in investing activities	(1,177)
Net cash used in financing activities	(1,966)
Net increase in cash and cash equivalents	355

6 Investments in subsidiaries (Cont'd)

Summarised cash flow statement (Cont'd)

31 December 2019	PT IPA $'000
Cash flows from operations	1,704
Interest paid	(322)
Income tax paid	(619)
Net cash generated from operating activities	763
Net cash used in investing activities	(2,353)
Net cash used in financing activities	(963)
Net decrease in cash and cash equivalents	(2,553)

A. Acquisition of a subsidiary (PTMII)

On 30 June 2020, Mr Sudirman Kurniawan, Mr Angelo Fernandus, PT. Triputra Senamustika (collectively, the "**Sudirman Group**") completed the transfer of 2% of the total issued and paid-up capital of PT MII (the "**2% PT MII Shares**") to Mr Fhifi Alfhian Ronie SH.

For the 2% and 49% of the total issued and paid-up share capital transferred to Fhifi Alfhian Ronie and Melda Veronica, respectively, they are supported by the Power of Attorney to Vote the Shares which are legally enforceable in Indonesia.

On 2 October 2020, Melda Veronica acquired 49% of PTMII from Surdirman Kurniawan, Angelo Fernadus and PT Trpiuta Senamustika for a purchase consideration of US$1.

There is a consolidation of 51% of PTMII from 1 July 2020 and 100% from 1 October 2020.

On 1 July 2020, the Group has completed the purchase price allocation exercise for PTMII and a goodwill of S$4,854,000 was recognised. The amount of S$4,854,000 was fully impaired in the profit or loss for the financial year ended 31 December 2020.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects of the cash flows of the Group, at the acquisition date, are as follows:

(i) Consideration transferred	**$'000**
Cash paid	-
Settlement of pre-existing rights	5,043
Existing interest in acquiree	4,614
Consideration transferred for the business	9,657

(ii) Effect on cash flows of the Group	**$'000**
Cash paid	-
Add: Cash and cash equivalents in subsidiary acquired	1,452
Cash inflow on acquisition	1,452

6 Investments in subsidiaries (Cont'd)

A. Acquisition of a subsidiary (Cont'd)

(iii) Identifiable assets acquired and liabilities assumed	At fair value $'000
Property, plant and equipment (b)	7,632
Inventories	76
Trade receivables (c)	596
Other receivables (c)	127
Cash and cash equivalents	1,452
Trade and other payables	(402)
Provision for taxation	(24)
Non-current liabilities	(40)
Total identifiable net assets	9,417
Less: Non-controlling interest at fair value (d)	(4,614)
Add: Goodwill (e) (Note 5)	4,854
Consideration transferred for the business	9,657

On 1 July 2020, the Company completed the acquisition of 51% of the rights, title and interest of PTMII and the effective date of control of the subsidiary is on 1 July 2020. The total purchase consideration for the acquisition on is S$9.657 million and the breakdown is as follows:

(a) Acquisition-related costs

The Group incurred acquisition-related costs of $200,000 on legal advice sought for the acquisition of PTMII. These costs have been included in 'professional fees' in the consolidated profit or loss.

(b) Property, plant and equipment

The fair value of the property, plant and equipment acquired of S$7,632,000 has been determined based on valuation report from the independent valuer by using income, market and cost approaches.

(c) Trade and other receivables

Trade and other receivables acquired comprise gross trade and other receivables amounting to S$723,000 which approximated their fair value. It was expected that full contractual amount of the receivables will be collected.

(d) Non-controlling interest

The Group recognised the 49% non-controlling interest based on PTMII's identifiable net assets at its fair value of S$9,417,000 as at the acquisition date.

(e) Goodwill

The goodwill of S$4,854,000 arising from the acquisition of represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired.

(f) Revenue and profit contribution

The acquired business contributed revenue of S$1,541,000 and net loss of S$2,664,000 to the Group for the financial year ended 31 December 2020.

6 Investments in subsidiaries (Cont'd)

A. Acquisition of a subsidiary (Cont'd)

Assets acquired	**Valuation technique**
Plant and equipment	Fair market value
Inventories	Fair value based on book value

B. Acquisition of non-controlling interests

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary, PTMII that did not result in change of control, on the equity attributable to owners of the parent.

	2020 $'000
Amount paid on changes in ownership interest in a subsidiary	-
Non-controlling interest acquired	**(4,523)**
Difference recognised in capital reserves	**4,523**

Changes in the Group's interest in a subsidiary that do not result in a loss of control were accounted for as transactions with owners in their capacity as owners. During the financial year ended 31 December 2020, the Group acquired the remaining 49% interest in PTMII and recorded an increase in capital reserve of S$4,523,000, representing the difference between the carrying value of the non-controlling interest and the purchase consideration in October 2020.

C. Strike-off of entities

For the financial year ended 31 December 2019, the Company had struck-off 3 subsidiaries. These subsidiaries are consolidated until the date they are struck off and ceased to be subsidiaries of the Company. The gain on disposal of the subsidiaries amounted to S$763,000 at the Company level.

	Gain/(Loss) on strike- off at Company level 2019 $'000
PSL Metal Pte. Ltd.	713
TSL Transport & Engineering Pte. Ltd.	66
PSL Construction Logistics Holdings Pte. Ltd.	(16)
	763

7 Financial assets, at FVOCI

The Group	2020 $'000	2019 $'000
Equity instrument designated at fair value through other comprehensive income ("FVOCI")		
At 1 January	-	2
De-recognition of equity instruments at FVOCI upon liquidation of entity	-	(2)
At 31 December	-	-
Fair value of FVOCI	-	-
Presented as:		
Non-Current Assets		
Financial assets, at FVOCI	-	-

Equity instrument designated at fair value through OCI
At 1 January 2018, the Group designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for long-term investments.

These equity investments are de-recognised upon liquidation of the invested entity, any related balance within the FVOCI reserve was reclassified to retained earnings.

8 Trade and other receivables

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Current				
Trade receivables				
- Non-related parties (a)	**2,165**	735	-	-
Allowance for impairment losses	**(159)**	(1)	-	-
	2,006	734	-	-
Contingent consideration on acquisition of PTMII (b)	**2,461**	2,357	**2,461**	2,357
Value-added tax (VAT) recoverable	**717**	889	**2**	1
Sundry receivables	**324**	1,640	-	-
Allowance for impairment losses	**(199)**	(184)	-	-
	125	1,456	-	-
Deposits	**36**	19	**14**	14
	5,345	5,455	**2,477**	2,372
Advance payments to suppliers	**37**	1,304	-	-
Prepayments	**166**	155	**15**	19
	5,548	6,914	**2,492**	2,391
Non-Current				
Contingent consideration on acquisition of PTMII (b)	**1,172**	3,699	**1,172**	3,699
	6,720	10,613	**3,664**	6,090

8 Trade and other receivables (Cont'd)

(a) Trade receivables are non-interest bearing and are generally granted 30 to 90 days (2019 - 30 to 90 days) credit term.

(b) As at 31 December 2020, contingent consideration of S$3,633,000 (2019 - S$6,056,000) comprised net profit guarantee from the vendors of PTMII. The vendors of PTMII had provided a guarantee to the Group that PTMII will achieve an aggregate of approximately S$17,300,000 (US$12,245,000). Net Profit after Tax ("NPAT") over a 24-month period following completion date in November 2015. The actual NPAT achieved will be compared against the targeted NPAT. In the event that the targeted NPAT is not achieved, the vendors of PTMII are obliged to compensate the shortfall amount in cash based on the 49% Group's ownership interest in PTMII. Refer to Note 12 for details of the settlement agreement and term sheet entered into in 2020 and 2019.

Movement in contingent considerations on previous acquisition of PTMII are as follows:

The Group and The Company	**31 December 2020 $'000**	31 December 2019 $'000
At 1 January	**6,056**	6,134
Payments received from the vendors of PTMII	**(2,416)**	-
Fair value changes on profit guarantee due from Vendors (Note 18)	**(7)**	(78)
At 31 December	**3,633**	6,056

The Group – Allowance for impairment losses of trade receivables	**31 December 2020 $'000**	31 December 2019 $'000
As at 1 January	**(1)**	(819)
Increase in loss allowance recognised in profit or loss during the year (Note 20(b))	**(165)**	(1)
Impairment reversed (Note 19)	**1**	20
De-recognition upon liquidation of entities	**-**	799
Write-off during the year	**6**	-
As at 31 December	**(159)**	(1)

The movement in allowance for impairment losses of sundry receivables is as follows:

	The Group		**The Company**	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Beginning of financial year	**184**	212	**-**	-
De-recognition upon liquidation of entities	**-**	(28)	**-**	-
Consolidation of a subsidiary	**15**	-	**-**	-
End of financial year	**199**	184	**-**	-

9 Deferred tax asset

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Deferred tax asset	-	16	-	-

Movement in deferred income tax asset/ (liabilities) is as follows:

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
At beginning of year	**16**	-	-	-
Reversal of deferred tax asset (Note 22)	**(16)**	-	-	-
Tax credited to profit or loss (Note 22)	-	16	-	-
At end of year	-	16	-	-

The movement in deferred tax asset and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group	Unutilised capital allowance $'000	Total $'000
At 1 January 2019	-	-
Tax credited to profit or loss (Note 22)	16	16
At 31 December 2019	**16**	**16**
Reversal of deferred tax asset (Note 22)	**(16)**	**(16)**
At 31 December 2020	-	-

Deferred taxation is mainly attributable to the tax effect of the temporary differences between the carrying amount and tax written down values of qualifying property, plant and equipment.

10 Inventories

The Group	**2020 $'000**	2019 $'000
Fuel and spare parts	**72**	21

The costs of inventories recognised as an expense and included in "cost of sales" amounted to S$74,830 (2019 - S$64,700) for the financial year ended 31 December 2020.

Inventories have been written down by S$75,000 (2019 - S$2,000) due to obsolete inventories. The write-down is included in 'other operating expenses'.

11 Amounts due from/(to) subsidiaries

The Company	31 December 2020 $'000	31 December 2019 $'000
Current		
Amounts due from subsidiaries:		
- non-trade	1,385	1,367
Loan due from a subsidiary (PT IPA)	5,726	6,183
Allowance for impairment loss	(3,181)	(3,181)
	3,930	4,369
Amounts due to subsidiaries:		
- non-trade (Note A)	(141)	(150)

Note A: The amounts due to subsidiaries of S$5.4 million as at 31 December 2018 was partially set-off against the carrying value of the cost of investment of the 3 subsidiaries that were struck-off in the financial year ended 31 December 2019.

Trade balances with subsidiaries relate to management fee receivables. Non-trade balances with subsidiaries and loan due from a subsidiary are unsecured, interest-free and repayable on demand.

Impairment of amounts due from PT IPA

For the financial year ended 31 December 2019 and 2020, based on management's assessment, PT IPA did not have sufficient liquid assets to repay the loan and there is no collateral pledged or other security over the loan. Management has adopted a 'repay over time' strategy. Management has prepared an estimation of the future cash flows in respect of the repayment of the amounts due from PT IPA for the purpose of assessing the level of expected credit losses required at year end. Based on the assessment, no impairment is required for the amounts due from PT IPA at the reporting dates.

The Company	2020 $'000	2019 $'000
Movements in impairment of amount due from subsidiaries:		
At beginning	(3,181)	(3,181)
At end	(3,181)	(3,181)

12 Loans due from PTMII

The loans due from PTMII are unsecured and bears interest at 0.25% above the six-month Singapore Interbank Offered Rate.

The Company (2019: The Group and the Company)	31 December 2020 $'000	31 December 2019 $'000
Loans receivable	16,568	16,582
Repayment of loan and accrued interest from PTMII	(4,569)	-
Allowance for impairment	(4,833)	(2,569)
Balance at end of year	7,166	14,013

12 Loans due from PTMII (Cont'd)

The Company	31 December 2020 $'000	31 December 2019 $'000
Allowance for impairment		
Balance at beginning of year	2,569	2,602
Impairment loss	2,310	-
Effect of translation	(46)	(33)
Balance at end of year	4,833	2,569

In 2019, the Company had an intention to enter into a settlement agreement with the Indonesian shareholders of PTMII to resolve all disputes arising out of/or in connection with all the agreements and legal proceedings between the Company and PTMII. The settlement agreement was signed on 19 February 2020. The key details of the settlement agreement are as follows:

Loans receivable (PTMII Vessels)
Based on the settlement agreement, PTMII will repay US$11.5 million (S$15.4 million). This will be settled via the following:

- US$3 million (S$4.0 million) which has been received before the date of the audit report, and
- US$8.5 million (S$11.4 million) will be settled via sales proceeds from the proposed sale of PTMII Vessels.

Contingent consideration (Shareholder Vessels)

- US$4.5 million (S$6.1 million) has been recognised in the financial statements as at 31 December 2019. The interest rate for contingent consideration is at 3% per annum. This agreed amount will be repaid over a three-year period and in 36 monthly instalments. The contingent consideration is secured by a pledge in favour of the Company, over the title deeds of Shareholder Vessels. In the event of default on timely payment of any of the instalments of the contingent consideration, the Company is entitled to sell Shareholder Vessels to set-off against the outstanding contingent consideration. As at the date of the audit report, fourteen instalments totalling US$2,220,000 were received.

Management has carried out a year end impairment assessment on the loans due from PTMII and contingent consideration. The proceeds shall be considered as a repayment of the balance of the loans due from PTMII. Based on management's evaluation, the fair values of the PTMII and Shareholder Vessels are higher than the carrying amount of the loans due from PTMII and contingent consideration at the reporting date. Accordingly, no further impairment loss is provided for the financial year ended 31 December 2019.

In the financial year ended 31 December 2020, in respect of the contingent consideration receivable from the Indonesian shareholders of PTMII, legal confirmation was obtained from the legal counsel of the Company. Based on the legal advice, the legal counsel had confirmed on the validity and legal enforceability of the definitive agreements.

In the financial year 31 December 2020, the Company has received US$3 million from PTMII. The remaining loan balance of US$8.5 million is initially supposed to be repaid by PTMII to the Company after the sale of the 5.5 sets of the vessels to PTMIS. However, the vessels were not sold eventually by PTMII. The carrying value of the loan was higher than the net liquid assets of PTMII as at 31 December 2020. Accordingly, the above loan is impaired to the amount of net liquid assets which include the liquidation value of the vessels as at 31 December 2020, amounting to an impairment loss of S$2,310,000 recognised in the profit or loss.

The Company has received instalments totalling US$2.22 million of repayments up to March 2021. As the contingent consideration receivable is secured by a pledge in favor of the Company of the title deeds of Sudirman Vessels. Management assessed that there is no issue in the recoverability of the contingent consideration. In the event of default, the vessels can be sold to repay the outstanding balance. Management also engaged independent expert to issue a valuation report on the vessels owned by Sudirman (previous shareholder of PTMII) as at 31 December 2020 and ascertained that there is no impairment required on the contingent consideration receivable as at 31 December 2020.

13 Cash and cash equivalents

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Cash at banks and on hand	**7,767**	1,930	**6,289**	1,019
Fixed deposits with financial institutions	**2,643**	622	**-**	-
	10,410	2,552	**6,289**	1,019

For the purpose of presenting the consolidated statement of cash flows, consolidated cash and cash equivalents comprise the following:

The Group	**31 December 2020 $'000**	31 December 2019 $'000
Cash and cash equivalents per consolidated statement of cash flows	**10,410**	2,552

The interest rate of fixed deposits with financial institutions of the Group is 3.5% per annum (2019 - 6.36% per annum).

The maturity periods for the fixed deposits with financial institutions of the Group is 30 days (2019 - 90 days) from the date of placement.

14 Share capital

The Group and The Company	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019
	No. of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value				
Balance at beginning of year and at end of year	**55,686,996**	55,686,996	**35,763**	35,763

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at the meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Currency translation reserve
Currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

Capital reserve
Capital reserve arose from bonus issue of ordinary shares in prior years and are not available for dividend distribution to shareholders. Capital reserve also represented the difference between consideration paid and the adjustment to non-controlling interest arising from changes in Group's interest in a subsidiary that do not result in a loss of control which are accounted for as transaction with owners.

14 Share capital (Cont'd)

Capital reserve	2020 $'000
Amount paid on changes in ownership interest in a subsidiary	-
Non-controlling interest acquired	4,523
Difference recognised in capital reserves	4,523

Changes in the Group's interest in a subsidiary that do not result in a change of control status were accounted for as transactions with owners in their capacity as owners. During the financial year ended 31 December 2020, the Group acquired the remaining 49% interest in PTMII and recorded an increase in capital reserve of S$4,523,000, representing the difference between the carrying value of the non-controlling interest and the purchase consideration in October 2020.

15 Lease liabilities

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Undiscounted lease payments due:				
- Year 1	**3,125**	2,219	**11**	59
- Year 2	**3,096**	2,171	**9**	11
- Year 3	**2,390**	2,169	**7**	9
- Year 4	**409**	1,447	**3**	7
- Year 5	**-**	3	**-**	3
	9,020	8,009	**30**	89
Less: Unearned interest cost	**(1,654)**	(1,837)	**(1)**	(3)
Lease liabilities	**7,366**	6,172	**29**	86
Presented as:				
- Non-current	**5,135**	4,798	**19**	29
- Current	**2,231**	1,374	**10**	57
	7,366	6,172	**29**	86

Interest expense on lease liabilities of S$1,010,000 (2019 - S$318,000) is recognised within "finance expenses" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within "general and administrative expenses" in profit or loss are set out below:

The Group	**31 December 2020 $'000**	31 December 2019 $'000
Short-term leases	**6**	7

Total cash outflows for all leases in the year amount to S$2,740,000 (2019 - S$1,892,000).

The Group's lease liabilities are secured by the lessors' title to the leased assets.

Information about the Group's leases are disclosed in Note 24.

Further information about the financial risk management as disclosed in Note 27.

16 Trade and other payables

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Current				
Trade payables - non-related parties	**105**	122	**-**	-
Other payables				
- non-related parties	**82**	257	**11**	9
Loan owing to third party (former non-controlling shareholder of a subsidiary (i)	**-**	2,119	**-**	-
Accrued staff cost	**54**	34	**54**	34
Accrued expenses	**561**	332	**518**	243
Accruals for directors' fee	**14**	30	**14**	30
Total	**816**	2,894	**597**	316

Trade payables to non-related parties are non-interest bearing and are normally settled within 30 to 90 days (2019 - 30 to 90 days).

Note:
(i) These pertain to an interest-free loan from the former non-controlling shareholder of PT IPA. The loan was unsecured and repayable on demand. The full loan was fully repaid as at 31 December 2020.

17 Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product or service lines. The Group leases out its equipment under operating lease and recognises rental income proportionately over the lease term. The Group also charter its vessels and recognises charter income proportionately over the charter period.

The Group	**2020 $'000**	2019 $'000
Construction logistics:		
- Rental income from leasing of heavy equipment	**6,052**	1,620
- Trading	**-**	45
Marine logistics:		
- Vessel charter income	**1,799**	-
	7,851	1,665

Disaggregation of revenue from contracts with customers
In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 26).

The Group and The Company	**2020 $'000**	2019 $'000
Primary geographical markets		
Singapore	**-**	-
Indonesia	**7,851**	1,665
	7,851	1,665
Timing of revenue recognition		
Over time	**7,851**	1,620
At a point in time	**-**	45
	7,851	1,665

18 Other operating income

The Group	2020 $'000	2019 $'000
Interest income from banks	104	166
Interest income from PTMII	93	316
Government grants	100	8
Sundry income	164	17
Fair value changes on profit guarantee due from Vendors (Note 8)	(7)	(78)
	454	429

19 Other (losses)/gains – net

The Group	2020 $'000	2019 $'000
Currency exchange (losses)/gains	(65)	105
Loss on disposal of property, plant and equipment	-	(9)
Bad debt reversed (Note 8)	1	20
	(64)	116

20(a) General and administrative expenses

The Group	2020 $'000	2019 $'000 (Restated)
Depreciation of property, plant and equipment	177	132
Repair and maintenance	-	2
Utilities and telecommunication	16	14
Other expenses	2	42
Transportation expenses	5	33
General office expenses	112	109
Directors' remuneration and fees (Note 25.2)		
- fees	130	109
- wages and salaries	343	226
- employer's contributions to defined contribution plan	15	19
Employee compensation (excluding directors)		
- wages and salaries	906	901
- employer's contributions to defined contribution plan	38	63
	1,432	1,318
Commission	-	4
Entertainment and gifts	11	16
Professional fees	923	308
Motor vehicle related expenses	31	41
Rental on operating leases	6	7
Auditor's remuneration paid/payable to:		
- Auditors of the Company	95	103
- Other auditors	24	10
- Non-audit	-	-
Listing expenses	35	21
Expenses incurred for incorporation of Indonesian subsidiaries	25	-
	2,894	2,160

20(b) Other operating expenses

The Group	2020 $'000	2019 $'000
Impairment loss on property, plant and equipment (Note 3)	**53**	8
Impairment loss on right-of-use assets (Note 4)	**1,548**	-
Write-down of inventories (Note 10)	**75**	2
Impairment of trade receivables (Note 8)	**165**	1
Impairment of goodwill (Note 5)	**4,854**	-
	6,695	11

21 Finance expenses

The Group	2020 $'000	2019 $'000
Bank charges	**60**	87
Interest expense on lease liabilities	**1,010**	318
	1,070	405

22 Income tax expense

The Group	2020 $'000	2019 $'000
Current taxation		
- local	**5**	-
- foreign	**470**	41
	475	41
Deferred taxation (Note 9)	**16**	(16)
Total taxation	**491**	25

Reconciliation of effective tax rate

The Group	2020 $'000	2019 $'000
Loss before taxation	**(5,637)**	(1,255)
Tax at applicable tax rate	**(958)**	(196)
Tax at different tax rates of subsidiary operating in other jurisdiction	**(156)**	-
Tax effect on non-deductible expenses	**1,373**	264
Tax effect on non-taxable income	**(72)**	(33)
Exempt income	**(16)**	(8)
Tax rebate	**-**	(1)
Current tax losses for which no deferred tax assets has been recognised	**320**	(1)
	491	25

Tax effect on non-deductible expenses relate mainly to depreciation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business.

As at the end of the reporting period, the Group does not have any unabsorbed tax losses and capital allowances that are available for offset against future taxable profits of those companies.

23 Loss per share

The Group	**2020**	2019
Loss attributable to equity holders of the Company ($'000)	**(6,204)**	(1,329)
Weighted average number of ordinary shares in issue for basic earnings per share	55,686,996	55,686,996
Basic and diluted loss per share (cents)	**(11.14)**	(2.39)

The basic and diluted loss per share is the same as the Group does not have any potentially dilutive shares as at 31 December 2020 and 2019.

24 Leases

(i) The Group as lessee

(a) Office premise

The Group leases office for operation purposes.

This office is recognised within the Group's right-of-use assets (Note 4).

The Group makes monthly lease payments for the use of office.

There are no externally imposed covenants on this office lease arrangement.

(b) Plant and equipment

The Group makes monthly lease payments for the rental of photocopier for office use.

The Group also rents heavy equipment to generate revenue.

These plant and equipment are recognised as the Group's right-of-use assets (Note 4).

The agreements for heavy equipment allow the Group for subleasing them to third parties.

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Notes 4 and 15, respectively.

24 Leases (Cont'd)

(ii) The Group as intermediate lessor of sublease (Cont'd)

The Group acts as an intermediate lessor under arrangements whereby it subleases out certain heavy equipment to third parties for monthly lease payments.

For the sublet heavy equipment, their sublease periods do not form a major part of the remaining head lease terms and accordingly, their subleases are classified as operating lease.

Rental income of S$6,052,000 (2019 - S$1,620,000) from subleasing the plant and equipment during the year are included within "revenue" in profit or loss.

Undiscounted lease payments from the sublease of the plant and equipment to be received after the reporting date are as follows:

The Group	**2020 $'000**	2019 $'000
Less than one year	**4,461**	3,075
Within two to five years	**2,580**	4,613
	7,041	7,688

25 Significant related party transactions

25.1 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

25.2 Key management personnel compensations

The fees and remuneration of the directors of the Company, who are the key management personnel of the Group, are as follows:

The Group	**2020 $'000**	2019 $'000
Key management:		
Directors		
- fees	**130**	109
- wages and salaries	**343**	226
- employer's contributions to defined contribution plan	**15**	19
Other key management		
- wages and salaries	**319**	326
- employer's contributions to defined contribution plan	**19**	28
	826	708

26 Segment information

Management has determined the operating segments based on the reports reviewed by management that are used to make strategic decisions. Management considers the business from a business segment perspective and manages and monitors the business in two main business segments. These are marine logistics and construction logistics (2019 - trading & engineering and construction logistics). Management assesses the performance of the business segments based on sales, segment results, segment assets and segment liabilities.

26 Segment information (Cont'd)

i. Inter-segment transactions are determined on terms agreed between the parties. The sales from external parties reported to management are measured in a manner consistent with that in the statement of comprehensive income.

ii. Management assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA").

iii. The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than the Group's cash and bank balances.

iv. The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments.

v. Corporate comprises the costs of the Group functions not allocated to the two business segments.

26 Segments information (Cont'd)

	Trading and engineering		Construction logistics		Marine logistics		Corporate		Elimination		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue												
External	-	-	6,052	1,665	1,799	-	-	-	-	-	7,851	1,665
Total revenue	-	-	6,052	1,665	1,799	-	-	-	-	-	7,851	1,665
Segment Results												
Segment (profit) / loss from operations	-	(16)	3,339	642	820	-	(2,271)	(1,468)	-	-	1,888	(842)
Impairment loss on property, plant and equipment	-	-	(39)	(8)	(14)	-	-	-	-	-	(53)	(8)
Impairment loss on right-of-use assets	-	-	(1,548)	-	-	-	-	-	-	-	(1,548)	-
Impairment loss on goodwill							(4,854)				(4,854)	-
Finance costs											(1,070)	(405)
Loss before income tax											(5,637)	(1,255)
Income tax expense											(491)	(25)
Loss for the year											(6,128)	(1,280)
Other information												
Segment assets	-	-	12,519	13,258	10,156	-	34,121	38,638	(23,696)	(16,775)	33,100	35,121
Unallocated assets											-	16
Consolidated total assets											33,100	35,137
Segment liabilities	-	-	13,210	14,558	12,177	-	12,626	12,630	(29,831)	(18,122)	8,182	9,066
Unallocated liabilities											359	12
Consolidated total liabilities											8,541	9,078
Acquisition of property, plant and equipment	-	-	115	103	5	-	-	232	-	-	120	335
Depreciation of property, plant and equipment	-	2	57	55	183		72	75		-	312	132
Depreciation of right-of-use assets		-	1,412	395			56	52		-	1,468	447
Impairment loss on property, plant and equipment	-	-	39	8	14	-	-	-	-	-	53	8
Impairment on right-of-use assets	-	-	1,548	-	-	-	-	-	-	-	1,548	-
Write-down of inventories	-	-	-	2	75	-	-	-	-	-	75	2
Impairment on trade receivables	-	-	-	1	165	-	-	-	-	-	165	1
Impairment on goodwill	-	-	-	-	-	-	4,854	-	-	-	4,854	-
Finance costs											1,070	405

26 Segments information (Cont'd)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

Revenue	2020 $'000	2019 $'000
Total revenue for reportable segments	7,851	1,665
Consolidated revenue	7,851	1,665

Profit or loss before tax	2020 $'000	2019 $'000
Total profit/(loss) for reportable segments from operations	1,888	(842)
Impairment loss on property, plant and equipment	(53)	(8)
Impairment loss on right-of-use assets	(1,548)	-
Impairment of goodwill	(4,854)	
Finance costs	(1,070)	(405)
Consolidated loss before tax	(5,637)	(1,255)

Segment assets	2020 $'000	2019 $'000
Total assets for reportable segments	56,796	51,896
Deferred tax assets	-	16
Elimination	(23,696)	(16,775)
Consolidated total assets	33,100	35,137

Segment liabilities	2020 $'000	2019 $'000
Total liabilities for reportable segments	38,013	27,188
Current tax liabilities	359	12
Elimination	(29,831)	(18,122)
Consolidated total liabilities	8,541	9,078

Geographical segments

The following table presents revenue and total assets information regarding the Group's geographical segments for the years ended 31 December 2020 and 2019:

	Singapore		Indonesia		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue	-	-	7,851	1,665	7,851	1,665
Total assets	10,569	21,877	22,531	13,260	33,100	35,137

Major customer

Revenues from one customer of the Group's Construction Logistics segment represents approximately S$6.1 million (2019 - S$1.6 million) of the Group's total revenues.

27 Financial risk management objectives and policies

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included interest rate risk, price risk, currency risk, liquidity risk and credit risk.

27 Financial risk management objectives and policies (Cont'd)

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

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

The carrying amounts of financial assets and financial liabilities (by categories) at the reporting date are as follows:

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Financial assets designated at fair value through OCI	**-**	-	**-**	-
Financial assets at amortised cost				
Trade and other receivables*	**5,800**	8,265	**3,647**	6,070
Loans due from PTMII	**-**	14,013	**7,166**	14,013
Cash and cash equivalents	**10,410**	2,552	**6,289**	1,019
Amounts due from subsidiaries	**-**	-	**3,930**	4,369
	16,210	24,830	**21,032**	25,471
Total financial assets	**16,210**	24,830	**21,032**	25,471
Financial liabilities at amortised cost				
Lease liabilities	**7,366**	6,172	**29**	86
Trade and other payables	**816**	2,894	**597**	316
Amounts due to subsidiaries	**-**	-	**141**	150
Total financial liabilities	**8,182**	9,066	**767**	552

* Excludes GST/VAT recoverable, advance payments to suppliers and prepayments.

27.1 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.

At the reporting date, the Group and the Company are not exposed to significant interest rate risk since it does not hold any variable rate financial liabilities.

27.2 Market risk

Equity price risk arises from equity investments at FVOCI held for long-term investment. The market value of these investments will fluctuate with market conditions. Management is of opinion that the exposure to market risk associated with these investments is not expected to be significant.

27.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currencies are primarily the Singapore dollar ("SGD"), United States dollar ("USD") and Indonesia Rupiah ("IDR").

27 Financial risk management objectives and policies (Cont'd)

27.3 Currency risk (Cont'd)

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group	SGD $'000	USD $'000	IDR $'000	Total $'000
At 31 December 2020				
Financial assets				
Cash and cash equivalents	**359**	**6,132**	**3,919**	**10,410**
Trade and other receivables*	**14**	**3,633**	**2,153**	**5,800**
	373	**9,765**	**6,072**	**16,210**
Financial liabilities				
Trade and other payables	**(630)**	**-**	**(186)**	**(816)**
Lease liabilities	**(29)**	**-**	**(7,337)**	**(7,366)**
	(659)	**-**	**(7,523)**	**(8,182)**
Net financial (liabilities)/assets	**(286)**	**9,765**	**(1,451)**	**8,028**
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	**280**	**-**	**1,798**	**2,078**
Currency exposure on financial (liabilities)/ assets	**(6)**	**9,765**	**347**	**10,106**
At 31 December 2019				
Financial assets				
Cash and cash equivalents	232	837	1,483	2,552
Loan due from PTMII	237	13,776	-	14,013
Trade and other receivables*	15	6,056	2,194	8,265
	484	20,669	3,677	24,830
Financial liabilities				
Trade and other payables	(349)	-	(2,545)	(2,894)
Lease liabilities	(86)	-	(6,086)	(6,172)
	(435)	-	(8,631)	(9,066)
Net financial assets/(liabilities)	49	20,669	(4,954)	15,764
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(58)	-	5,022	4,964
Currency exposure on financial (liabilities)/ assets	(9)	20,669	68	20,728

* Excludes GST/VAT recoverable, advance payments to suppliers and prepayments.

27 Financial risk management objectives and policies (Cont'd)

27.3 Currency risk (Cont'd)

The Company	SGD $'000	USD $'000	IDR $'000	Total $'000
At 31 December 2020				
Financial assets				
Cash and cash equivalents	**309**	**5,980**	**-**	**6,289**
Amount due from subsidiaries	**40**	**-**	**3,890**	**3,930**
Loan due from PTMII	**237**	**6,929**	**-**	**7,166**
Trade and other receivables*	**14**	**3,633**	**-**	**3,647**
	600	**16,542**	**3,890**	**21,032**
Financial liabilities				
Trade and other payables	**(597)**	**-**	**-**	**(597)**
Amount due to subsidiaries	**(141)**	**-**	**-**	**(141)**
Lease liabilities	**(29)**	**-**	**-**	**(29)**
	(767)	**-**	**-**	**(767)**
Net financial (liabilities)/assets	**(167)**	**16,542**	**3,890**	**20,265**
Net financial liabilities denominated in the entity's functional currency	**167**	**-**	**-**	**167**
Currency exposure on financial assets	**-**	**16,542**	**3,890**	**20,432**
At 31 December 2019				
Financial assets				
Cash and cash equivalents	182	837	-	1,019
Amount due from subsidiaries	22	-	4,347	4,369
Loan due from PTMII	237	13,776	-	14,013
Trade and other receivables*	15	6,055	-	6,070
	456	20,668	4,347	25,471
Financial liabilities				
Trade and other payables	(316)	-	-	(316)
Amount due to subsidiaries	(150)	-	-	(150)
Lease liabilities	(86)	-	-	(86)
	(552)	-	-	(552)
Net financial (liabilities)/assets	(96)	20,668	4,347	24,919
Net financial liabilities denominated in the entity's functional currency	96	-	-	96
Currency exposure on financial assets	-	20,668	4,347	25,015

* Excludes GST/VAT recoverable, advance payments to suppliers and prepayments.

Sensitivity analysis for foreign currency risk

A 5% strengthening/(weakening) of the above currencies against the respective functional currencies of the operating entities at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

27 Financial risk management objectives and policies (Cont'd)

27.3 Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

The Group	2020 Loss before tax $'000	2020 Equity $'000	2019 Loss before tax $'000	2019 Equity $'000
	Increase/(Decrease)		Increase/(Decrease)	
USD against SGD				
- strengthened 5% (2019 - 5%)	**(488)**	**(488)**	(1,033)	(1,033)
- weakened 5% (2019 - 5%)	**488**	**488**	1,033	1,033
IDR against SGD				
- strengthened 5% (2019 - 5%)	**(17)**	**(17)**	(3)	(3)
- weakened 5% (2019 - 5%)	**17**	**17**	3	3

The Company	2020 Loss before tax $'000	2020 Equity $'000	2019 Loss before tax $'000	2019 Equity $'000
	Increase/(Decrease)		Increase/(Decrease)	
USD against SGD				
- strengthened 5% (2019 - 5%)	**(827)**	**(827)**	(1,033)	(1,033)
- weakened 5% (2019 - 5%)	**827**	**827**	1,033	1,033
IDR against SGD				
- strengthened 5% (2019 - 5%)	**(195)**	**(195)**	(217)	(217)
- weakened 5% (2019 - 5%)	**195**	**195**	217	217

27.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
		---Contractual undiscounted cash flows---			
The Group					
As at 31 December 2020					
Trade and other payables	**816**	**816**	**816**	**-**	**-**
Lease liabilities	**7,366**	**9,020**	**3,125**	**5,895**	**-**
	8,182	**9,836**	**3,941**	**5,895**	**-**

27 Financial risk management objectives and policies (Cont'd)

27.4 Liquidity risk (Cont'd)

	Carrying Amount $'000	----------Contractual undiscounted cash flows---------- Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
The Group					
As at 31 December 2019					
Trade and other payables	2,894	2,894	2,894	-	-
Lease liabilities	6,172	8,009	2,219	5,790	-
	9,066	10,903	5,113	5,790	-

	Carrying Amount $'000	----------Contractual undiscounted cash flows---------- Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
The Company					
As at 31 December 2020					
Trade and other payables	597	597	597	-	-
Amount due to subsidiaries	141	141	141	-	-
Lease liabilities	29	30	11	19	-
	767	768	749	19	-
As at 31 December 2019					
Trade and other payables	316	316	316	-	-
Amount due to subsidiaries	150	150	150	-	-
Lease liabilities	86	89	59	30	-
	552	555	525	30	-

27.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

<u>Exposure to credit risk</u>
As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

On that basis, below is the information about the credit risk exposure on the Group's trade receivables and the Company's amounts due from subsidiaries using a provision matrix:

27 Financial risk management objectives and policies (Cont'd)

27.5 Credit risk (Cont'd)

The Group	Average expected loss rate	Total gross carrying amount of trade receivables: Non-credit impaired	Credit-Impaired	Expected credit loss	Net Receivables
	%	$'000	$'000	$'000	$'000
At 31 December 2020					
Current (not past due)	-	718	-	-	718
1-30 days past due	2.0	772	16	(16)	772
31-60 days past due	-	516	1	(1)-	516
More than 60 days past due	100.0	-	143	(143)	-
		2,006	160	(160)	2,006
At 31 December 2019					
Current (not past due)	-	686	-	-	686
1-30 days past due	2.0	48	1	(1)	48
31-60 days past due	-	-	-	-	-
More than 60 days past due	-	-	-	-	-
		734	1	(1)	734

The Company	Average expected loss rate	Total gross carrying amount of amounts due from subsidiaries: Non-credit impaired	Credit-Impaired	Expected credit loss	Net Receivables
	%	$'000	$'000	$'000	$'000
At 31 December 2020					
Current (not past due)	44.7	3,930	3,181	(3,181)	3,930
1-30 days past due	-	-	-	-	-
31-60 days past due	-	-	-	-	-
More than 60 days past due	-	-	-	-	-
		3,930	3,181	(3,181)	3,930
At 31 December 2019					
Current (not past due)	42.1	4,369	3,181	(3,181)	4,369
1-30 days past due	-	-	-	-	-
31-60 days past due	-	-	-	-	-
More than 60 days past due	-	-	-	-	-
		4,369	3,181	(3,181)	4,369

(1) Trade and other receivables, loans due from PTMII and amounts due from subsidiaries

The Group and the Company apply the SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the Gross Domestic Product of Singapore and Indonesia, the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

27 Financial risk management objectives and policies (Cont'd)

27.5 Credit risk (Cont'd)

The Group and the Company apply the 3-stage general approach to determine ECL for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward looking information. At the reporting date, the expected credit loss is assessed to be insignificant.

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with the Group and the Company. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default.

Financial assets that are past due but not impaired
There is no other class of financial assets that is past due but not impaired except for trade and other receivables.

Cash and cash equivalents
Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Contingent consideration and loans due from PTMII
As disclosed in Note 8 and Note 12, management has assessed that the Group and the Company are not exposed to significant credit loss in respect of the contingent consideration and loans due from PTMII.

28 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's abilities to continue as a going concern;
(b) To support the Group's stabilities and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capabilities; and
(d) To provide an adequate return to shareholders.

The Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The net debt to total capital ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total equity is calculated as share capital plus reserves and non-controlling interest. Total capital is calculated as total equity plus net debt.

28 Capital management (Cont'd)

The net debt to total capital ratio is calculated as follows:

The Group	31 December 2020 $'000	31 December 2019 $'000
Net debt	-#	6,514
Total equity	24,735	26,379
Total capital	24,735	32,893
Net debt to total capital ratio	-	19.8%

The Group is not subject to any externally imposed capital requirement as at 31 December 2020 and 2019. There were also no changes in the Group's approach to capital management during the financial years ended 31 December 2020 and 2019.

There is no net debt as at 31 December 2020 since the cash and bank balance is greater than the total loans and borrowings.

29 Financial instruments

Fair value measurement

Definition of fair value
SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Fair value measurement of financial assets and financial liabilities
The following summarises the significant methods and assumption used in estimating fair values of financial instruments of the Group.

Fair value measurement of financial assets and financial liabilities

Non-current financial assets and financial liabilities
The fair values of non-current obligations under lease liabilities are estimated by discounted cash flow analysis, using market borrowing rates for similar instruments as at the reporting date (see Note 15).

Other financial assets and financial liabilities
The carrying amounts of other financial assets and financial liabilities such as trade and other receivables, amounts due from subsidiaries, loans due from PTMII, lease liabilities, amounts due to subsidiaries and trade and other payables, which have a maturity of less than one year approximate their fair value because of the short-term period of maturity.

30 Restatement

The reclassification is mainly related to the depreciation of right-of-use assets. The management has determined that leasing of right-of-use assets is part of the principal activities of the Group. As a result, the depreciation of right-of-use assets is reclassified from general and administrative expenses to cost of sales in the consolidated statement of comprehensive income for the financial year ended 31 December 2019. The figures are presented below:

	2019 audited financial statements for consolidated statement of comprehensive income 2019 $'000	Reclassification $'000	Audited financial statements for consolidated statement of comprehensive income **(Restated)** 2019 $'000
Cost of sales	442	447	889
General and administrative expenses	2,607	(447)	2,160

PSL Holdings LIMITED

Company Registration Number: 199707022K
(Incorporated on 9 October 1997 in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	3 Months Ended 31 March 2021 S$'000	2020 S$'000	Increase (Decrease) %
Revenue		1,856	1,232	51%
Cost of sales		(845)	(413)	105%
Gross profit		1,011	819	23%
Other operating income/(loss)	1(a)(ii)	83	(22)	477%
Other (losses)/gains - net	1(a)(ii)	(560)	222	-352%
Expenses				
- General and administrative expenses		(530)	(528)	0%
- Finance expenses		(262)	(226)	16%
(Loss)/profit before income tax	1(a)(ii)	(258)	265	
Income tax expense		(64)	-	n.m
(Loss)/profit after tax		(322)	265	
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation		164	491	-67%
Total comprehensive (loss)/income for the financial period		(158)	756	-121%
(Loss)/profit attributable to:				
Equity holders of the Company		(360)	124	-390%
Non-controlling interests		38	141	-73%
		(322)	265	-222%
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(199)	596	-133%
Non-controlling interests		41	160	-74%
		(158)	756	-121%

*n.m = Not meaningful

1(a)(ii) Additional notes to the statement of comprehensive income for the group for the corresponding period of the immediate preceding financial year.

	Note	3 Months Ended 31 March 2021 S$'000	2020 S$'000	Increase (Decrease) %
Other operating income/(loss):				
Interest income from PTMII		-	61	-100%
Interest income from banks		19	19	0%
Government grants		8	1	700%
Fair value changes on profit guarantee due from Vendors#		56	(103)	154%
		83	(22)	477%
Other (losses)/gains - net:				
Currency exchange (losses)/gains		(654)	222	-395%
Bad debt recovered		94	-	n.m
		(560)	222	-352%
Depreciation included in:				
- cost of sales		(563)	(201)	180%
- general and administrative expenses		(47)	(37)	27%
Interest expense		(262)	(226)	16%
Employee compensation		(353)	(316)	12%

*n.m = Not meaningful

#Movement in contingent consideration on acquisition of PTMII in Note 1(b)(ii)

	Note	Group As at 31 March 2021 S$'000	Group As at 31 December 2020 S$'000 (Audited)	Company As at 31 March 2021 S$'000	Company As at 31 December 2020 S$'000 (Audited)
Balance at beginning of year		3,633	6,056	3,633	6,056
Less: Payments received		(622)	(2,416)	(622)	(2,416)
Fair value changes on profit guarantee due from Vendors		56	(7)	56	(7)
Balance at end of year		3,067	3,633	3,067	3,633

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group As at 31 March 2021 S$'000	Group As at 31 December 2020 S$'000 (Audited)	Company As at 31 March 2021 S$'000	Company As at 31 December 2020 S$'000 (Audited)
ASSETS					
Current assets					
Trade and other receivables	1(b)(ii)	5,050	5,548	2,559	2,492
Inventories		56	72	-	-
Amounts due from subsidiaries		-	-	2,988	3,930
Cash and cash equivalents		11,376	10,410	9,698	6,289
Loans due from PTMII		-	-	4,966	7,166
Total current assets		**16,482**	**16,030**	**20,211**	**19,877**
Non-current assets					
Property, plant and equipment		7,620	7,761	264	280
Right-of-use assets		7,598	8,131	26	28
Investment in subsidiaries		-	-	155	155
Trade and other receivables	1(b)(ii)	580	1,172	580	1,172
Club membership		6	6	6	6
Total non-current assets		**15,804**	**17,070**	**1,031**	**1,641**
Total assets		**32,286**	**33,100**	**21,242**	**21,518**
LIABILITIES					
Current liabilities					
Trade and other payables	1(b)(iii)	846	816	624	597
Amounts due to subsidiaries		-	-	141	141
Lease liabilities		2,235	2,231	10	10
Current income tax liabilities		394	359	-	-
Total current liabilities		**3,475**	**3,406**	**775**	**748**
Non-current liabilities					
Lease liabilities		4,410	5,135	16	19
Total non-current liabilities		**4,410**	**5,135**	**16**	**19**
Total liabilities		**7,885**	**8,541**	**791**	**767**
NET ASSETS		**24,401**	**24,559**	**20,451**	**20,751**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		35,763	35,763	35,763	35,763
Currency translation reserve		82	(79)	-	-
Accumulated losses		(15,978)	(15,618)	(15,312)	(15,012)
Capital reserve		4,669	4,669	-	-
		24,536	24,735	20,451	20,751
Non-controlling interests		(135)	(176)	-	-
Total equity		**24,401**	**24,559**	**20,451**	**20,751**

1(b)(ii) Trade and other receivables comprises:

	Note	Group As at 31 March 2021 S$'000	Group As at 31 December 2020 S$'000 (Audited)	Company As at 31 March 2021 S$'000	Company As at 31 December 2020 S$'000 (Audited)
Current assets					
Trade receivables - non-related parties		1,737	2,165	-	-
Allowance for impairment losses		(154)	(159)	-	-
		1,583	2,006	-	-
Advance payment to suppliers		-	37	-	-
Value-added tax (VAT) recoverable		629	717	9	2
Contingent consideration on acquisition of PTMII		2,487	2,461	2,487	2,461
Sundry receivables (net)		69	125	-	-
		4,768	5,346	2,496	2,463
Deposits		36	36	14	14
Prepayments		246	166	49	15
		5,050	5,548	2,559	2,492
Non-current assets					
Contingent consideration on acquisition of PTMII		580	1,172	580	1,172
		580	1,172	580	1,172

1(b)(iii) Trade and other payables comprises:

	Note	Group As at 31 March 2021 S$'000	Group As at 31 December 2020 S$'000 (Audited)	Company As at 31 March 2021 S$'000	Company As at 31 December 2020 S$'000 (Audited)
Current liabilities					
Trade payables - non-related parties		126	105	-	-
Accruals		720	629	564	586
Other payables		-	82	60	11
		846	816	624	597

1(b)(iv) Aggregate amount of group's borrowings and debt securities.

	Note	As at 31 March 2021 Secured S$'000	As at 31 March 2021 Unsecured S$'000	As at 31 December 2020 Secured S$'000	As at 31 December 2020 Unsecured S$'000
Amount repayable in one year or less, or on demand		2,235	-	2,231	-
Amount repayable after one year		4,410	-	5,135	-

Details of collateral

The Group's finance lease liabilities are secured by the leased assets.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group 3 Months Ended 31 March 2021 S$'000	2020 S$'000
Cash flows from operating activities			
(Loss)/profit before taxation		(258)	265
Adjustments for:			
Depreciation of property, plant and equipment		610	238
Fair value changes on profit guarantee due from vendors		(56)	103
Interest income		(19)	(80)
Interest expense		250	226
Operating profit before working capital changes		527	752
Changes in inventories		16	(10)
Changes in trade and other receivables		1,660	(1,840)
Changes in trade payables, other payables and accruals		30	2,958
Cash generated from operations		2,233	1,860
Income tax paid		(29)	(2)
Net cash generated from operating activities		2,204	1,858
Cash flows from investing activities			
Interest received		19	19
Acquisition of property, plant and equipment		(203)	(17)
Net cash (used in)/generated from investing activities		(184)	2
Cash flows from financing activities			
Repayment of loan due from PTMII		-	4,092
Repayment of lease liabilities		(766)	(500)
Decrease of loan due to third party (former non-controlling interest of a subsidiary)		-	(217)
Interest paid		(250)	(226)
Net cash (used in)/generated from financing activities		(1,016)	3,149
Net increase in cash and cash equivalents		1,004	5,009
Cash and cash equivalents at beginning of financial period		10,410	2,552
Effect of currency translation		(38)	89
Cash and cash equivalents at end of financial period		11,376	7,650
Cash and cash equivalents			
Cash and bank balances		11,376	7,650
Less: Fixed deposits pledged with financial institutions		-	-
Cash and cash equivalents at end of financial period		11,376	7,650

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Accumulated losses	Currency translation reserve	Capital reserve	Total	Non-controlling Interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
FOR 3 MONTHS ENDED 31 MARCH 2021							
GROUP							
Balance as at 1 January 2021	35,763	(15,618)	(79)	4,669	24,735	(176)	24,559
Net (loss)/profit for the period	-	(360)	-	-	(360)	38	(322)
Other comprehensive income for the period	-	-	161	-	161	3	164
Balance as at 31 March 2021	35,763	(15,978)	82	4,669	24,536	(135)	24,401
Balance as at 1 January 2020	35,763	(9,414)	(116)	146	26,379	(320)	26,059
Net profit for the period	-	124	-	-	124	141	265
Other comprehensive income for the period	-	-	472	-	472	19	491
Balance as at 31 December 2020	35,763	(9,290)	356	146	26,975	(160)	26,815
COMPANY							
Balance as at 1 January 2021	35,763	(15,012)	-	-	20,751	-	20,751
Net loss for the period	-	(300)	-	-	(300)	-	(300)
Balance as at 31 March 2021	35,763	(15,312)	-	-	20,451	-	20,451
Balance as at 1 January 2020	35,763	(10,181)	-	-	25,582	-	25,582
Net profit for the period	-	123	-	-	123	-	123
Balance as at 31 December 2020	35,763	(10,058)	-	-	25,705	-	25,705

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

There was no change in the company's share capital since 31 December 2020.

Convertible Securities

There are no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares and subsidiary holdings as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

Number of shares	As at 31 March 2021	As at 31 December 2020
Total number of issued shares (excluding treasury shares)	55,686,996	55,686,996

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The audited financial statements for the previous financial year ended 31 December 2019 contained a disclaimer of opinion on the recoverability of loans due from PT. Momentum Indonesia Investama ("**PT MII**") and contingent consideration receivable by the Company.

Loans due from PTMII of S$9.5 million has been impaired as at 31 December 2020 ("**FY2020**") to the net liquid assets less liabilities of PTMII. Total impairment of S$2.31 million was recognised in profit or loss for FY2020. Subsequent to FY2020, the Company has received S$2.32 million partial loan repayment from PT MII.

The Auditors have also obtained management's valuation report on the Sudirman Vessels related to the contingent consideration (profit guarantee) receivable and the fair value of the underlying assets is higher than the remaining outstanding amount. Subsequent to FY2020, the Company has further received instalment payments amounting to US$0.62 million. To date, the Company has received timely instalment payments totalling US$2.37 million in accordance to the repayment schedule.

Based on the above, the Auditors are satisfied that the 2 issues highlighted above have been resolved and an unqualified opinion was issued in the audited financial statements for the financial year ended 31 December 2020.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable, the audit opinion for the latest audited financial statements for the financial year ended 31 December 2020 is unqualified.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period reported on as those used in the most recent audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period reported on as those used in the most recently audited financial statements for the financial year ended 31 December 2020, save for the adoption of the Singapore Financial Reporting Standard (International) ("**SFRS(I)**") and Interpretation of SFRS(I) ("**INT FRS(I)**") that are mandatory for financial years beginning on or after 1 January 2021. The adoption of these new SFRS(I) and INT FRS(I) have no material impact to the results of the Group and of the Company for the current financial period reported on.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group 3 Months Ended 31 March	
	2021	**2020**
(Loss)/earnings per share		
(i) Based on weighted average number of ordinary shares on issue (cents)	(0.65)	0.22
(ii) On a fully diluted basis (cents) *	(0.65)	0.22
Number of weighted average ordinary shares used in the computation of (i) and (ii)	55,686,996	55,686,996

+ *There are no diluted ordinary shares.*

7. **Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) current period reported on; and

(b) immediately preceding financial year.

	As at 31 March 2021	As at 31 December 2020
GROUP		
Net asset value per ordinary share (dollars)	0.44	0.44
COMPANY		
Net asset value per ordinary share (dollars)	0.37	0.37

The net asset value per ordinary share is calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings as at 31 March 2021 and 31 December 2020 of 55,686,996.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

In accordance with Paragraph 2.3(a) of the Announcement dated 24 June 2020, the Sudirman Group completed the transfer of 2% of the total issued and paid-up capital of PT MII (the "**2% PT MII Shares**") to Mr Fhifi Alfhian Ronie SH on 30 June 2020. Mr Sudirman Kurniawan also stepped down and fully discharged his management responsibilities as the President Director of PT MII on 30 June 2020. Following his resignation, the Company has taken over the accounting function of PT MII and the board control has also been taken over by the two Nominee Directors appointed by PSL, Mr Richard Kennedy Melati and Mr Satria Walensa, allowing the Company to establish "control" of PT MII as defined in the Singapore Financial Reporting Standards, specifically Singapore Financial Reporting Standard 110 ("**FRS 110**").

As announced on 6 October 2020, the Sudirman Group further completed the transfer of 49% of the total issued and paid-up capital of PT MII (the "**49% PT MII Shares**") to Ms Melda Veronica on 3 October 2020.

Management had taken into consideration the above triggering events which indicated a change in circumstances which allowed the Group to have the practical ability to exercise its rights in the affairs and operations of PT MII as well as to exercise influence on PT MII's management. In accordance with FRS 110, management has accounted for PT MII as a subsidiary of the Company and has consolidated 51% and 100% of the results of PT MII with effect from 1 July 2020 and 1 October 2020 respectively.

Financial Performance – 1Q2021 vs 1Q2020

Revenue increased from S$1.2 million in 1Q2020 to S$1.9 million in 1Q2021 due to an increase in revenue from the Marine Logistics segment as a result of the consolidation of PT MII, partially offset by slightly lower revenue from the Construction Logistics segment contributed by PT IPA from lease of heavy equipment to PT CRM. In tandem with the higher revenue, cost of sales increased from S$0.4 million in 1Q2020 to S$0.8 million in 1Q2021, resulting in an increase in gross profit from S$0.8 million in 1Q2020 to S$1.0 million in 1Q2021.

Other operating income/(loss) increased from a loss of S$22,000 in 1Q2020 to a gain of S$83,000 in 1Q2021 mainly due to an increase in fair value changes on the USD denominated profit guarantee due from the Vendors of PT MII arising from the appreciation of USD against SGD, partially offset by the elimination of interest income from the loan to PT MII following the consolidation of PT MII.

Other (losses)/gains decreased from a gain of S$0.2 million in 1Q2020 to a loss of S$0.6 million in 1Q2021 mainly due to an increase in foreign exchange losses arising from (i) the depreciation of IDR against SGD on the IDR denominated loan extended to PT IPA and (ii) depreciation of IDR against USD on the USD denominated loan due from PT MII. This is partially offset by bad debts of S$0.1 million recovered by PT MII.

General and administrative expenses recorded marginal difference in 1Q2021 and 1Q2020.

Finance costs increased from S$0.2 million in 1Q2020 to S$0.3 million in 1Q2021 due to additional loans obtained from the finance companies by PT IPA to finance the purchase of heavy equipment.

In respect of the above, the Group recorded a loss after tax of S$0.3 million for 1Q2021 as compared to a profit after tax of S$0.3 million for 1Q2020 mainly due to an increase in other losses arising from an increase in foreign exchange losses and income taxes recorded for 1Q2021. This is partially offset by higher gross profit contributed by revenue from PT MII following its consolidation, coupled with an increase in other operating income arising from an increase in fair value changes on the USD denominated profit guarantee due from the Vendors of PT MII.

Cash flow – 1Q2021 vs 1Q2020

Net cash generated from operating activities was S$2.2 million in 1Q2021 as compared S$1.9 million in 1Q2020 mainly due to (i) higher depreciation charges recorded for vessels arising from the consolidation of PT MII, (ii) a decrease in trade and other receivables from the Construction Logistics and Marine Logistics segments, partially offset by (iii) higher loss before taxation as well as (iv) a decrease in trade and other payables from the Construction Logistics segment arising from the acquisition of an additional 5 units of heavy equipment in 1Q2020.

Net cash used in investing activities was S$0.2 million in 1Q2021 as compared to net cash generated from investing activities of S$2,000 in 1Q2020 mainly due to an increase in plant and equipment acquired by PT IPA and PT MII in 1Q2021.

Net cash used in financing activities was S$1.0 million in 1Q2021 as compared to net cash generated from financing activities of S$3.1 million in 1Q2020 mainly due to (i) accounting elimination of the proceeds from the repayment of loan due from PT MII following its consolidation, (ii) repayment of finance lease liabilities, partially offset by (iii) repayment of loan due to third party (former non-controlling interest of a subsidiary) in 1Q2020.

As a result of the above, the Group's cash and cash equivalents increased from S$10.4 million as at 31 December 2020 to S$11.4 million as at 31 March 2021.

Financial Position

Current assets increased by S$0.5 million from S$16.0 million as at 31 December 2020 to S$16.5 million as at 31 March 2021 mainly due to an increase in cash and cash equivalents as highlighted in the cash flow statement above. This is partially offset by a decrease in trade and other receivables arising from subsequent receipts from debtors after year end.

Non-current assets decreased by S$1.3 million from S$17.1 million as at 31 December 2020 to S$15.8 million as at 31 March 2021 mainly due to (i) a decrease in property, plant and equipment as well as right-of-use assets as a result of depreciation charges recorded during the period and (ii) a decrease in trade and other receivables arising from a decrease in profit guarantee due from the Vendors of PT MII due to the reclassification from non-current to current.

Current liabilities increased marginally by S$0.1 million from S$3.4 million as at 31 December 2020 to S$3.5 million as at 31 March 2021 mainly due to an increase in accruals for the purchase of spare parts for the heavy equipment under the Construction Logistics segment.

Non-current liabilities decreased by S$0.7 million from S$5.1 million as at 31 December 2020 to S$4.4 million as at 31 March 2021 due to the reclassification from non-current to current lease liabilities.

As a result of the above, the Group's net assets decreased by S$0.2 million from S$24.6 million as at 31 December 2020 to S$24.4 million as at 31 March 2021.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There was no forecast, or prospect statement, previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Asian Development Bank expects Indonesia's growth rate to reach 4.5% in 2021 and 5.0% in 2022 amid improving global conditions and a gradual reopening of the economy[1]. The positive outlook for Indonesia's growth trajectory is supported by a sustained trade recovery, a revival in manufacturing and the large national economic recovery budget for 2021.

Furthermore, Fitch Solutions has projected year-on-year growth of 8.7% for Indonesia's construction sector in 2021[2]. The optimistic growth outlook for the construction sector is led by a robust pipeline of projects, including several large-scale government-backed infrastructure programmes.

However, Indonesia's economic recovery could be slowed by vaccination delays and the threat of a possible spike in Covid-19 cases. In view of the challenging business environment, the Group will continue to exercise prudence in financial management while it continues to strive to achieve profitability in the coming quarters.

The Company will continue to closely monitor the financial and economical impact of the Covid-19 pandemic on the construction logistics and marine logistics business operations of the Group and keep shareholders updated as and when appropriate.

The Company also continues to work closely with its professional advisers on its proposed Selective Capital Reduction exercise announced on 12 January 2021 to cancel all the issued ordinary shares in the capital of the Company ("Shares") held by the Eligible Shareholders and return the share capital in cash to the Eligible Shareholders (the "Selective Capital Reduction").

The Company is in the process of arranging the documentation and expert reports as well as obtaining the necessary regulatory approvals for this exercise and will update shareholders of further developments.

[1]Asian Development Bank, 29/04/2021: Indonesia's economy to return to growth in 2021 - ADB
[2]The Business Times, 26/04/2021: Indonesia infrastructure tipped to rebound strongly from Covid-19 through

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

Any dividend declared for the current financial period reported on?

No.

(b)(i) Amount per share ……… cents

Not applicable.

(b)(ii) Previous corresponding period ……… cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared (recommended).

No profits were derived by PSL for FY2020 and with the accumulated losses to date, there were no retained earnings for any dividend appropriation.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders. There was no IPT during the current financial period reported on.

14. Negative confirmation by the Board pursuant to Rule 705(5)

We, Mr Fhifi Alfhian Ronie SH and Mr Kee Siang Hui, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 March 2021 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding period.

Business segments:

31 March 2021	Construction Logistics S$'000	Marine Logistics S$'000	Corporate S$'000	Group S$'000
Sales to external parties	1,153	703	-	1,856
EBITDA	778	363	(546)	595
Depreciation				(610)
Interest income				19
Finance expense				(262)
Loss before income tax				(258)
Income tax expense				(64)
Loss for the year				**(322)**

31 March 2020	Construction Logistics S$'000	Marine Logistics S$'000	Corporate S$'000	Group S$'000
Sales to external parties	1,232	-	-	1,232
EBITDA	974	-	(325)	649
Depreciation				(238)
Interest income				80
Finance expense				(226)
Profit before income tax				265
Income tax expense				-
Profit for the year				**265**

31 March 2021	Construction Logistics S$'000	Marine Logistics S$'000	Corporate S$'000	Group S$'000
Segment assets	10,045	7,430	3,435	20,910
Short-term deposits and bank balances				11,376
Unallocated assets				-
Consolidated total assets				**32,286**
Segment assets include:				
Additions of property, plant and equipment	155	48	-	203
Segment liabilities	6,810	69	612	7,491
Unallocated liabilities				394
Consolidated total liabilities				**7,885**

31 March 2020	Construction Logistics S$'000	Marine Logistics S$'000	Corporate S$'000	Group S$'000
Segment assets	13,507	-	16,537	30,044
Short-term deposits and bank balances				7,650
Unallocated assets				14
Consolidated total assets				**37,708**
Segment assets include:				
Additions of property, plant and equipment	17	-	-	17
Segment liabilities	10,252	-	631	10,883
Unallocated liabilities				10
Consolidated total liabilities				**10,893**

Geographical segments:

Revenue	Group 3 Months Ended 31 March 2021 S$'000	 2020 S$'000
Singapore	-	-
Indonesia	1,856	1,232
	1,856	**1,232**

Revenue is based on the location of the companies that generate those sales.

Non-Current Assets	Group For the period ended 31 Mar 2021 S$'000	 31 Mar 2020 S$'000
Singapore	876	3,654
Indonesia	14,928	10,167
	15,804	**13,821**

Non-current assets comprising fixed assets, right-of-use assets, trade and other receivables and club membership are based on the location of the companies that own those assets.

BY ORDER OF THE BOARD

Kee Siang Hui
Executive Director

14 May 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

PSL HOLDINGS LIMITED

(Company Registration Number: 199707022K)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of PSL Holdings Limited (the "**Company**") will be held on 30 July 2021 by way of electronic means at 10 a.m.. for the purpose of considering and, if thought fit, passing with or without modification the following resolution (the "**Resolution**"):

All capitalised terms below and defined in the circular to the shareholders of the Company dated 8 July 2021 (the "**Circular**") shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the Circular.

SPECIAL RESOLUTION: Approval of the Selective Capital Reduction

That:

1. subject to the confirmation of the High Court of the Republic of Singapore, the issued share capital of the Company be reduced from S$35,762,912 comprising 55,686,996 ordinary shares to S$26,656,413 comprising 30,391,165 ordinary shares, and that such reduction be effected by:

    a. cancelling the amount of S$9,106,499 constituting part of the total paid-up share capital of the Company held by all the shareholders of the Company except those held by Non-Participating Shareholders (the "**Eligible Shareholders**"), such Eligible Shareholders holding in aggregate 25,295,831 of the said ordinary shares constituting part of the total issued share capital of the Company;

    b. returning the aggregate sum of S$9,106,499 to Eligible Shareholders in cash, on the basis of S$0.36 for each ordinary share in the capital of the Company held by each Eligible Shareholder so cancelled; and

2. the Directors of the Company and each of them be and is hereby authorised to take such steps, make such arrangements, do all such acts and things and exercise such discretion in connection with, relating to or arising from the matters contemplated herein, as they may from time to time consider fit, necessary, desirable or expedient to give effect to such matters and this Resolution.

BY ORDER OF THE BOARD

Chua Kern
Company Secretary
Singapore
8 July 2021

Notes:

1. This EGM will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will be sent to members and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to, among others, attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM to be held on 30 July 2021 at 10 a.m. (the ("**Meeting**"), are set out in this Notice of EGM which have been uploaded on SGXNet on the same day.

3. Due to current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy, to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. The accompanying proxy form for the EGM will be sent to members and will also be available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

4. A member of the Company will be able to observe the proceedings of the Meeting contemporaneously through a "live" webcast ("**LIVE WEBCAST**") via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**") via telephone. In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 10 a.m. on 27 July 2021 (being not less than seventy-two (72) hours before the time appointed for holding the EGM), at the URL https://conveneagm.com/sg/pslgroup. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the EGM by 10 a.m. on 29 July 2021.

5. There will be no live Q&A allowed at the EGM. A member of the Company may submit questions related to the Resolution to be tabled for approval at the EGM. To do so, all questions must be submitted by 10 a.m. on 27 July 2021: (a) by email to elliot.siow@rhtgoc.com; OR by (b) post to be lodged at the office of the Company's polling agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street #19-08 Prudential Tower Singapore 049712.

   When submitting the questions, please provide the Company with the following details, for verification purposes:

   (i) Full name (for individuals)/company name (for corporates) as per CDP/Scrip/CPF/SRS Account records;

   (ii) NRIC or Passport Number (for individuals)/Company Registration Number (for corporates);

   (iii) Number of shares held;

   (iv) The manner in which you hold shares in the Company (e.g. via CDP, Scrip, CPF or SRS);

   (v) Address;

   (vi) Contact Number; and

   (vii) Email Address.

6. The Company shall address substantial and relevant questions (as may be determined by the Company in its sole discretion) via SGXNET at URL https://www.sgx.com/securities/company-announcements by 10 a.m. on 28 July 2021 (being not less than forty-eight (48) hours before the time appointed for holding the EGM). Minutes of the EGM will be published within one (1) month after the EGM.

7. An investor who holds shares under the Central Provident Fund ("**CPF**") Investment Scheme and/or the Supplementary Retirement Scheme ("**SRS**") (as may be applicable) and wishes to appoint the Chairman of the EGM as their proxy should approach their respective CPF/SRS approved nominees (CPF agent banks or SRS operators) to submit their votes at least seven (7) working days before the EGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

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

(i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the EGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the EGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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PSL HOLDINGS LIMITED

Company Registration Number: 199707022K
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM (as defined herein) are set out in the Notice of EGM dated 8 July 2021 which have been uploaded on SGXNet on the same day.
2. A member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint the Chairman of the Meeting as proxy should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least 7 working days before the Meeting.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes to this proxy form.

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

Company Registration No.) of ______________________________ (Address)
being a *member/members of PSL Holdings Limited (the "**Company**"), hereby appoint the Chairman of the Extraordinary General Meeting of the Company (the "**EGM**") as *my/our *proxy to vote for *me/us on *my/our behalf at the EGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) at 10 a.m. on 30 July 2021 and at any adjournment thereof.

*I/We direct the Chairman of the EGM to vote for or against, or to abstain from voting on the special resolution to be proposed at the EGM as indicated hereunder. If no specified direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM for the resolution will be treated as invalid. The special resolution proposed at the EGM as indicated hereunder will be put to vote at the EGM by way of poll.

(Please indicate your votes "For", "Against" or to "Abstain" from voting, with a tick *(√)* within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box, you are directing your proxy, who is the Chairman of the EGM, not to vote on the special resolution on a poll and your votes will not to be counted in computing the required majority on a poll.)

Special Resolution	**By way of poll**		
	For	**Against**	**Abstain**
To approve the Selective Capital Reduction as defined in the circular dated 8 July 2021 to members of the Company			

Dated this __________ day of ____________________ 2021

Total Number of Shares Held	
CDP Register	
Register of Members	

____
Signature(s) of Member(s) or, Common Seal of Corporate Member

**Delete as appropriate*

IMPORTANT: PLEASE READ NOTES CAREFULLY BEFORE COMPLETING THIS FORM

Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the EGM as proxy shall be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. This instrument appointing the Chairman of the EGM as proxy must:

   (a) if sent personally or by post, be lodged at the registered office of the Company at 37 Jalan Pemimpin #07-16 Mapex, Singapore 577177; or

   (b) if submitted by email, be received by the Company at angeline.yap@pslgroup.com.sg,

   in either case, by 10 a.m. on 27 July 2021 (being not less than seventy-two (72) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

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

4. The instrument appointing the Chairman of the EGM as the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as the proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

5. Where the instrument appointing the Chairman of the EGM as the proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified true copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

7. An investor who holds shares under the Central Provident Fund ("**CPF**") Investment Scheme and/or the Supplementary Retirement Scheme ("**SRS**") (as may be applicable) and wishes to appoint the Chairman of the EGM as their proxy should approach their respective CPF/SRS approved nominees (CPF agent banks or SRS operators) to submit their votes at least seven (7) working days before the EGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as the proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as the proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as the proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company unless his name appears on the Depository Register 72 hours before the time set for the EGM.

Personal Data Privacy:

By submitting a proxy form appointing the Chairman of the EGM as the proxy, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any EGM laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.