

CIRCULAR DATED 8 JUNE 2023

THIS CIRCULAR IS ISSUED BY PENGUIN INTERNATIONAL LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF RHT CAPITAL PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

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

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker, solicitor or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



PENGUIN INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197600165Z)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by

W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201813207E)

for and on behalf of

ALEPH TAV LTD

(Incorporated in the Cayman Islands)
(Company Registration No.: MC-398348)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already held directly or indirectly by the Offeror (as defined herein) as at the date of the Offer (as defined herein)

Independent Financial Adviser to the Independent Directors of the Company



RHT CAPITAL PTE. LTD.

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

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 22 JUNE 2023, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

THE OFFEROR DOES NOT INTEND TO REVISE THE FINAL OFFER PRICE, SAVE THAT THE OFFEROR RESERVES THE RIGHT TO DO SO IN A COMPETITIVE SITUATION.

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DEFINITIONS

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

“ACRA”	: The Accounting and Corporate Regulatory Authority of Singapore
“Appraised Assets”	: Shall have the meaning ascribed to it in Section 9.1 of Appendix B to this Circular
“Business Day”	: A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“CDP”	: The Central Depository (Pte) Limited (Company Registration No.: 198003912M), a company incorporated in the Republic of Singapore
“Circular”	: This circular to Shareholders dated 8 June 2023 from the Company containing, amongst other things, the Recommendation from the Independent Directors to Shareholders and the advice of the IFA to the Independent Directors
“Closing Date”	: 22 June 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: The Companies Act 1967 of Singapore
“Company”	: Penguin International Limited (Company Registration No.: 197600165Z), a company incorporated in the Republic of Singapore and listed on the Main Board of the SGX-ST
“Company Securities”	: (i) The Shares; (ii) securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of the Shares or securities which carry voting rights in the Company
“Constitution”	: The constitution of the Company
“CPF”	: The Central Provident Fund
“CPFIS”	: CPF Investment Scheme
“CPFIS Investors”	: Investors who purchase Shares using their CPF contributions pursuant to the CPFIS
“Directors”	: The directors of the Company as at the Latest Practicable Date
“Emet Grace”	: Emet Grace Ltd.
“FAA”	: Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	: Form of Acceptance and Transfer for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP

DEFINITIONS

“Final Offer Price”	: S\$0.830 in cash for each Offer Share
“Fleet”	: Shall have the meaning ascribed to it in Section 9.1(a) of Appendix B to this Circular
“FY”	: In respect of the Company, financial year ended or ending (as the case may be) on 31 December of a particular year as stated
“FY2022 Dividend”	: The first and final tax exempt (one-tier) dividend of S\$0.0225 per Share for the financial year ended 31 December 2022.
“FY2022 Results”	: The audited consolidated financial statements of the Group for FY2022
“Group”	: The Company and its subsidiaries from time to time
“IFA”	: RHT Capital Pte. Ltd. (Company Registration No.: 201109968H), a company incorporated in the Republic of Singapore and the independent financial adviser to the Independent Directors in respect of the Offer
“IFA Letter”	: Letter dated 8 June 2023 from the IFA to the Independent Directors containing, amongst other things, the advice of the IFA to the Independent Directors in respect of the Offer, as set out in Appendix A to this Circular
“Independent Directors”	: The Directors who are considered independent for the purposes of making the Recommendation, namely: <ul style="list-style-type: none"> (i) Ms. Joanna Tung May Fong; (ii) Mr. Winston Kwek Choon Lin (iii) Mr. Henry Tan Song Kok; and (iv) Mr. Leow Ban Tat
“Independent Valuers”	: The following: <ul style="list-style-type: none"> (i) ALC Consulting Services Pte. Ltd.; (ii) PREMAS Valuers & Property Consultants Pte. Ltd.; and (iii) Kantor Jasa Penilai Publik Muttaqin Bambang Purwanto Rozak Uswatun dan Rekan
“Indonesia Apartment”	: Shall have the meaning ascribed to it in Section 9.1(e) of Appendix B to this Circular
“Indonesia Shipyards”	: Shall have the meaning ascribed to it in Section 9.1(c) of Appendix B to this Circular
“Latest Practicable Date”	: 29 May 2023, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The listing manual of the Mainboard of the SGX-ST in force as at the Latest Practicable Date

DEFINITIONS

“Machinery and Equipment”	: The machinery and equipment appraised by the Independent Valuers as set out in the Summary Valuation Reports in Appendix E to this Circular
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Offer”	: The voluntary unconditional cash offer, for and on behalf of the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document and the Relevant Acceptance Forms
“Offer Announcement”	: The announcement in connection with the Offer released by WCM, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	: 4 May 2023, being the date of the Offer Announcement
“Offer Document”	: The offer document dated 25 May 2023 issued by WCM, for and on behalf of the Offeror, in respect of the Offer
“Offer Shares”	: Shares, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer
“Offeror”	: Aleph Tav Ltd (Cayman Islands Company Registration No.: MC-398348), a company incorporated in the Cayman Islands
“Offeror Securities”	: (i) The Offeror Shares; (ii) securities which carry voting rights in the Offeror; and (iii) convertible securities, warrants, options and derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror
“Offeror Shares”	: Issued and paid-up ordinary shares in the capital of the Offeror
“Overseas Shareholders”	: Shareholders with neither a mailing address nor a corporate action mailing address in Singapore, as shown on the Register or, as the case may be, in the records of CDP
“Recommendation”	: The recommendation in respect of the Offer as required under the Code
“Register”	: The register of Shareholders maintained by the Share Registrar
“Relevant Acceptance Forms”	: The FAA and/or the FAT
“Seloko Land”	: Shall have the meaning ascribed to it in Section 9.1(d) of Appendix B to this Circular
“SFA”	: The Securities and Futures Act 2001 of Singapore
“SGXNET”	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“SGX RegCo”	: Singapore Exchange Regulation Pte. Ltd. (Company Registration No.: 201709600D), a company incorporated in the Republic of Singapore

DEFINITIONS

“SGX-ST”	: Singapore Exchange Securities Trading Limited (Company Registration No.: 197300970D), a company incorporated in the Republic of Singapore
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte. Ltd. (Company Registration No.: 196800531W), a company incorporated in the Republic of Singapore and the share registrar of the Company located at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632
“Shareholders”	: The holders of Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
“Shares”	: Issued and paid-up ordinary shares in the share capital of the Company
“SIC”	: The Securities Industry Council of Singapore
“SRS”	: The Supplementary Retirement Scheme
“SRS Investors”	: Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Summary Valuation Reports”	: The summaries of the Valuation Reports, as set out in Appendix E to this Circular
“S\$”	: Singapore dollars, being the lawful currency of Singapore
“Tuas Property”	: Shall have the meaning ascribed to it in Section 9.1(b) of Appendix B to this Circular
“Valuation Reports”	: The valuation reports issued by the Independent Valuers, in relation to the independent valuations commissioned by the Company of the Appraised Assets
“WCM”	: W Capital Markets Pte. Ltd. (Company Registration No.: 201813207E), a company incorporated in the Republic of Singapore
“75% Acceptance Condition”	: Shall have the meaning ascribed to it in Section 8.2(a) of this Circular
“%” or “per cent.”	: Percentage or per centum

Acting in Concert and Associates. Unless otherwise defined, the expressions “**acting in concert**” and the term “**associates**” shall have the same meanings as ascribed to them respectively in the Code.

Announcements and Notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Depository Related Terms. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

DEFINITIONS

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

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

Rounding. Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST).

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified, supplemented or re-enacted. Any word defined in the Companies Act, the Code, the Listing Manual, the SFA, or any such statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code, the Listing Manual, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary, wholly owned subsidiary and related corporation. References to “**subsidiary**”, “**wholly owned subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5, 5B and 6 of the Companies Act.

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

Total Number of Shares and Percentage of Shares. In this Circular, the total number of Shares as at the Latest Practicable Date is 220,169,774. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 220,169,774 Shares as at the Latest Practicable Date.

Reproduced Statements. Statements which are reproduced in their entirety or as excerpts from the Offer Document, the IFA Letter, the Summary Valuation Reports, the FY2022 Results and the Constitution are set out in this Circular within quotes and in *italics*, and all capitalised terms and expressions used within these reproduced statements and not defined herein shall have the same meanings ascribed to them in the Offer Document, the IFA Letter, the Summary Valuation Reports, the FY2022 Results and the Constitution respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of Offer Document	:	25 May 2023 (Thursday)
Date of despatch of this Circular	:	8 June 2023 (Thursday)
Closing Date and Time	:	5.30 p.m. (Singapore time) on 22 June 2023, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Offer.
Date of settlement of consideration for valid acceptances of the Offer	:	In respect of valid acceptances, complete in all respects and in accordance with the instructions given in the Offer Document and the Relevant Acceptance Forms (as the case may be), within seven (7) Business Days after the receipt of such acceptances.

Please refer to paragraph 1 of Appendix IV to the Offer Document, for further information.

LETTER TO SHAREHOLDERS

PENGUIN INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197600165Z)

Directors

Mr. Jeffrey Hing Yih Peir (Executive Chairman)
Mr. James Tham Tuck Choong (Managing Director)
Ms. Joanna Tung May Fong (Finance and Administration Director)
Mr. Winston Kwek Choon Lin (Lead Independent and Non-executive Director)
Mr. Henry Tan Song Kok (Independent and Non-executive Director)
Mr. Leow Ban Tat (Independent and Non-executive Director)
Mr. Keith Tan Keng Soon (Non-independent and Non-executive Director)

Registered Office

21 Tuas Road
Singapore 638489

8 June 2023

To: The Shareholders of the Company

Dear Sir / Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY W CAPITAL MARKETS PTE. LTD. FOR AND ON BEHALF OF ALEPH TAV LTD FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1 Offer Announcement.** On 4 May 2023, WCM announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional cash offer to acquire the Offer Shares at a price of S\$0.820 for each Offer Share.

As stated in the Offer Announcement, the offer price then of S\$0.820 payable to a Shareholder who validly accepts the Offer would be reduced by the amount of the FY2022 Dividend (which is S\$0.0225 per Share) to S\$0.7975 per Offer Share.

A copy of the Offer Announcement is available for download from SGXNET at www.sgx.com. The Offer Announcement was also advertised in The Straits Times on 8 May 2023.

- 1.2 Revised Offer Announcement.** On 15 May 2023, WCM announced, for and on behalf of the Offeror, *inter alia*, the revision of the offer price to S\$0.830 for each Offer Share:

As stated in the Revised Offer Announcement, the Final Offer Price of S\$0.830 represents an increase of S\$0.0325 or approximately 4.08% over the initial offer price (after adjustment for the FY2022 Dividend) of S\$0.7975 per Offer Share. The Final Offer Price has been determined on the basis that the Offeror will not receive the FY2022 Dividend as the record date for the FY2022 Dividend has passed.

A copy of the Revised Offer Announcement is available for download from SGXNET at www.sgx.com.

- 1.3 Offer Document.** Shareholders should by now have received a copy of the Offer Document and Relevant Acceptance Forms issued by WCM, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available for download from SGXNET at www.sgx.com.

LETTER TO SHAREHOLDERS

- 1.4 **Independent Financial Adviser.** The Company has appointed RHT Capital Pte. Ltd. as the independent financial adviser to advise the Independent Directors in respect of the Offer.
- 1.5 **Independent Directors.** Under the Code, the Independent Directors are required to make a Recommendation to Shareholders as to whether Shareholders should accept or reject the Offer.
- 1.6 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the Recommendation of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix A carefully and consider the advice of the IFA to the Independent Directors and the Recommendation of the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

Shareholders are also advised to read the Summary Valuation Reports set out in Appendix E to this Circular carefully, in particular, the terms of reference, key assumptions and critical factors.

If you are in any doubt in respect of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

- 2.1 **Offer and Offer Shares.** Subject to the terms and conditions set out in the Offer Document, the Offer is made by WCM, for and on behalf of the Offeror, for all the Offer Shares on the principal terms set out in paragraph 2 of the Offer Document, extracts of which are reproduced in *italics* below.

Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

- 2.2 **Consideration.** Paragraph 2.2 of the Offer Document states the following:

“2.2 Consideration

As stated in the Price Revision Announcement, the consideration for each Offer Share has been revised to the following:

For each Offer Share: S\$0.830 in cash (the “Final Offer Price”).

The Offeror does not intend to revise the Final Offer Price, save that the Offeror reserves the right to do so in a competitive situation.”

Paragraph 7.1 of the Offer Document also states the following:

“7.1 The Final Offer Price of S\$0.830 represents an increase of S\$0.0325 or approximately 4.08% over the initial Offer Price (after adjustment for the FY2022 Dividend) of S\$0.7975 per Offer Share.”

LETTER TO SHAREHOLDERS

2.3 **No Encumbrances.** Paragraph 2.3 of the Offer Document states the following:

“2.3 No Encumbrances

*The Offer Shares will be acquired (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (collectively, the “**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date (collectively, the “**Distributions**”).”*

2.4 **FY2022 Dividend.** Paragraph 2.4 of the Offer Document states the following:

“2.4 FY2022 Dividend

*As stated in the announcement by the Company dated 27 April 2023, the Shareholders approved the payment of the first and final tax exempt (one-tier) dividend of S\$0.0225 per Share for the financial year ended 31 December 2022 (the “**FY2022 Dividend**”). In respect of the FY2022 Dividend, the Record Date has been announced by the Company to be 10 May 2023 and the FY2022 Dividend has been paid to Shareholders on 23 May 2023.*

As the Record Date for the FY2022 Dividend has passed and the FY2022 Dividend has been paid to Shareholders, the Final Offer Price has been determined on the basis that the Offeror will not receive the FY2022 Dividend. Accordingly:

- (a) a Shareholder who was registered as a Shareholder as at the Record Date and who validly accepts the Offer will receive both the FY2022 Dividend and the Final Offer Price; and*
- (b) a Shareholder who was not registered as a Shareholder as at the Record Date but who validly accepts the Offer will receive only the Final Offer Price.”*

2.5 **Unconditional Offer.** Paragraph 2.5 of the Offer Document states the following:

“2.5 Unconditional Offer

As at the Offer Announcement Date, the Offeror and parties acting in concert with it hold Shares representing more than 50% of the total number of issued Shares. Accordingly, the Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

The Offer is not subject to any conditions and is unconditional in all respects.”

2.6 **Warranty.** Paragraph 2.6 of the Offer Document states the following:

“2.6 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions).”

LETTER TO SHAREHOLDERS

2.7 **Duration of the Offer.** Paragraph 2.7 of the Offer Document states the following:

“2.7 Duration of the Offer

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date on which this Offer Document is posted.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 22 June 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to Remain Open for 14 Days thereafter

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for acceptance for a period of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so.

(c) Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(d) Subsequent Closing Date

Pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date. Given that the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.”

2.8 **Irrevocable Undertakings.** Paragraph 5 of the Offer Document states the following:

“5.1 Details of the Irrevocable Undertakings

*As at the Latest Practicable Date, Emet Grace holds 176,240,539 Shares (the “**EG Undertaking Shares**”), representing approximately 80.05% of the total number of Shares and Hing Zeng Min, Audrey (“**AH_{ZM}**”), who is the daughter of JHYP, holds 4,291,300 Shares (the “**AH Undertaking Shares**”), representing approximately 1.95% of the total number of Shares.*

(a) EG Irrevocable Undertaking

*In connection with the Offer, Emet Grace has provided an irrevocable undertaking in favour of the Offeror (the “**EG Irrevocable Undertaking**”), pursuant to which it has undertaken and/or agreed, among other things, the following:*

(i) to accept the Offer in respect of all the EG Undertaking Shares; and

*(ii) to waive all its rights under Rule 30 of the Code to receive any cash settlement or payment for its acceptance of the Offer and the subsequent transfer of the EG Undertaking Shares to the Offeror (the “**Waived Amount**”),*

*to (collectively, the “**Rollover Arrangement**”).*

LETTER TO SHAREHOLDERS

The Securities Industry Council of Singapore has confirmed that the Rollover Arrangement does not constitute a prohibited special deal within the meaning of Rule 10 of the Code.

(b) AH Irrevocable Undertaking

In connection with the Offer, AHZM has provided an irrevocable undertaking in favour of the Offeror (the “**AH Irrevocable Undertaking**” and collectively with the EG Irrevocable Undertaking, the “**Irrevocable Undertakings**” and each, an “**Irrevocable Undertaking**”), pursuant to which she has undertaken and/or agreed, among other things, to accept the Offer in respect of all the AH Undertaking Shares.

Details of Emet Grace’s and AHZM’s shareholding in the Company which will be tendered in acceptance of the Offer by them pursuant to their respective Irrevocable Undertaking are as follows:

Shareholder	Number of Shares to be tendered in acceptance of the Offer	Percentage of the total number of Shares ⁽¹⁾
Emet Grace	176,240,539	80.05% ⁽²⁾
AHZM	4,291,300	1.95% ⁽²⁾
Total	180,531,839	82.00%⁽²⁾

Notes:

(1) Based on the Company’s issued capital of 220,169,774 Shares as at the Latest Practicable Date.

(2) Percentages rounded to the nearest two (2) decimal places.

5.2 Termination of the Irrevocable Undertakings

Each Irrevocable Undertaking will terminate or lapse if the Offer is withdrawn or lapses, other than due to a breach by Emet Grace or AHZM (as the case may be) of any of its or her (as the case may be) obligations under the relevant Irrevocable Undertaking.

5.3 No Other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any person acting in concert with the Offeror has received any irrevocable undertaking from any other party to accept or reject the Offer.

5.4 As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it, together with the total number of Shares to which the Irrevocable Undertakings relate, is an aggregate of 183,755,539 Shares, representing approximately 83.46% of the total number of Shares.”

3. FURTHER DETAILS OF THE OFFER

Appendix IV to the Offer Document sets out further details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer.

4. PROCEDURES FOR ACCEPTANCE

Appendix V to the Offer Document sets out the procedures for acceptance of the Offer.

5. INFORMATION ON THE COMPANY

The Company was incorporated in the Republic of Singapore on 23 January 1976 and was listed on the Mainboard of the SGX-ST on 17 October 1997.

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The Company, together with its subsidiaries, is a designer, builder, owner and operator of high-speed aluminium craft. The Group owns and operates a fleet of crewboats, passenger ferries and workboats, and designs and builds a variety of high-speed craft at the Group's shipyards in Singapore and Batam, Indonesia. These include fire fighting search-and-rescue vessels, patrol boats, security vessels, offshore crewboats, windfarm crew transfer vessels and passenger ferries.

Additional information on the Company is set out in Appendix B to this Circular.

6. INFORMATION ON THE OFFEROR AND ITS SHAREHOLDERS

The following information on the Offeror and its shareholders has been extracted from paragraph 4 of the Offer Document and reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“4.1 The Offeror

*The Offeror is an investment holding company incorporated under the laws of the Cayman Islands on 6 March 2023. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$1,000, comprising 10,000 ordinary shares (the “**Offeror Shares**”), which are held by the shareholders of the Offeror as follows:*

Shareholders of the Offeror	Shareholding Percentage
<i>Sponsor</i>	<i>40%</i>
<i>Mr. Jeffrey Hing Yih Peir (“JHYP”)</i>	<i>55%</i>
<i>Mr. James Tham Tuck Choong (“JTTC”)</i>	<i>5%</i>
Total	100%

The board of directors of the Offeror comprises JHYP, JTTC and Mr. Tan Keng Soon (Keith) (Founding Partner of Dymon Asia Capital Ltd. (the holding company of the Dymon group) and Chairman of the Dymon Asia Private Equity Investment Committee).

4.2 Shareholding in the Offeror

The shareholding in the Offeror will be maintained at the shareholding proportions set out in paragraph 4.1 above until the close of the Offer.

4.3 The Sponsor

*Fairy L.P. (acting by its general partner, Fairy Ltd.) (the “**Sponsor**”) is a special purpose vehicle incorporated under the laws of the Cayman Islands on 9 October 2020, which is wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd. (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) (“**Dymon Asia**”). Dymon Asia is managed by Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore-based fund manager that manages Dymon Asia Private Equity (S.E. Asia) Fund, L.P., which has committed capital of S\$300 million, Dymon Asia Private Equity (S.E. Asia) Fund II, L.P., a fund with commitments of US\$450 million and Dymon Asia Private Equity (S.E. Asia) Fund III, L.P., a fund with commitments of US\$650 million.*

4.4 The Promoters

*JHYP and JTTC are the directors and key management personnel of the Company. As mentioned in paragraph 1 of **Appendix I** to this Offer Document:*

- (a) JHYP is the Executive Chairman on the board of the Company; and*
- (b) JTTC is the Managing Director on the board of the Company.*

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4.5 The First Offer

- (a) On 21 January 2021, the Financial Adviser announced, for and on behalf of Emet Grace, that Emet Grace intends to make a general offer (the “**First Offer**”) to acquire all the Shares (other than those held directly or indirectly by Emet Grace as at the date of the First Offer), in accordance with the Code. Emet Grace is an investment holding company incorporated by Dymon Asia (through the Sponsor), JHYP and JTTC for the purpose of making the First Offer.
- (b) The shareholders of Emet Grace during the period of the First Offer and as at the Latest Practicable Date are as follows:

Name of Shareholder of Emet Grace	Shareholding Percentage
Sponsor	40%
JHYP	55%
JTTC	5%
Total	100%

- (c) The First Offer closed on 21 April 2021 with Emet Grace holding 176,240,539 Shares, representing approximately 80.05%¹ of the total number of Shares at the relevant time.

4.6 Shareholders' Agreement

Following the completion of the First Offer and with a view to privatising the Company, the Sponsor and the Promoters (collectively, the “**Offeror Shareholders**”) have agreed to form a consortium through the Offeror to undertake the Offer. The Offeror Shareholders have, on the Offer Announcement Date, entered into a shareholders' agreement (“**SHA**”) with the Offeror to, inter alia, regulate the relationship of the Offeror Shareholders inter se as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer).

¹ The percentage shareholding interest is based on the Company's issued and paid-up capital of 220,169,774 Shares as at 21 April 2021.”

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer has been extracted from paragraph 6 of the Offer Document and reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

“6.1 Low Trading Liquidity of Shares

*The trading volume of the Shares has been low, with an average daily trading volume² of approximately 6,050 Shares, 7,856 Shares, 6,867 Shares and 9,973 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including 4 May 2023 (the “**Last Trading Day**”), being the last full Market Day immediately prior to the Offer Announcement. Each of these represents less than 0.005% of the total number of Shares for any of the aforementioned relevant periods.*

The Offer and the Final Offer Price enhances the opportunity for Shareholders, who find it difficult to exit the Company as a result of the low trading volume in the Shares, to liquidate and realise their investment in the Shares at a premium to the prevailing market prices which may otherwise not be available given the low trading liquidity of the Shares.

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6.2 Final Offer Price at a Premium to the Last Transacted Share Price

The Final Offer Price represents a premium of approximately 16.90% over the last transacted price per Share of S\$0.710 on 4 May 2023, being the last Market Day on which the Shares were transacted prior to the Offer Announcement.

*When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Final Offer Price also represents a premium of approximately 18.07%, 18.74%, 18.57% and 17.40% over the volume weighted average price (“**VWAP**”) per Share for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods, respectively.*

The Offer and the Final Offer Price reinforces the clean cash exit opportunity for Shareholders, to realise their entire investment in the Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

6.3 Greater Management Flexibility

As described in paragraph 8.3 below, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.4 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

² Calculated by using the total volume of Shares traded divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period respectively up to and including the Last Trading Day.”

8. THE OFFEROR’S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

- 8.1 **Offeror’s Intentions.** The full text stating the Offeror’s intentions relating to the listing status and compulsory acquisition of the Company has been extracted from paragraph 8 of the Offer Document and reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

“8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings in Shares of the Offeror and persons acting in concert with it to above 90% of the total number of Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

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Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

8.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Final Offer Price per Share (the “**Compulsory Acquisition**”).

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of Shares, the Shareholders who have not accepted the Offer will have a right to require the Offeror to acquire their Shares at the Final Offer Price per Share. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.3 Offeror's Intentions

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of Shares (excluding any Shares held in treasury) are held in public hands.

In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the “**Voluntary Delisting Rules**”). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the “**Independent Shareholders**”) representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST's waiver from strict compliance with such Voluntary Delisting Rules.

In the event that the public float is lost and the Offeror is unable to exercise its right of Compulsory Acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

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Subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company and of its subsidiaries. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interests of the Company.”

- 8.2 **SGX RegCo’s regulator’s column in relation to delisting.** In the event that the Company loses its free float pursuant to the Offer but the following conditions are met, SGX RegCo may take the view that the delisting requirements under the Listing Manual are substantively complied with and will consider waiving strict compliance with such delisting requirements:

- (a) as at the close of the Offer, the Offeror has received acceptances from independent Shareholders (i.e. Shareholders excluding the Offeror and parties acting in concert with it) that represent a majority of at least 75% of the total number of issued shares held by independent shareholders (“**75% Acceptance Condition**”); and
- (b) the Offer is fair and reasonable (and the IFA has opined that the Offer is fair and reasonable).

It is important that Shareholders are aware of the potential consequences in considering whether to accept the Offer, particularly where free float has been lost but the requisite conditions for delisting, including the 75% Acceptance Condition, are not met. In such circumstances, Shareholders should note the risk that the Company may consequently be subject to prolonged suspension.

For more information, please refer to the column entitled “SGX RegCo’s Expectations on Information to be provided to Shareholders in connection with a General Offer” published by SGX Regco on 4 May 2020 at <https://www.sgx.com/media-centre/20200504-regulators-column-sgx-regcos-expectations-information-be-provided>.

9. DIRECTORS’ INTERESTS

Details of the Directors including, amongst other things, the Directors’ direct and deemed interests in the Offeror Securities and the Company Securities as at the Latest Practicable Date are set out in Appendix B to this Circular.

10. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS

- 10.1 **IFA.** Shareholders should read and consider carefully the advice of the IFA to the Independent Directors in respect of the Offer as contained in the IFA Letter and the Recommendation as set out in Section 11.2 of this Circular before deciding on whether to accept or reject the Offer. The IFA Letter setting out the advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix A to this Circular.
- 10.2 **Evaluation of the Offer by the IFA.** The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in paragraph 9 of the IFA Letter. **Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors as set out in paragraph 9 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.**
- 10.3 **Advice of the IFA to the Independent Directors on the Offer.** Taking into consideration the 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 recommendations to the Independent Directors as set out in paragraph 9 of the IFA Letter, an extract of which is reproduced in *italics* below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

“9. **OPINION**

...

Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Offer are fair and reasonable.

We consider the financial terms of the Offer to be **FAIR**, after taking into consideration the following factors:

- (a) We note that after the release of the 2020 Holding Announcement and prior to the First Offer, trading prices of the Shares increased substantially, of which the Shares closed at a high of S\$0.640 on 7 January 2021 and 12 January 2021. We further note that the trading prices of the Shares remained elevated during the offer period of the First Offer. After the close of the First Offer and up to 4 May 2023 (being the last traded day prior the Offer Announcement), the Shares closed at a range of between S\$0.595 and S\$0.740 and the VWAP of the Shares was S\$0.672. During this period, we note that the Shares have never closed below the highest closing price of the Shares during the Period Prior to 2020 Holding Announcement of S\$0.535 per Share.
- (b) The Final Offer Price represents: i) S\$0.120 or 16.9% over the VWAP of the Shares of S\$0.710 on 4 May 2022, being the day when the Shares were last traded prior to the release of the Offer Announcement; and ii) a premium of approximately 18.1%, 18.7%, 18.6%, 17.4%, 23.5% and 38.6% over the VWAP of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, and 3-year periods prior to the release of the Offer Announcement respectively.
- (c) Over the 3-year period prior to the release of the Offer Announcement, the Shares have traded between a low of S\$0.405 and a high of S\$0.745. The Final Offer Price represents a premium of approximately S\$0.425 or 104.9% over the lowest transacted price of the Shares and a premium of approximately S\$0.085 or 11.4% over the highest transacted price of the Shares. Further, we note that the Final Offer Price represents a premium of approximately S\$0.356 or 75.1% over the VWAP for the Period Prior to 2020 Holding Announcement of S\$0.474. The Shares have not traded above the Final Offer Price during the 3-year period prior to the release of the Offer Announcement.
- (d) The Final Offer Price represents a premium of approximately S\$0.007 or 0.9% over the VWAP of the Shares of S\$0.823 for the period after the release of the Offer Announcement to the Latest Practicable Date.
- (e) Based on the EV/EBITDA and P/NAV statistics of the Comparable Companies, we are of the view that the estimated range of values of the Shares is between S\$0.669 and S\$0.889 per Share. The Final Offer Price of S\$0.830 is within the range of the estimated range of values of the Shares.
- (f) The Final Offer Price represents a discount of 26.0% on an as-is basis and 26.9% on a completed basis to the RNAV per Share of S\$1.122 on an as-is basis and S\$1.135 on a completed basis and values the Group at a P/RNAV ratio of 0.74 times on an as-is basis and 0.73 times on a completed basis. Notwithstanding the above-mentioned discount, there is no certainty and assurance that each of the Appraised Assets is able to be sold at the market value based on the Summary Valuation Reports, given that the existing nature of each of the above-mentioned assets which are specific to the Group's own use, and that the Group may face difficulties in locating potential buyers who are interested and willing to acquire the above-mentioned assets at the valuation amount. Further, we understand from

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the Company that the Company does not have the intention to sell the Appraised Assets as of the Latest Practicable Date. In addition, while Marco Polo is a listed security on the SGX-ST, given that the Group owns 6.5% of the total issued shares in Marco Polo, it may be difficult for the Group to fully realise its Marco Polo Shares at its last traded price as at the Latest Practicable Date.

- (g) *The Shares has consistently traded at a discount to the NAV per Share of the Group over the Period Under Review. Notwithstanding that the discount to Adjusted NAV as implied by the Final Offer Price of 5.4% is less than the range of discounts at which the Shares has consistently traded at over the Period Under Review.*
- (h) *Comparison with Comparable Companies:*

 - (i) *The PE ratio of the Group of 26.74 times implied by the Final Offer Price is above the upper range, and also mean and median PE ratios of the Comparable Companies of 11.45 times and 10.87 times respectively;*
 - (ii) *The EV/EBITDA ratio of the Group of 7.81 times implied by the Final Offer Price is within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 7.40 times and 6.31 times respectively;*
 - (iii) *The P/Adjusted NAV ratio of the Group of 0.95 times implied by the Final Offer Price is within the range and slightly below the mean and median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively; and*
 - (iv) *The P/RNAV ratio of the Group of 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range but below the mean and the median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively. We note that bulk of the assets of the Comparable Companies comprised of property, plant and equipment and are recorded at cost and are not fair valued. Accordingly, the P/NAV ratios of the Comparable Companies may not be directly comparable with the P/RNAV of the Group implied by the Final Offer Price.*
- (i) *Comparison with Privatisation Transactions:*

 - (i) *The premia implied by the Final Offer Price of 16.9% over the last transacted price of the Shares prior to the Offer Announcement Date is within the range but below the median and mean of the corresponding premia of the Privatisation Transactions;*
 - (ii) *The premia implied by the Final Offer Price of 18.1% over the VWAPs for the 1-month period is within the range and close to the median of the corresponding premia of the Privatisation Transactions but below the mean of the corresponding premia of the Privatisation Transactions;*
 - (iii) *The premia implied by the Final Offer Price of 18.7% and 18.6% over the VWAPs for the 3-month and 6-month period are within the range but below the mean and median of the corresponding premia of the Privatisation Transactions;*
 - (iv) *The P/Adjusted NAV ratio of the Group of 0.95 times as implied by the Final Offer Price is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions; and*

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- (v) *The P/RNAV ratio of the Group 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range and close to the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions.*

*We consider the financial terms of the Offer to be **REASONABLE**, after taking into consideration the following factors:*

- (a) *We note that for 10-year Period Prior to Offer Announcement, the Share price has never closed at or above the Final Offer Price. There is no assurance that the market prices of the Shares would remain at the current prevailing level after the close of the Offer, and that 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.*
- (b) *We have also considered the historical traded prices of the Shares prior to the release of the 2020 Holding Announcement. We note that the trading prices of the Shares increased substantially after the announcement of the First Offer and remained elevated after the close of the First Offer. However, during the 3-year period prior to the announcement of the Offer, we note while the revenue of the Group increased in FY2021 and FY2022, the net profit of the Group was in a downwards trend.*
- (c) *The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, 3-year periods prior to the release of the Offer Announcement represent 0.01%, 0.02%, 0.02%, 0.02%, 0.04% and 0.26% of the free float of the Shares respectively. We note that the average daily trading volume of the Shares for the 3-year period is substantially higher due mainly to the trades done during the First Offer. The Offer provides Shareholders, who find it difficult to exit the Company as a result of the low trading volume in the Shares, to liquidate and realise their investment in the Shares at a premium to the prevailing market prices which may otherwise not be available given the low trading liquidity of the Shares. There is no certainty that Shareholders will otherwise be able to obtain a better value for their Shares if they do not accept the Offer.*
- (d) *The LTM dividend yield of the Company is below the LTM dividend yield of YZJ (being the only Comparable Company who had paid dividend in the LTM) and STI ETF, suggesting that a Shareholder who receives the proceeds from the Offer may potentially experience an increase in investment income if he re-invests the proceeds from the Offer Price in the shares of the Comparable Companies that has paid out dividends in their respective last financial year or the STI ETF. There is no assurance that the Company or any of the selected alternative investments will continue to pay dividends in the future and/or maintain that level of dividend paid in past periods.*
- (e) *The Final Offer Price of S\$0.830 is higher than the First Offer Price of S\$0.650, representing a premium of S\$0.180 or 27.7% over the First Offer Price. Notwithstanding that the PE ratio, P/NAV ratio and P/RNAV ratio implied by the Final Offer Price are higher than the PE ratio, P/NAV ratio and P/RNAV ratio implied by the First Offer Price.*
- (f) *As at the Latest Practicable Date, save for the Offer made by the Offeror, no alternative offer from any third party has been received. Further, given that the Offeror has already achieved statutory control of the Company, the likelihood of competing offers is low.*
- (g) *The Offeror does not intend to revise the Final Offer Price, save that the Offeror reserves the right to do so in a competitive situation.*

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- (h) *The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of Shares (excluding any Shares held in treasury) are held in public hands.*

Accordingly, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transactions costs in connection with open market transactions."

11. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

- 11.1 **Independence of Directors.** Mr. Jeffrey Hing Yih Peir is currently the Executive Chairman of the Company. He is also a director and a shareholder of the Offeror.

Mr. James Tham Tuck Choong is currently the Managing Director of the Company. He is also director and a shareholder of the Offeror.

Mr. Keith Tan Keng Soon is currently a Non-independent and Non-executive Director of the Company. He is the Chairman of the Dymon Asia Private Equity Investment Committee and is also a director of the Offeror.

As Mr. Jeffrey Hing Yih Peir, Mr. James Tham Tuck Choong and Mr. Keith Tan Keng Soon will be participating in the Offer in a significant manner and not merely as concert parties of the Offeror, they will face irreconcilable conflicts of interest in relation to the Offer that would render it inappropriate for them to join the Independent Directors in making a Recommendation to Shareholders in connection with the Offer.

The SIC had ruled on 14 April 2023 that Mr. Jeffrey Hing Yih Peir, Mr. James Tham Tuck Choong and Mr. Keith Tan Keng Soon are exempted from the requirement to make a Recommendation to Shareholders in connection with the Offer.

Notwithstanding the above, all the Directors (including, for the avoidance of doubt, Mr. Jeffrey Hing Yih Peir, Mr. James Tham Tuck Choong and Mr. Keith Tan Keng Soon) are jointly and severally responsible for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

- 11.2 **Independent Directors' Recommendation.** The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by the IFA in the IFA Letter, **CONCUR** with the IFA's assessment of the Offer and its Recommendation thereon. Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer or sell their Shares in the open market if they are able to obtain a price higher than the Final Offer Price (after deducting transaction costs).

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE IFA'S OPINION SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

Shareholders are also advised to read the Summary Valuation Reports set out in Appendix E to this Circular carefully, in particular, the terms of reference, key assumptions and critical factors.

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The IFA and the Independent Directors, in giving their advice and making their Recommendation respectively, have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in respect of his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Shareholders should also note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

- 12.1 **Shareholders who DO NOT WISH TO ACCEPT the Offer.** Shareholders who do not wish to accept the Offer should take no further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.
- 12.2 **Shareholders who WISH TO ACCEPT the Offer.** Shareholders who wish to accept the Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix V to the Offer Document, the FAA and/or the FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Share Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on the Closing Date.

13. OVERSEAS SHAREHOLDERS AND COPIES OF THIS CIRCULAR

- 13.1 **Overseas Shareholders.** The full text relating to Overseas Shareholders has been extracted from paragraph 9 of the Offer Document and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

*“The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (collectively, the “**Overseas Shareholders**” and each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the FAAs and the FATs have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document, the FAAs and/or the FATs to any overseas jurisdictions, the Offeror, the Financial Adviser and CDP each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the FAAs and/or the FATs have not been, or may not be, sent.***

*Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, means, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

LETTER TO SHAREHOLDERS

The Offer (unless otherwise determined by the Offeror and permitted by applicable laws and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAAs and/or the FATs and any related documents, during normal business hours and up to the Closing Date, from the Offeror through CDP (if he is a depositor) by contacting CDP via telephone (+65 6535 7511) or email services (asksgx@sgx.com), or the Share Registrar (if he is a scripholder), at its office located at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

Alternatively, an Overseas Shareholder may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at the address listed above, to request for this Offer Document, the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at such Overseas Shareholder's own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document, the FAA and FAT are also available on the website of the SGX-ST at www.sgx.com.

*It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAAs and/or the FATs and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Adviser) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including the Financial Adviser) may be required to pay. In (i) requesting for this Offer Document, the FAAs and/or the FATs and any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and the Financial Adviser that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

The Offeror and the Financial Adviser each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement on the website of the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Shareholder) to receive or see such announcement, notice or advertisement."

- 13.2 **Copies of this Circular.** This Circular will not be sent to all Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date from the offices of the Share Registrar at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, download a copy of this Circular from the website of the SGX-ST at www.sgx.com, or make a request to the Share Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

LETTER TO SHAREHOLDERS

It is the responsibility of any Overseas Shareholder who wishes to request this Circular and/or any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. In requesting for this Circular and/or any related documents the Overseas Shareholder represents and warrants to the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The full text relating to CPFIS Investors and SRS Investors has been extracted from paragraph 12 of the Offer Document and reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“CPFIS Investors will receive further information on how to accept the Offer from the CPF Agent Banks directly. CPFIS Investors 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. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. CPFIS Investors who accept the Offer will receive the Final Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

SRS Investors will receive further information on how to accept the Offer from the SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks 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. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks. SRS Investors who accept the Offer will receive the Final Offer Price payable in respect of their Offer Shares in their SRS investment accounts.”

15. DIRECTORS' RESPONSIBILITY STATEMENT

- 15.1 The Directors (including those who have delegated detailed supervision of this Circular) have taken all reasonable care and made all reasonable inquiries to ensure that the facts stated and, to the best of their knowledge, all opinions expressed in this Circular (other than those relating to the Offeror and the Offer) have been arrived at after due and careful consideration, and are fair and accurate, and that no material facts have been omitted from this Circular, and they jointly and severally accept full responsibility for the accuracy of the information contained in this Circular accordingly.
- 15.2 In respect of the IFA Letter and the Summary Valuation Reports, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.
- 15.3 The Recommendation set out in Section 11 of this Circular is the sole responsibility of the Independent Directors.
- 15.4 Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reproduced in this Circular.

LETTER TO SHAREHOLDERS

16. CONSENTS

- 16.1 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors set out in Appendix A of this Circular, and all references thereto, in the form and context in which they appear in this Circular.
- 16.2 Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Summary Valuation Reports relating to its Valuation Report set out in Appendix E of this Circular, and all references thereto, in the form and context in which they appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 21 Tuas Road, Singapore 638489 during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2020, FY2021 and FY2022;
- (c) the IFA Letter as set out in Appendix A to this Circular;
- (d) the Valuation Reports;
- (e) the FY2022 Results as set out in Appendix D to this Circular; and
- (f) the letter of consents from the IFA and the Independent Valuers referred to in Section 16 of this Circular.

18. ADDITIONAL INFORMATION

The attention of Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
PENGUIN INTERNATIONAL LIMITED

Joanna Tung May Fong
Finance and Administration Director

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
36 Robinson Road, #10-06
Singapore 068877

8 June 2023

To: The Independent Directors of Penguin International Limited
(deemed to be independent in respect of the Offer)

Mr Winston Kwek Choon Lin	(Lead Independent Director)
Mr Henry Tan Song Kok	(Independent Director)
Mr Leow Ban Tat	(Independent Director)
Ms Joanna Tung May Fong	(Finance and Administration Director)

Dear Sirs/Madam,

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE VOLUNTARY UNCONDITIONAL CASH OFFER

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 8 June 2023 ("**Circular**") issued by Penguin International Limited ("**Company**") to the shareholders of the Company ("**Shareholders**") shall have the same meaning herein.*

1. INTRODUCTION

On 4 May 2023 ("**Offer Announcement Date**"), W Capital Markets Pte. Ltd. ("**Financial Adviser**") announced, for and on behalf of Aleph Tav Ltd ("**Offeror**"), that the Offeror intends to make the voluntary unconditional cash offer ("**Offer**") for all the issued and paid-up ordinary shares in the capital of the Company ("**Shares**"), excluding any Shares held in treasury, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer ("**Offer Shares**") ("**Offer Announcement**"). Pursuant to the Offer Announcement, the offer price for each Offer Share is S\$0.820 ("**Offer Price**"). The Offer Announcement further stated that the shareholders of the Company ("**Shareholders**") had approved the payment of the first and final tax exempt (one-tier) dividend of S\$0.0225 per Share for the financial year ended 31 December 2022 ("**FY2022 Dividend**"). In respect of the FY2022 Dividend, the record date was 10 May 2023 ("**Record Date**") and the FY2022 Dividend will be paid to Shareholders on 23 May 2023. The Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive and retain all dividends, other distributions and return of capital that may be declared, paid or made by the Company on or after the Offer Announcement Date (including the FY2022 Dividend). Accordingly, the Offer Price payable to a Shareholder who validly accepts the Offer is reduced by the amount of the FY2022 Dividend to S\$0.7975 per Share.

On 15 May 2023, the Financial Adviser announced for and on behalf of the Offeror, that the Offeror is revising the Offer Price to S\$0.830 ("**Final Offer Price**") for each Offer Share and the Offeror does not intend to revise the Final Offer Price, save that the Offeror reserves the right to do so in a competitive situation ("**Price Revision Announcement**"). Accordingly, a Shareholder who was registered as a Shareholder as at the Record Date and who validly accepts the Offer will receive both the FY2022 Dividend and the Final Offer Price and a Shareholder who was not registered as a Shareholder as at the Record Date but who validly accepts the Offer will receive only the Final Offer Price.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

The Offeror is an investment holding company incorporated in the Cayman Islands on 6 March 2023. The Offeror has an issued share capital of S\$1,000, comprising 10,000 ordinary shares, which are held by: i) Fairy L.P. ("**Sponsor**"), a special purpose vehicle incorporated under the laws of the Cayman Islands on 9 October 2020, which is wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd. (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) ("**Dymon Asia**"); ii) Mr Jeffrey Hing Yih Peir ("**JHYP**"); and iii) Mr James Tham Tuck Choong ("**JTTC**", collectively, "**Offeror Shareholders**").

Pursuant to the Offer, the offer document dated 25 May 2023 ("**Offer Document**"), setting out, *inter alia*, the terms and conditions of the Offer had been despatched to Shareholders.

As set out in the Circular, the directors, namely, Mr Winston Kwek Choon Lin, Mr Henry Tan Song Kok, Mr Leow Ban Tat and Ms Joanna Tung May Fong are considered independent in respect of the Offer ("**Independent Directors**") and will be making a recommendation to Shareholders in relation to the Offer.

In connection with the Offer, RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the independent financial adviser ("**IFA**") to advise the Independent Directors for the purposes of making their recommendation to Shareholders in respect of the Offer.

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our views and evaluation of the financial terms of the Offer, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Offer, and the recommendation of the Independent Directors and it is to be despatched to Shareholders in relation to the Offer.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Singapore Code on Take-overs and Mergers ("**Code**"). We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the 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 Offer or on the future prospects of the Company and/or the Group or the method and terms by which the Offer is made or any other alternative methods by which the 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 as set out in this Letter.

We are not authorised, 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 Offer as compared to any alternative transaction that may be available to the Company (or its 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 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 provided and representations made, including relevant financial analyses and estimates, by the management of the Company ("**Management**"), the Directors, the Company's solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, 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, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Company and/or the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that 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 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 Offer and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be 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 in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment and right-of-use assets) of the Company or the Group and have placed sole reliance on the summary valuation reports ("**Summary Valuation Reports**") by ALC Consulting Services Pte. Ltd. ("**ALC Consulting**"), PREMAS Valuers & Property Consultants Pte Ltd ("**Premas**") and Kantor Jasa Penilai Publik Muttaqin Bambang Purwanto Rozak Uswatun dan Rekan ("**MBPRU**") (collectively "**Independent Valuers**") in relation to the valuation of the Appraised Assets (as defined herein). Further details on the Summary Valuation Reports are set out in Appendix E to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to Summary Valuation Reports for such assets appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuations contained in the Summary Valuation Reports or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

We will be relying 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 not relied on any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the Offer.

Our analysis and our opinion as set out in this Letter are based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 29 May 2023 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent 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, or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

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 in respect of the Offer, as set out in paragraph 9 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

3. THE OFFER

Shareholders should have by now received a copy of the Offer Document that contains the formal offer for the Offer Shares, subject to the terms and conditions of the Offer as set out in the Offer Document, which has been made by the Offeror in accordance with the Code.

The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. Shareholders are advised to read the terms and conditions of the Offer as set out in the Offer Document carefully.

The key terms of the Offer are set out below for your reference.

3.1 Consideration

As stated in the Price Revision Announcement, the consideration for each Offer Share has been revised to the following:

For each Offer Share: S\$0.830 in cash

The Offeror does not intend to revise the Final Offer Price, save that the Offeror reserves the right to do so in a competitive situation.

3.2 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Shares, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer.

3.3 No Encumbrances

The Offer Shares will be acquired (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date ("**Distributions**").

3.4 Adjustments for Distributions

As stated in the announcement by the Company dated 27 April 2023, the Shareholders approved the payment of the first and final tax exempt (one-tier) dividend of S\$0.0225 per Share for the financial year ended 31 December 2022. In respect of the FY2022 Dividend, the Record Date has been announced by the Company to be 10 May 2023 and the FY2022 Dividend has been paid to Shareholders on 23 May 2023.

As the Record Date for the FY2022 Dividend has passed and the FY2022 Dividend has been paid to Shareholders, the Final Offer Price has been determined on the basis that the Offeror will not receive the FY2022 Dividend. Accordingly:

- (a) a Shareholder who was registered as a Shareholder as at the Record Date and who validly accepts the Offer will receive both the FY2022 Dividend and the Final Offer Price; and
- (b) a Shareholder who was not registered as a Shareholder as at the Record Date but who validly accepts the Offer will receive only the Final Offer Price.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

3.5 Unconditional Offer

As at the Offer Announcement Date, the Offeror and parties acting in concert with it hold Shares representing more than 50% of the total number of issued Shares. Accordingly, the Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

The Offer is not subject to any conditions and is unconditional in all respects.

3.6 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions).

3.7 Duration of the Offer

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date on which this Offer Document is posted.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 22 June 2023 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to Remain Open for 14 Days thereafter

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for acceptance for a period of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so.

(c) Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(d) Subsequent Closing Date

Pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date. Given that the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

3.8 Further details of the Offer

Further details of the Offer, including details on: i) the settlement of the consideration for the Offer; ii) the requirements relating to the announcement of the level of acceptances of the Offer; iii) the right of withdrawal of acceptances of the Offer; and iv) the procedures for acceptance of the Offer, are set out in Appendices IV and V to the Offer Document.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

4. INFORMATION ON THE OFFEROR, THE CONSORTIUM AND DYMON ASIA PRIVATE EQUITY

The information on the Offeror, the consortium and Dymon Asia Private Equity, as set out below in italics, has been extracted from Section 4 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“4.1 The Offeror”

*The Offeror is an investment holding company incorporated under the laws of the Cayman Islands on 6 March 2023. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$1,000, comprising 10,000 ordinary shares (the “**Offeror Shares**”), which are held by the shareholders of the Offeror as follows:*

Shareholders of the Offeror	Shareholding Percentage
Sponsor	40%
Mr. Jeffery Hing Yih Peir (“ JHYP ”)	55%
Mr. James Tham Tuck Choong (“ JTTC ”)	5%
Total	100%

The board of directors of the Offeror comprises JHYP, JTTC and Mr. Tan Keng Soon (Keith) (Founding Partner of Dymon Asia Capital Ltd. (the holding company of the Dymon group) and Chairman of the Dymon Asia Private Equity Investment Committee).

4.2 Shareholding in the Offeror

The shareholding in the Offeror will be maintained at the shareholding proportions set out in paragraph 4.1 above until the close of the Offer.

4.3 The Sponsor

*Fairy L.P. (acting by its general partner, Fairy Ltd.) (the “**Sponsor**”) is a special purpose vehicle incorporated under the laws of the Cayman Islands on 9 October 2020, which is wholly-owned by Dymon Asia Private Equity (S.E. Asia) II Ltd. (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund II, L.P.) (“**Dymon Asia**”). Dymon Asia is managed by Dymon Asia Private Equity (Singapore) Pte. Ltd., a Singapore-based fund manager that manages Dymon Asia Private Equity (S.E. Asia) Fund, L.P., which has committed capital of S\$300 million, Dymon Asia Private Equity (S.E. Asia) Fund II, L.P., a fund with commitments of US\$450 million and Dymon Asia Private Equity (S.E. Asia) Fund III, L.P., a fund with commitments of US\$650 million.*

4.4 The Promoters

*JHYP and JTTC are the directors and key management personnel of the Company. As mentioned in paragraph 1 of **Appendix I** to this Offer Document:*

- (a) *JHYP is the Executive Chairman on the board of the Company; and*
- (b) *JTTC is the Managing Director on the board of the Company.*

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

4.5 The First Offer

- (a) On 21 January 2021, the Financial Adviser announced, for and on behalf of Emet Grace, that Emet Grace intends to make a general offer (the “**First Offer**”) to acquire all the Shares (other than those held directly or indirectly by Emet Grace as at the date of the First Offer), in accordance with the Code. Emet Grace is an investment holding company incorporated by Dymon Asia (through the Sponsor), JHYP and JTTC for the purpose of making the First Offer.
- (b) The shareholders of Emet Grace during the period of the First Offer and as at the Latest Practicable Date are as follows:

Name of Shareholder of Emet Grace	Shareholding Percentage
Sponsor	40%
JHYP	55%
JTTC	5%
Total	100%

- (c) The First Offer closed on 21 April 2021 with Emet Grace holding 176,240,539 Shares, representing approximately 80.05%⁽¹⁾ of the total number of Shares at the relevant time.

4.6 Shareholders’ Agreement

Following the completion of the First Offer and with a view to privatising the Company, the Sponsor and the Promoters (collectively, the “**Offeror Shareholders**”) have agreed to form a consortium through the Offeror to undertake the Offer. The Offeror Shareholders have, on the Offer Announcement Date, entered into a shareholders’ agreement (“**SHA**”) with the Offeror to, inter alia, regulate the relationship of the Offeror Shareholders inter se as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer).”

5. INFORMATION ON THE COMPANY

The information on the Company, as set out below in italics, has been extracted from Section 5 of the Circular. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Circular.

“The Company was incorporated in the Republic of Singapore on 23 January 1976 and was listed on the Mainboard of the SGX-ST on 17 October 1997.

The Company, together with its subsidiaries, is a designer, builder, owner and operator of high-speed aluminium craft. The Group owns and operates a fleet of crewboats, passenger ferries and workboats, and designs and builds a variety of high-speed craft at the Group’s shipyards in Singapore and Batam, Indonesia. These include fire fighting search-and-rescue vessels, patrol boats, security vessels, offshore crewboats, windfarm crew transfer vessels and passenger ferries.

Additional information on the Company is set out in Appendix B to this Circular.”

Implied market capitalisation

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 220,169,774 Shares (excluding treasury shares). Based on the Final Offer Price of S\$0.830 per Share and the total number of Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately **S\$182.7 million**.

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6. IRREVOCABLE UNDERTAKINGS

The information on the Irrevocable Undertakings as set out below in italics, has been extracted from Section 5 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“5.1 Details of the Irrevocable Undertakings

*As at the Latest Practicable Date, Emet Grace holds 176,240,539 Shares (the “**EG Undertaking Shares**”), representing approximately 80.05% of the total number of Shares and Hing Zeng Min, Audrey (“**AHQM**”), who is the daughter of JHYP, holds 4,291,300 Shares (the “**AH Undertaking Shares**”), representing approximately 1.95% of the total number of Shares.*

(a) EG Irrevocable Undertaking

*In connection with the Offer, Emet Grace has provided an irrevocable undertaking in favour of the Offeror (the “**EG Irrevocable Undertaking**”), pursuant to which it has undertaken and/or agreed, among other things, the following:*

- (i) to accept the Offer in respect of all the EG Undertaking Shares; and*
- (ii) to waive all its rights under Rule 30 of the Code to receive any cash settlement or payment for its acceptance of the Offer and the subsequent transfer of the EG Undertaking Shares to the Offeror (the “**Waived Amount**”),*

*(collectively, the “**Rollover Arrangement**”).*

The Securities Industry Council of Singapore has confirmed that the Rollover Arrangement does not constitute a prohibited special deal within the meaning of Rule 10 of the Code.

(b) AH Irrevocable Undertaking

*In connection with the Offer, AHQM has provided an irrevocable undertaking in favour of the Offeror (the “**AH Irrevocable Undertaking**” and collectively with the EG Irrevocable Undertaking, the “**Irrevocable Undertakings**” and each, an “**Irrevocable Undertaking**”), pursuant to which she has undertaken and/or agreed, among other things, to accept the Offer in respect of all the AH Undertaking Shares.*

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Details of Emet Grace's and AHZM's shareholding in the Company which will be tendered in acceptance of the Offer by them pursuant to their respective Irrevocable Undertaking are as follows:

Shareholder	Number of Shares to be tendered in acceptance of the Offer	Percentage of the total number of Shares⁽¹⁾
Emet Grace	176,240,539	80.05% ⁽²⁾
AHZM	4,291,300	1.95% ⁽²⁾
Total	180,531,839	82.00%⁽²⁾

Notes:

(1) Based on the Company's issued capital of 220,169,774 Shares as at the Latest Practicable Date.

(2) Percentages rounded to the nearest two (2) decimal places.

5.2 Termination of the Irrevocable Undertakings

Each Irrevocable Undertaking will terminate or lapse if the Offer is withdrawn or lapses, other than due to a breach by Emet Grace or AHZM (as the case may be) of any of its or her (as the case may be) obligations under the relevant Irrevocable Undertaking.

5.3 No Other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any person acting in concert with the Offeror has received any irrevocable undertaking from any other party to accept or reject the Offer.

5.4 *As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it, together with the total number of Shares to which the Irrevocable Undertakings relate, is an aggregate of 183,755,539 Shares, representing approximately 83.46% of the total number of Shares."*

Acceptances pursuant to the Irrevocable Undertakings

Pursuant to the Irrevocable Undertakings, AHZM has accepted the Offer in respect of the 4,291,300 Shares held by her.

As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it, together with the total number of Shares to which the Irrevocable Undertakings relate, is an aggregate of 185,878,719 Shares, representing approximately 84.43% of the total number of Shares.

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7. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer, the Offeror's intention in relation to the Company, compulsory acquisition and the listing status of the Company has been extracted from Section 6 and 8 of the Offer Document and is set out 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 Offer Document.

“6.1 Low Trading Liquidity of Shares

*The trading volume of the Shares has been low, with an average daily trading volume⁽²⁾ of approximately 6,050 Shares, 7,856 Shares, 6,867 Shares and 9,973 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including 4 May 2023 (the “**Last Trading Day**”), being the last full Market Day immediately prior to the Offer Announcement. Each of these represents less than 0.005% of the total number of Shares for any of the aforementioned relevant periods.*

The Offer and the Final Offer Price enhances the opportunity for Shareholders, who find it difficult to exit the Company as a result of the low trading volume in the Shares, to liquidate and realise their investment in the Shares at a premium to the prevailing market prices which may otherwise not be available given the low trading liquidity of the Shares.

6.2 Final Offer Price at a Premium to the Last Transacted Share Price

The Final Offer Price represents a premium of approximately 16.90% over the last transacted price per Share of S\$0.710 on 4 May 2023, being the last Market Day on which the Shares were transacted prior to the Offer Announcement.

*When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Final Offer Price also represents a premium of approximately 18.07%, 18.74%, 18.57% and 17.40% over the volume weighted average price (“**VWAP**”) per Share for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods, respectively.*

The Offer and the Final Offer Price reinforces the clean cash exit opportunity for Shareholders, to realise their entire investment in the Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

6.3 Greater Management Flexibility

As described in paragraph 8.3 below, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.4 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.”

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“8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings in Shares of the Offeror and persons acting in concert with it to above 90% of the total number of Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

8.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Final Offer Price per Share (the “**Compulsory Acquisition**”).*

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of Shares, the Shareholders who have not accepted the Offer will have a right to require the Offeror to acquire their Shares at the Final Offer Price per Share. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.3 Offeror's Intentions

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of Shares (excluding any Shares held in treasury) are held in public hands.

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*In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual (collectively, the “**Voluntary Delisting Rules**”). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) (the “**Independent Shareholders**”) representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST’s waiver from strict compliance with such Voluntary Delisting Rules.*

In the event that the public float is lost and the Offeror is unable to exercise its right of Compulsory Acquisition or the Company is unable to meet the requirements set out in the Voluntary Delisting Rules, the trading of the Shares may be subjected to a prolonged period of suspension.

Subject to normal business conditions and other than in the normal course of business, the Offeror does not intend to (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company and of its subsidiaries. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interests of the Company.”

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8. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In our assessment of the financial terms of the Offer, we have considered the following which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (a) Market quotation and trading liquidity of the Shares;
- (b) Historical financial performance, position and cash flows of the Group;
- (c) Revalued net asset value of the Group;
- (d) Historical P/NAV ratio of the Shares;
- (e) Comparison with the valuation ratios of selected companies which are broadly comparable to the Group;
- (f) Comparison with recently completed privatisation transactions on the Singapore Exchange Securities Trading Limited ("**SGX-ST**");
- (g) Dividend analysis;
- (h) Estimated range of values of the Shares; and
- (i) Other relevant considerations.

The figures, underlying financial and market data used on our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST and other publicly available information as at the Latest Practicable Date or as provided by the Company where relevant. RHTC makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

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8.1 Market quotation and trading liquidity of the Shares

We note that the Offer Announcement was released after trading hours on 4 May 2023, announcing, *inter alia*, the Offer Price. Subsequently, the trading of the Shares was halted before trading hours on 5 May 2023, followed by a response to the Offer Announcement by the Company. The trading halt was lifted after the response to the Offer Announcement by the Company was announced.

We note that the Price Revision Announcement was released after trading hours on 15 May 2023 announcing, *inter alia*, the Final Offer Price. Subsequently, the response to the Price Revision Announcement by the Company was announced before trading hours on 16 May 2023.

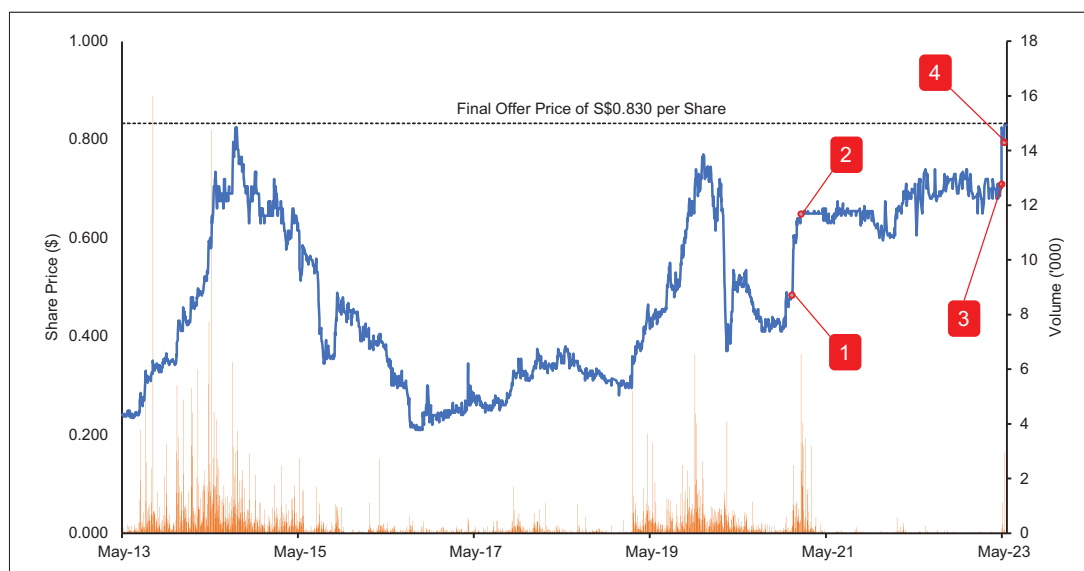
For the purpose of the analysis of market quotation and trading liquidity of the Shares, we have compared the Final Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 5 May 2020, being approximately a 3-year period prior to the release of the Offer Announcement and up to the Latest Practicable Date ("**Period Under Review**").

Further, we have also analysed the Share price chart of the Company from 5 May 2013, being approximately a 10-year period prior to the release of the Offer Announcement and up to the Latest Practicable Date ("**10-year Period Prior to Offer Announcement**"), comparing the Final Offer Price against the historical closing prices of the Shares.

Share price chart for the 10-year Period Prior to Offer Announcement

We set out below a chart showing the Final Offer Price relative to the daily last transacted prices and trading volume of the Shares for the 10-year Period Prior to Offer Announcement.

Price movement and trading volume of the Shares for the 10-year Period Prior to Offer Announcement



Source: Bloomberg L.P..

Notes:

- (1) **21 December 2020:** The Company announced that it has been notified by JHYP and JTTC that they are in non-binding discussions with a potential investor in relation to a possible transaction involving the Shares in the Company ("**2020 Holding Announcement**"). However, there was no certainty that any specific or definitive agreement will be entered into or that any transaction will materialise from the on-going discussions.
- (2) **21 January 2021:** The Financial Adviser announced, for and on behalf of Emet Grace, that Emet Grace intends to make the voluntary conditional cash offer for all the issued and paid-up in the capital of the Company for S\$0.650 in cash per offer share ("**First Offer**").

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- (3) **4 May 2023:** The Financial Adviser announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for S\$0.820 in cash per Offer Share.
- (4) **15 May 2023:** The Financial Adviser announced, for and on behalf of the Offeror, that the Offeror intends to revise the Offer Price to the Final Offer Price of S\$0.830 in cash per Offer Share.

During the period from 5 May 2020 (being the start of the Period Under Review) to 18 December 2020 (being the last traded day prior to the release of the 2020 Holding Announcement) ("**Period Prior to 2020 Holding Announcement**"), the Shares closed at a range of between S\$0.410 and S\$0.535 and the volume weighted average price ("**VWAP**") of the Shares was S\$0.474.

We note that after the release of the 2020 Holding Announcement and prior to the First Offer, trading prices of the Shares increased substantially, of which the Shares closed at a high of S\$0.640 on 7 January 2021 and 12 January 2021. We further note that the trading prices of the Shares remained elevated during the offer period of the First Offer.

After the close of the First Offer and up to 4 May 2023 (being the last traded day prior the Offer Announcement), the Shares closed at a range of between S\$0.595 and S\$0.740 and the VWAP of the Shares was S\$0.672. During this period, we note that the Shares have never closed below the highest closing price of the Shares during the Period Prior to 2020 Holding Announcement of S\$0.535 per Share.

We note that for the 10-year Period Prior to Offer Announcement, the Share price has never closed at or above the Final Offer Price.

After the release of the Offer Announcement and up to the Latest Practicable Date, we note that the trading prices of the Shares increased and traded between S\$0.795 and S\$0.835.

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Market statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review:

	Highest traded price (\$)	Lowest traded price (\$)	VWAP ⁽¹⁾ (\$)	Premium of Final Offer Price over VWAP (%)	Number of traded days	Average daily traded volume ⁽²⁾ ('000)	Average daily traded volume as a percentage of free float ⁽³⁾ (%)
Prior to the Offer Announcement Date							
Last 1 month	0.725	0.680	0.703	18.1	9	6	0.01
Last 3 months	0.725	0.650	0.699	18.7	30	8	0.02
Last 6 months	0.740	0.650	0.700	18.6	57	7	0.02
Last 1 year	0.745	0.605	0.707	17.4	117	10	0.02
Last 2 years	0.745	0.595	0.672	23.5	273	16	0.04
Last 3 years	0.745	0.405	0.599	38.6	509	115	0.26
As at 4 May 2023, being the last traded day prior to the Offer Announcement Date ("Last Traded Day")	0.710	0.710	0.710	16.9	1	2	n.m. ⁽⁴⁾
After the Offer Announcement Date to the Latest Practicable Date							
After the Offer Announcement Date and up to the Latest Practicable Date	0.835	0.795	0.823	0.9	16	302	0.69
As at the Latest Practicable Date	0.830	0.830	0.830	-	1	89	0.20

Sources: Bloomberg L.P. and RHTC calculations.

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Bloomberg L.P.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company, and amounts to approximately 43.93 million Shares representing approximately 19.95% of the Shares as disclosed in the Group's financial year ended 31 December ("FY") 2022 annual report.
- (4) Not meaningful as the percentage is less than 0.01%.

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Based on the above, we observe the following with regards to the share price performance of the Company for the Period Under Review:

- (a) The Final Offer Price represents a premium of approximately S\$0.120 or 16.9% over the VWAP of the Shares of S\$0.710 on 4 May 2022, being the last traded day prior to the release of the Offer Announcement.
- (b) The Final Offer Price represents a premium of approximately 18.1%, 18.7%, 18.6%, 17.4%, 23.5% and 38.6% over the VWAP of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, and 3-year periods prior to the release of the Offer Announcement respectively.
- (c) Over the 3-year period prior to the release of the Offer Announcement, the Shares have traded between a low of S\$0.405 and a high of S\$0.745. The Final Offer Price represents a premium of approximately S\$0.425 or 104.9% over the lowest transacted price of the Shares and a premium of approximately S\$0.085 or 11.4% over the highest transacted price of the Shares. Further, we note that the Final Offer Price represents a premium of approximately S\$0.356 or 75.1% over the VWAP for the Period Prior to 2020 Holding Announcement of S\$0.474. The Shares have not traded above the Final Offer Price during the 3-year period prior to the release of the Offer Announcement.
- (d) The Final Offer Price represents a premium of approximately S\$0.007 or 0.9% over the VWAP of the Shares of S\$0.823 for the period after the release of the Offer Announcement to the Latest Practicable Date.
- (e) For the period from the release of the Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$0.795 and a high of S\$0.835. The Final Offer Price represents a premium of S\$0.035 or 4.4% over the lowest transacted price of the Shares and a discount of S\$0.005 or 0.6% to the highest transacted price of the Shares.
- (f) The Shares closed at the Final Offer Price at S\$0.830 on 29 May 2023, being the Latest Practicable Date.

We observed the following with regards to the trading liquidity of the Shares:

- (i) Over the 3-year period prior to the release of the Offer Announcement, the Shares were traded on 509 days out of a total of 755 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, 3-year periods prior to the release of the Offer Announcement represent 0.01%, 0.02%, 0.02%, 0.02%, 0.04% and 0.26% of the free float of the Shares respectively. We note that the average daily trading volume of the Shares for the 3-year period is substantially higher due mainly to the trades done during the First Offer.
- (ii) During the period following the release of the Offer Announcement up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 302,053 Shares, representing 0.69% of the free float of the Shares.

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8.2 Historical financial performance, position and cash flows of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited financial results of the Group for FY2020, FY2021 and FY2022. The following summary of the financial information should be read in conjunction with the full text of the Group's audited financial statements for the respective years, including the notes thereto.

Historical financial performance of the Group

(S\$'000)	Audited FY2020	Audited FY2021	Audited FY2022
Revenue	119,417	132,649	135,227
Cost of sales	(85,919)	(95,470)	(99,311)
Gross Profit	33,498	37,179	35,916
Other income	10,043	7,311	9,239
Expenses			
Marketing and distribution costs	(195)	(239)	(611)
Administrative expenses	(20,960)	(20,728)	(20,759)
Other operating expenses	(7,168)	(8,346)	(10,116)
Reversal/(impairment) loss on trade receivable	-	(240)	336
Finance costs	(263)	(501)	(600)
Finance income	409	476	1,223
Profit before income tax	15,364	14,912	14,628
Income tax expense	(2,157)	(2,244)	(4,074)
Profit for the period	13,207	12,668	10,554
Profit / (Loss) for the year attributable to:			
Owners of the Company	13,208	12,669	10,555
Non-controlling interests	(1)	(1)	(1)
	13,207	12,668	10,554

Sources: The Group's audited financial statements for FY2020, FY2021 and FY2022.

FY2020 vs FY2021

The Group's revenue increased by S\$13.2 million or 11.1% from S\$119.4 million in FY2020 to S\$132.6 million in FY2021. The increase in revenue was due mainly to an increase in the number of stock vessels sold and an increase in chartering activity.

The Group's gross profit increased by S\$3.7 million or 11.0% from S\$33.5 million in FY2020 to S\$37.2 million in FY2021. The gross profit margin remained stable from 28.1% in FY2020 to 28.0% in FY2021.

The Group's other income decreased by S\$2.7 million or 27.2% from S\$10.0 million in FY2020 to S\$7.3 million in FY2021. The decrease was due mainly to fewer fleet vessels disposed and lower contribution from the various Covid-19 business support schemes provided by the Singapore government. This was partially offset by the reversal of a provision made earlier for the restoration cost of leased land amounted to S\$1.5 million.

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The Group's other operating expenses increased by S\$1.1 million or 16.4% from S\$7.2 million in FY2020 to S\$8.3 million in FY2021. The increase was due to higher marine insurance cost arising from more vessels being added to the Group's operating fleet.

The Group's marketing and distribution costs and administrative expenses remained stable from FY2020 to FY2021.

The Group's impairment loss on trade receivable was S\$0.2 million in FY2021 while there was no impairment loss on trade receivable in FY2020.

The Group's finance cost increased by S\$0.2 million or 90.5% from S\$0.3 million in FY2020 to S\$0.5 million in FY2021. The increase was mainly due to an increase in interest expense on term loans.

The Group's finance income and income tax expense remained stable from FY2020 to FY2021.

As a result of the above, the Group's net profit decreased by S\$0.5 million or 4.1% from S\$13.2 million in FY2020 to S\$12.7 million in FY2021.

FY2021 vs FY2022

The Group's revenue increased by S\$2.6 million or 1.9% from S\$132.6 million in FY2021 to S\$135.2 million in FY2022. The increase in revenue was due mainly to an increase in chartering activity.

The Group's gross profit decreased by S\$1.3 million or 3.4% from S\$37.2 million in FY2021 to S\$35.9 million in FY2022. The gross profit margin fell from 28.0% in FY2021 to 26.6% in FY2022, due mainly to lower shipbuilding margins.

The Group's other income increased by S\$1.9 million or 26.4% from S\$7.3 million in FY2021 to S\$9.2 million in FY2022. The increase was due mainly to a consideration sum received in FY2022 in relation to the Group's relocation from 18 Tuas Basin Link, ahead of the property's lease expiry in 2025.

The Group's other operating expenses increased by S\$1.8 million or 21.2% from S\$8.3 million in FY2021 to S\$10.1 million in FY2022. This was due mainly to higher marine insurance cost and sundry cost, in line with more vessels being added to the Group's operating fleet.

The Group's marketing and distribution cost increased by S\$0.4 million or 155.6% from S\$0.2 million in FY2021 to S\$0.6 million in FY2022. The increase was due mainly to travelling expenses.

The Group's administrative expenses remained stable from FY2021 to FY2022.

The Group's reversal of loss on trade receivable was S\$0.3 million in FY2022 while there was an impairment loss on trade receivable of S\$0.2 million in FY2021.

The Group's finance cost increased by S\$0.1 million or 19.8% from S\$0.5 million in FY2021 to S\$0.6 million in FY2022 due mainly to an increase in interest expense on term loans.

The Group's finance income increased by S\$0.7 million or 156.9% from S\$0.5 million in FY2021 to S\$1.2 million in FY2022. The increase was due mainly to an increase in interest income pertaining to the sale of stock vessels under deferred payment arrangement.

The Group's income tax expense increased by S\$1.9 million or 81.6% from S\$2.2 million in FY2021 to S\$4.1 million in FY2022. The increase was due mainly to the utilisation of tax losses during prior years.

As a result of the above, the Group's net profit decreased by S\$2.1 million or 16.7% from S\$12.7 million in FY2021 to S\$10.6 million in FY2022.

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Financial position of the Group

A summary of the audited financial position of the Group as at 31 December 2022 is set out below:

(S\$'000)	Audited As at 31 December 2022
<u>Current assets</u>	
Inventories	68,588
Trade receivables	21,189
Other receivables and deposits	19,492
Contract assets	4,543
Prepayments	754
Derivatives	487
Fixed deposits	2,453
Cash and bank balances	12,525
Total current assets	130,031
<u>Non-current assets</u>	
Property, plant and equipment	153,447
Right-of-use assets	7,459
Other investments	9,957
Intangible asset	78
Trade receivables	13,814
Other receivables	3,669
Total non-current assets	188,424
<u>Current liabilities</u>	
Trade payables	31,664
Other payables and accruals	37,441
Provisions	701
Contract liabilities	9,388
Derivatives	49
Provision for income tax	2,441
Lease liabilities	680
Term loans	7,994
Total current liabilities	90,358
<u>Non-current liabilities</u>	
Deferred tax liabilities	4,841
Provisions	2,244
Lease liabilities	7,009
Term loans	15,900
Total non-current liabilities	29,994
Net assets	198,103
Capital and reserves	
Share capital	94,943
Retained earnings	110,458
Other reserves	(7,292)
Equity attributable to owners of the Company	198,109
Non-controlling interests	(6)
Total Equity	198,103

Source: The Group's audited financial statement for FY2022.

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Assets of the Group

As at 31 December 2022, the assets of the Group of S\$318.5 million comprised mainly of: i) property, plant and equipment of S\$153.4 million; ii) inventories of S\$68.6 million; iii) trade receivables of S\$35.0 million; and iv) other receivables and deposits of S\$23.2 million, representing approximately 48.2%, 21.5%, 11.0% and 7.3% of the Group's total assets respectively.

Property, plant and equipment

As at 31 December 2022, the Group's property, plant and equipment ("**PPE**") amounted to S\$153.4 million or 48.2% of the Group's total assets and comprised of: i) motor launches ("**Motor Launches**") of S\$105.1 million; ii) leasehold buildings of S\$25.9 million; iii) construction in progress of S\$12.2 million; and iv) machinery and equipment of S\$8.8 million.

Motor Launches comprised of 47 vessel types including, *inter alia*, aluminium ferry boats and crewboats, aluminium launch boats, aluminium line boats, barges and steel boats amounted to S\$105.1 million.

Leasehold building comprised of: i) a leasehold property located at 21 Tuas Road, Singapore 638489 ("**Tuas Property**") amounted to S\$14.7 million; and ii) shipyards located in Kawasan Industri Sekupang, Kelurahan Tanjung Riau, Kecamatan Sekupang, Kota Batam, Provinsi Kepulauan Riau, Kode Pos: 29425 ("**Indonesia Shipyards**"), a land parcel at Pulau Seloko – Tanjung Uncang, Kelurahan Tanjung Riau, Kecamatan Sekupang, Kota Batam, Provinsi Kepulauan Riau, Kode Pos: 29425 ("**Seloko Land**"), 6 unit apartments located in Jalan Duyung Apartement Bayerina Kelurahan Sungai Jodoh, Kecamatan Batu Ampar, Kota Batam, Provinsi Kepulauan Riau, Kode Pos 29453 ("**Indonesia Apartments**"), amounted to S\$11.2 million.

Construction in progress comprised of 3 shell electric ferries and a shore charge station amounted to S\$12.2 million.

Inventories

As at 31 December 2022, the Group's inventories amounted to S\$68.6 million or 21.5% of the Group's total asset and comprised of: i) work in progress in relation to uncompleted vessels and repairs and maintenance projects of S\$66.9 million; and ii) parts and spares of S\$1.7 million.

Trade receivables

As at 31 December 2022, the Group's total trade receivables amounted to S\$35.0 million or 11.0% of the Group's total asset, including current trade receivables of S\$21.2 million and non-current trade receivables of S\$13.8 million. Trade receivables are generally on 30 days term and are non-interest bearing, except for trade receivables which pertained to sale of stock vessels under deferred payment arrangement. They are recognised at original invoice amounts which represent their fair values on initial recognition.

Other receivables and deposits

As at 31 December 2022, the Group's total other receivables and deposits amounted to S\$23.2 million or 7.3% of the Group's total asset. The Group's current other receivables and deposits amounted to S\$19.5 million and comprised of: i) other receivables under financial assets of S\$4.4 million; ii) deposits as part of financial assets of S\$1.3 million; iii) insurance claims of S\$1.0 million; iv) advance payment to suppliers of S\$12.3 million; and v) GST due from IRAS of S\$0.5 million. The Group's non-current other receivables amounted to S\$3.7 million pertained to the sale of vessels under deferred payment arrangement.

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Liabilities of the Group

The liabilities of the Group of S\$120.4 million comprised mainly of: i) other payables and accruals of S\$37.4 million; ii) trade payables of S\$31.7 million; iii) term loans of S\$23.9 million; iv) contract liabilities of S\$9.4 million; and v) lease liabilities of S\$7.7 million representing approximately 31.1%, 26.3%, 19.9%, 7.8% and 6.4% of the Group's total liabilities respectively.

Other payables and accruals

As at 31 December 2022, the Group's other payables and accruals amounted to S\$37.4 million or 31.1% of the Group's total liabilities and comprised of: i) accrued operating expenses of S\$31.7 million; ii) advance payments and deposits received of S\$4.8 million, which refer mainly to downpayments for shipbuilding activities; and iii) other payables under financial liabilities of S\$0.9 million.

Trade payables

As at 31 December 2022, the Group's trade payables amounted to S\$31.7 million or 26.3% of the Group's total liabilities. Trade payables are non-interest bearing and normally settled on 60 to 90-day terms.

Term loans

As at 31 December 2022, the Group's term loans amounted to S\$23.9 million or 19.9% of the Group's total liabilities.

The Group's current term loan amounted to S\$8.0 million and comprised mainly of: i) current secured loans amounted to S\$7.0 million based on various interest rate and payment terms; and ii) current unsecured loan amounted to S\$1.0 million.

The Group's non-current term loan amounted to S\$15.9 million and comprised mainly of non-current secured loans based on various interest rate and payment terms.

The Group's loans from the banks are secured by: i) first mortgage over motor launches; ii) an assignment of charter earnings in respect of mortgaged motor launches; iii) an assignment of insurance policies in respect of mortgaged motor launches; iv) first mortgage over property; and v) an assignment of rental proceeds of mortgaged property.

Contract liabilities

As at 31 December 2022, the Group's contract liabilities amounted to S\$9.4 million or 7.8% of the Group's total liabilities. Contract liabilities refer to progress billings in relation to shipbuilding and maintenance contracts in excess of their corresponding revenue.

Lease liabilities

As at 31 December 2022, the Group's lease liabilities amounted to S\$7.7 million or 6.4% of the Group's total liabilities, including current lease liabilities of S\$0.7 million and non-current lease liabilities of S\$7.0 million.

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NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of non-controlling interests and all liabilities. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the proceeds of which would first be used to settle liabilities of that 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 its equity. Given the asset-intensive nature of the Group's shipbuilding, ship repair and maintenance and chartering businesses, we have also used the asset-based valuation approach for the purpose of evaluating the financial terms of the Offer.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, foreign exchange rates, legal and professional fees, liquidation costs, contractual obligations, any regulatory requirements and availability of potential buyers, which may in theory, alter 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 value of the assets and liabilities may vary depending on prevailing market and economic conditions.

Post Balance Sheet Adjustment

As stated in the announcement by the Company dated 27 April 2023, the Shareholders approved the payment of the FY2022 Dividend at the annual general meeting of the Company held on 27 April 2023. In respect of the FY2022 Dividend, the Record Date was on 10 May 2023 and the FY2022 Dividend had been paid to Shareholders on 23 May 2023. The Final Offer Price has been determined on the basis that the Offeror will not receive the FY2022 Dividend.

Accordingly, adjusting for FY2022 Dividend, the NAV of the Group as at 31 December 2022 was S\$193.2 million ("**Adjusted NAV**"), representing Adjusted NAV per Share of S\$0.877 based on 220,169,774 Shares as at the Latest Practicable Date. The Final Offer Price represents a discount of 5.4% to the Adjusted NAV per Share and values the Group at a P/Adjusted NAV ratio of approximately 0.95 times.

Adjusted NAV (S\$)	193,155,180
Number of Shares	220,169,774
Adjusted NAV per Share (S\$)	0.877
Discount of the Final Offer Price (%)	5.4
Price-to-NAV ("P/NAV") ratio as implied by the Final Offer Price (times)	0.95

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Cash flows of the Group

	Audited	Audited	Audited
(\$'000)	FY2020	FY2021	FY2022
Net cash from/(used in) operating activities	(5,359)	(17,642)	25,420
Net cash used in investing activities	(14,330)	(10,599)	(33,722)
Net cash (used in)/from financing activities	(2,831)	11,539	2,051
Net decrease in cash and cash equivalents	(22,520)	(16,702)	(6,251)
Cash and cash equivalent at the beginning of the financial period	57,150	35,340	18,972
Effect of exchange rate changes on cash and cash equivalents	710	334	(196)
Cash and cash equivalents at end of financial period	35,340	18,972	12,525

Sources: The Group's audited financial statements for FY2020, FY2021 and FY2022.

FY2020

The net cash used in operating activities amounted to S\$5.4 million was used mostly in shipbuilding activities.

The net cash used in investing activities amounted to S\$14.3 million arose from the addition of new vessels to the fleet, investment in the Tuas Property and upgrading of Indonesia Shipyards. This was partially offset by the sale of vessels from the Group's operating fleet.

The net cash used in financing activities amounted to S\$2.8 million was used for the repayment of a term loan, a dividend payment, payment of the principal portion of lease liabilities and pledged deposits with licensed banks. This was offset by the drawdown of a S\$5.0 million unsecured term loan.

As a result of the above cash movements, the Group's cash and cash equivalents decreased by S\$21.9 million or 38.2% from S\$57.2 million as at 31 December 2019 to S\$35.3 million as at 31 December 2020.

FY2021

The net cash used in operating activities amounted to S\$17.6 million was used mostly in shipbuilding activities.

The net cash used in investing activities amounted to S\$10.6 million arose from the addition of new vessels to the Group's fleet, investment in the Tuas Property and upgrading of Indonesia Shipyards. This was partially offset by the sale of vessels from the Group's operating fleet.

The net cash from financing activities amounted to S\$11.5 million arose from the drawdown of bank loans of S\$12.2 million and a decrease in pledged deposits. This was offset by the repayment of bank loans and payment of the principal portion of lease liabilities.

As a result of the above cash movements, the Group's cash and cash equivalents decreased by S\$16.3 million or 46.3% from S\$35.3 million as at 31 December 2020 to S\$19.0 million as at 31 December 2021.

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FY2022

The net cash from operating activities amounted to S\$25.4 million was generated mostly by shipbuilding activities.

The net cash used in investing activities amounted to S\$33.7 million arose from the addition of new vessels to the Group's fleet and investment in the Tuas Property. This was partially offset by the sale of vessels from the Group's fleet.

The net cash from financing activities amounted to S\$2.1 million arose from the drawdown of bank loans. This was offset by the repayment of bank loans and dividend payment.

As a result of the above cash movements, the Group's cash and cash equivalents decreased by S\$6.5 million or 34.0% from S\$19.0 million as at 31 December 2021 to S\$12.5 million as at 31 December 2022.

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8.3 Revalued net asset value (“RNAV”) of the Group

The Adjusted NAV of the Group as at 31 December 2022 was S\$193.2 million, representing Adjusted NAV per Share of S\$0.877 based on 220,169,774 Shares as at 31 December 2022.

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2022 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the Adjusted NAV and RNAV of the Group as at 31 December 2022.

In connection with the Offer, the Group has commissioned ALC Consulting, Premas and MBPRU to carry out independent valuations of the: i) Motor Launches, 3 construction in progress shell electric ferries and a marine crane; ii) Tuas Property; iii) Indonesia Shipyards, Seloko Land and Indonesia Apartments; and iv) certain machinery and equipment (collectively, “**Appraised Assets**”).

Motor Launches

Motor Launches are held in PPE as part of the Group’s operating fleet for their chartering activities. The Group holds: i) 47 completed Motor Launches which include different vessel types including, *inter alia*, aluminium ferry boats and crewboats, aluminium launch boats, aluminium line boats, barges and steel boats; ii) 3 construction in progress shell electric ferries; and iii) a marine crane.

Based on the Summary Valuation Report dated 29 May 2023 as provided by ALC Consulting, the valuation of the Motor Launches, the construction in progress shell electric ferries and the marine crane as of 22 May 2023 has been carried out in accordance with the standard of International Valuation Standards Council (“**IVSC**”).

In arriving at the assessed fair value of the Motor Launches, the construction in progress shell electric ferries and the marine crane on a completed basis, ALC Consulting has relied on replacement cost methodology.

Pursuant to the Summary Valuation Report provided by ALC Consulting, fair value refers to 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.

Tuas Property

The Tuas Property is a 20-year leasehold property commencing from 16 April 2020 which include a shipyard comprising of a 2-storey ancillary office building, two single-storey workshops, one proposed single-storey workshop, single-storey facility workshop and a coastline with slipway, deep water basin and finger pier.

Based on the Summary Valuation Report dated 26 May 2023 as provided by Premas, the valuation of the Tuas Property as of 19 May 2023 has been carried out in accordance with the Singapore Institute of Surveyors and Valuers’ Valuation Standards and Practice Guidelines, 2022 Edition.

In arriving at the assessed market value and gross development value of the Tuas Property on an as-is basis and completed basis respectively, Premas has relied on the direct comparison and investment method of valuation.

Based on the foregoing, Premas have valued the Tuas Property on the as-is basis and on completed basis. The as-is value is based on the Tuas Property as at the date of valuation with a lease term of 20 years commencing from 16 April 2020. The completed basis value assumes the satisfactory completion of a workshop in addition to the 20-year lease term.

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Pursuant to the Summary Valuation Report provided by Premas: i) market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion; and ii) gross development value is defined as a valuation on the basis of being the market value on the special assumption that "a building or other proposed development has been completed in accordance with a defined plan and specification".

Indonesia Shipyards, Seloko Land and Indonesia Apartments

The Indonesia Shipyards comprises workshops and other ancillary facilities including, *inter alia*, office buildings where the Group primarily carries out its shipbuilding activities.

The Seloko Land is in a raw state and has not been developed. The Seloko Land has a land area of 70,551 square metres.

The Indonesia Apartments comprises 6 apartment units. The Indonesia Apartments has a land area of 291 square metres.

Based on the Summary Valuation Report in respect of: i) the Indonesia Shipyards dated 22 May 2023; ii) the Senoko Land dated 19 May 2023; and iii) the Indonesia Apartments dated 20 May 2023, as provided by MBPRU, the valuation of the Indonesia Shipyards, Seloko Land and Indonesia Apartments has been carried out in accordance with the Indonesian Appraiser's Code of Ethics & Indonesian Appraisal Standards VII edition – 2018. The valuation date of the Summary Valuation Reports are similar to the corresponding valuation report dates.

In arriving at the assessed market value of the Indonesia Shipyards, Seloko Land and Indonesia Apartments, MBPRU has relied on the: i) cost approach with the replacement cost method in assessing the Indonesia Shipyards; and ii) market approach with the market data comparison method in assessing the Seloko Land and Indonesia Apartments.

Pursuant to the Summary Valuation Reports provided by MBPRU, market value is defined as the estimated amount of money that can be obtained or paid for the exchange of an asset or liability at the valuation date, between an interested buyer and a seller who is interested in selling, in a bond-free transaction, which is marketed fairly, in which both parties – each act on the basis of his understanding, prudently and without coercion.

Machinery and equipment

The Group has certain machinery and equipment which may have values that are materially different from that which were recorded in the statement of financial position of the Group as at 31 December 2022. These machinery and equipment including, *inter alia*, cranes, girder overheads and straddle carriers ("**Revalued Machinery and Equipment**").

Based on the Summary Valuation Report dated 22 May 2023 as provided by MBPRU, the valuation of the Revalued Machinery and Equipment as of 22 May 2023 has been carried out in accordance with the Indonesian Appraiser's Code of Ethics & Indonesian Appraisal Standards VII edition – 2018.

In arriving at the assessed market value of the Revalued Machinery and Equipment, MBPRU relied on the cost approach with the replacement cost method and the market approach with the market data comparison method.

Pursuant to the Summary Valuation Report as provided MBPRU, market value is defined as the estimated amount of money that can be obtained or paid for the exchange of an asset or liability at the valuation date, between an interested buyer and a seller who is interested in selling, in a bond-free transaction, which is marketed fairly, in which both parties – each act on the basis of his understanding, prudently and without coercion.

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Other investments

As at 31 December 2022, the Group's other investments amounted to S\$10.0 million in its statement of financial position which relates to the shares of Marco Polo Marine Ltd ("**Marco Polo**"), a company listed on the Mainboard of the SGX-ST that is principally engaged in the business of shipbuilding and the chartering of vessels.

We understand that the Company has a direct interest in 303,571,428 ordinary shares in the capital of Marco Polo, comprising (a) 242,857,144 ordinary shares which are beneficially owned by the Company and (b) 60,714,284 ordinary shares which are held by the Company as nominee for JHYP.

Accordingly, as at the Latest Practicable Date, the Company holds 242,857,144 shares, representing 6.5% of the total issued shares in Marco Polo ("**Marco Polo Shares**").

The last traded price of the Marco Polo Shares prior to the Latest Practicable Date was S\$0.051. Based on the last traded price of Marco Polo of S\$0.051 and 242,857,144 shares, the market value of the Marco Polo Shares is S\$12.4 million.

We recommend the Independent Directors to advise Shareholders to read the Summary Valuation Reports carefully, in particular, the terms of reference, key assumptions and critical factors.

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Shareholders are advised to read the full text of the Summary Valuation Reports set out in Appendix E to the Circular. A summary of the book value and market value is set out in the table below:

Revalued assets	Valuer	Book value as at 31 December 2022 (S\$'000)	Market value (S\$'000)	Revaluation surplus / (deficit) ⁽¹⁾ (S\$'000)	
				As-is	Completed Basis
Motor Launches, construction in progress shell electric ferries ⁽²⁾ and a marine crane	ALC Consulting	115,447	164,890 ⁽³⁾	49,443 ⁽³⁾	49,443
Tuas Property ⁽²⁾					
- As-is	Premas	19,798	15,000	(4,798)	-
- Completed Basis	Premas	19,798	18,000	-	(1,798)
Indonesia Shipyards, Seloko Land and Indonesia Apartment	MBPRU	11,170	16,675 ⁽⁴⁾	5,505	5,505
Revalued Machinery and Equipment	MBPRU	4,244	5,456 ⁽⁴⁾	1,211	1,211
Marco Polo Shares	NA	9,957	12,386	2,429	2,429
Total revaluation surplus				53,790	56,790

Notes:

- (1) The revaluation surplus or deficit is calculated as the difference between the market or fair values of the assets and their corresponding book values as at 31 December 2022.
- (2) We note that as at 31 December 2022, the Group had not complete the construction in progress shell electric ferries and the workshop of the Tuas Property. We understand from the Company that the Group would need to spend further financial resources to complete building the electric ferries and the workshop. Assuming that the electric ferries and the workshop are completed, the carrying values of the shell electric ferries and the workshop would increase, at the same time, the NAV of the Group would decrease by the same amount and have no material effects to the NAV to the Group. Accordingly, we did not make any adjustments to the carrying values of the construction in progress electric ferries and the workshop in calculating the revaluation surplus or deficit, where the valuers have ascribed market values to them on completed basis.
- (3) Based on completed basis.
- (4) The exchange rate used for conversion to SGD is IDR:S\$ 0.00009041 as at the Latest Practicable Date extracted from Bloomberg L.P..

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Based on the above, we set out below the adjustments which are made to the Adjusted NAV of the Group to determine the RNAV:

Adjusted NAV adjustments for revaluation surplus	As-is (S\$)	Completed basis (S\$)
The Group's Adjusted NAV as at 31 December 2022	193,155,180	193,155,180
Add: Revaluation surplus in relation to the Appraised Assets and quoted investment in Marco Polo	53,789,848	56,789,848
RNAV of the Group	246,945,028	249,945,028
Number of Shares outstanding as at Latest Practicable Date	220,169,774	220,169,774
RNAV per Share (S\$)	1.122	1.135
Discount of the Final Offer Price to the RNAV per Share (%)	(26.0)	(26.9)
Price-to-RNAV ("P/RNAV") ratio as implied by the Final Offer Price (times)	0.74	0.73

Under Rule 26.3 of the Code, 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 an offer, were to be sold at the amount of the valuation. Management is of the view that the potential tax liabilities which may be incurred by the Group on the hypothetical disposal of the Appraised Assets based on the valuations carried out by the Independent Valuers are not likely to crystallise as the Group has no intention to sell the Appraised Assets as of the Latest Practicable Date.

Based on the above, we note that the Final Offer Price represents a discount of 26.0% on an as-is basis and 26.9% on a completed basis to the RNAV per Share of S\$1.122 on an as-is basis and S\$1.135 on a completed basis and values the Group at a P/RNAV ratio of 0.74 times on an as-is basis and 0.73 times on a completed basis.

Notwithstanding the above, Shareholders should note that the above analysis on the RNAV provides an estimate of the value of the Group assuming the hypothetical sales of the Group's assets as at the Latest Practicable Date. As set out above, there is no certainty and assurance that each of the Appraised Assets is able to be sold at the market value based on the Summary Valuation Reports, given that the existing nature of each of the above-mentioned assets which are specific to the Group's own use, and that the Group may face difficulties in locating potential buyers who are interested and willing to acquire the above-mentioned assets at the valuation amount. In addition, while Marco Polo is a listed security on the SGX-ST, given that the Group owns 6.5% of the total issued shares in Marco Polo, it may be difficult for the Group to fully realise its Marco Polo Shares at its last traded price as at the Latest Practicable Date.

Further, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, foreign exchange rates, professional fees, liquidation costs, contractual obligations, any other regulatory requirements, and availability of potential buyers, which may in theory, alter the RNAV that can be realised.

Shareholders should be aware that the Group has not realised the loss or gain as set out in the adjustments, as mentioned above, to the Adjusted NAV as at the Latest Practicable Date. There is no assurance that the actual loss or gain (if any) eventually recorded by the Group will be the same as that derived from the assessments made based on the current market value, independent valuation, and the Management's estimates.

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In our assessment of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2022 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the Adjusted NAV of the Group as at 31 December 2022.

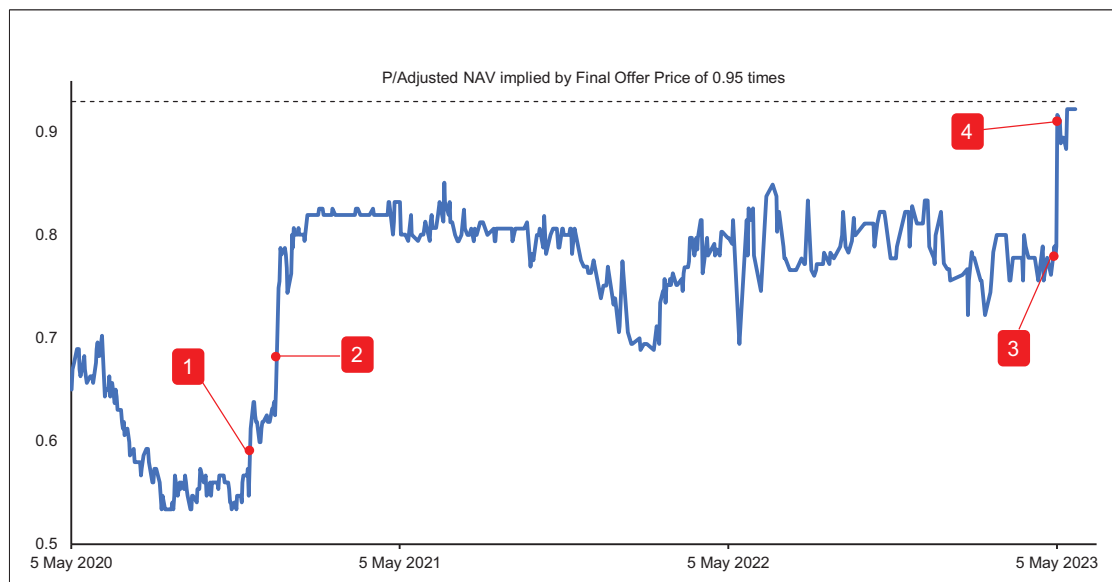
In respect of the above, we have sought the following confirmations from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) save as disclosed in this Letter, there are no material differences between realisable values of Group's assets and their respective book values as at the Latest Practicable Date which would have material impact on the Adjusted NAV of the Group as at 31 December 2022;
- (b) there are no other contingent liabilities, bad or doubtful debts or material events as at the Latest Practicable Date which would likely have a material impact on the Adjusted NAV of the Group as at 31 December 2022;
- (c) there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the financial position of the Company and Group as at 31 December 2022;
- (d) there are no other intangible assets as at the Latest Practicable Date and which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group as at 31 December 2022; and
- (e) there are no material acquisitions or disposals of assets by the Group between 31 December 2022 and the Latest Practicable Date, and the Group does not have any 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.

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8.4 Historical P/NAV ratio of the Shares

We have also compared the P/Adjusted NAV ratio of the Group as implied by the Final Offer Price against the historical P/NAV ratio of the Group for the Period Under Review.



Sources: Bloomberg L.P..

Notes:

- (1) **21 December 2020:** Announcement of the 2020 Holding Announcement.
- (2) **21 January 2021:** Announcement of the First Offer.
- (3) **4 May 2023:** Announcement of the Offer.
- (4) **15 May 2023:** Announcement of the Price Revision Announcement.

In addition, we set out below the average, minimum and maximum discount to the NAV of the Group for the Period Under Review:

	Discount to P/NAV ratio		
	Average	Maximum	Minimum
Prior to the Offer Announcement Date			
Last 1 month	22.5%	24.4%	21.1%
Last 3 months	22.8%	27.8%	20.0%
Last 6 months	22.0%	27.8%	16.6%
Last 1 year	21.4%	30.6%	15.1%
Last 2 years	21.6%	31.2%	14.9%
Last 3 years	26.7%	46.6%	14.9%
After the Offer Announcement Date to the Latest Practicable Date			
After the Offer Announcement Date and up to the Latest Practicable Date	8.8%	11.7%	7.8%

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We note that the Shares has consistently traded at a discount to the NAV per Share of the Group over the Period Under Review.

During the 1-month, 3-month, 6-month, 1-year, 2-year and 3-year period up to and including the last traded day prior to the Offer Announcement, the Shares traded at an average discount of 22.5%, 22.8%, 22.0%, 21.4%, 21.6% and 26.7% to the NAV per Share of the Group.

During the 3-year period up to and including the last traded day prior to the Offer Announcement, the Shares traded at a discount of between a minimum of 14.9% and a maximum of 46.6% to the NAV per Share of the Group.

During the period after the Offer Announcement Date and up to the Latest Practicable Date, we note that the Shares had traded at an average discount of 8.8% and a discount of between a minimum of 7.8% and a maximum of 11.7% to the NAV per Share of the Group.

Notwithstanding that the discount to Adjusted NAV as implied by the Final Offer Price of 5.4% is less than the range of discounts at which the Shares has consistently traded at over the Period Under Review.

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8.5 Comparison with the valuation ratios of selected companies which are broadly comparable to the Group

For the purposes of our evaluation on the financial terms of the Offer, we have made reference to the valuation ratios of selected listed companies on the SGX-ST. These companies are engaged in the business of: i) shipbuilding; ii) ship repair and maintenance; and iii) chartering and related business, which the Company considers to be broadly comparable to the Group (“Comparable Companies”).

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST, which we may consider to be identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of the 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 annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

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A brief description of the Comparable Companies is as follows:

Comparable Companies	Business Description	Financial Year Ended
Yangzijiang Shipbuilding Holdings Limited (“YZJ”)	YZJ builds a wide range of ships. YZJ produces a wide range of commercial vessels, mini bulk carriers, multi-purpose cargo vessels, containerships, chemical tankers, offshore supply vessels, rescue, and salvage vessels, and lifting vessels.	31 December
Marco Polo	Marco Polo is an integrated shipping company. Marco Polo provides services that include ship chartering, ship building and repair, and brokering services.	30 September
Atlantic Navigation Holdings (Singapore) Ltd. (“Atlantic Navigation”)	Atlantic Navigation is a shipping company. Atlantic Navigation offers an integrated platform of services including vessel owning, operating, chartering of third party vessels, maintenance workshop and steel fabrication works for the offshore industry. Atlantic primarily operates its fleet in the Middle East and Indian markets.	31 December
Vallianz Holdings Limited (“Vallianz”)	Vallianz is a vessel and equipment owning, and leasing company. Vallianz provides marine support services, primarily marine asset ownership, leasing, and fleet management.	31 March
CH Offshore Ltd. (“CHO”)	CHO provides marine support services. CHO offers towing, anchor-handling, dry bulk cargoes, emergency response, rescue, fire-fighting, and field support services. CHO serves customers worldwide.	31 December
ASL Marine Holdings Ltd. (“ASL Marine”)	ASL Marine operates as a holding company. ASL Marine, through its subsidiaries, engages in shipbuilding, ship repair and conversion, marine vessel chartering, marine engineering, and other related services. ASL Marine serves customers worldwide.	30 June
ES Group Holdings Ltd. (“ES Group”)	ES Group is a marine and offshore group involved in newbuilding, conversion, and repair of oceangoing vessels. ES Group builds, converts, and repairs a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers, and cargo ships.	31 December

Source: Bloomberg L.P..

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In our evaluation, we have considered the following widely used valuation measures:

Valuation ratio	Description
Price-to-earnings ("PE") ratio	<p>PE ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation, and amortisation expenses. The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("EV/EBITDA")	<p>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.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation, and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>
P/NAV	<p>NAV refers to consolidated net asset value, which are the total assets of a company less total liabilities.</p> <p>P/NAV refers to the ratio of a company's share price divided by NAV per share. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>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.</p>

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PE Ratio implied by the Final Offer Price

The Group's consolidated net profit attributable to shareholders for FY2022 was S\$6.8⁽¹⁾ million. Based on the Final Offer Price of S\$0.830 per Share and the 220,169,774 Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$182.7 million. The Final Offer Price thus values the Group at a PE ratio of approximately **26.74 times**.

EV/EBITDA implied by the Final Offer Price

The Group's EBITDA for FY2022 was S\$23.6⁽¹⁾ million. Based on the Final Offer Price of S\$0.830 per Share, the 220,169,774 Shares as at the Latest Practicable Date, the implied enterprise value of the Company is approximately S\$184.2⁽²⁾⁽³⁾ million. The Final Offer Price thus values the Group at an EV/EBITDA ratio of approximately **7.81 times**.

P/Adjusted NAV and P/RNAV implied by the Final Offer Price

The Adjusted NAV of the Group as at 31 December 2022 amounted to approximately S\$193.2 million. Based on 220,169,774 Shares as at the Latest Practicable Date, the Adjusted NAV per Share amounted to S\$0.877 per Share.

The Final Offer Price of S\$0.830 per Share represents a discount of 5.4% to the Adjusted NAV per Share of S\$0.877 and values the Group at a P/Adjusted NAV ratio of **0.95 times** as at 31 December 2022.

The P/RNAV attributable to owners of the Group as at 31 December 2022 amounted to approximately S\$247.0 million on an as-is basis and S\$250.0 million on a completed basis. Based on 220,169,774 Shares as at the Latest Practicable Date, the RNAV per Share amounted to S\$1.122 per Share on an as-is basis and S\$1.135 per Share on a completed basis.

The Final Offer Price of S\$0.830 per Share represents a discount of 26.0% on an as-is basis and 26.9% on a completed basis to the RNAV per Share of S\$1.122 per Share on an as-is basis and S\$1.135 per Share and values the Group at a P/RNAV ratio of 0.74 times on an as-is basis and 0.73 times on a completed basis as at 31 December 2022.

Notes:

- (1) Adjusted for non-recurring items including: i) a consideration sum of S\$3.6 million relating to the early relocation ahead of the property's lease expiry in 2025; and ii) reversal of restoration cost on leased land of S\$0.2 million.
- (2) Adjusted for the FY2022 Dividend amounted to S\$5.0 million.
- (3) Adjusted for Marco Polo Shares of S\$12.4 million based on its last transacted price of S\$0.051 as of Latest Practicable Date, being the surplus asset of the Group.

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

Comparable Companies	Market Capitalisation (\$\$'million)	PE Ratio ⁽¹⁾ (times)	EV/EBITDA ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)
YZJ ⁽⁴⁾	4,977.7	10.59 ⁽⁵⁾	5.75 ⁽⁵⁾	1.48
Marco Polo	191.4	12.89 ⁽⁶⁾	4.94 ⁽⁶⁾	1.30
Atlantic Navigation ⁽⁷⁾	164.9	10.87	6.58	1.49
Vallianz ⁽⁷⁾	52.1	n.m. ⁽⁸⁾⁽⁹⁾	13.41 ⁽⁹⁾	28.05 ⁽¹⁰⁾
CHO ⁽⁷⁾	47.9	n.m. ⁽⁸⁾	34.84 ⁽¹⁰⁾	0.73
ASL Marine	42.8	n.m. ⁽⁸⁾⁽¹¹⁾	6.31 ⁽¹¹⁾	0.69
ES Group	7.06	n.m. ⁽⁸⁾	41.23 ⁽¹⁰⁾	0.30

Max	12.89	13.41	1.49
Min	10.59	4.94	0.30
Mean	11.45	7.40	1.00
Median	10.87	6.31	1.01

Company (implied by the Final Offer Price)	182.7	26.74	7.81	0.95
				(P/Adjusted NAV)
				0.74 (as-is basis)
				0.73 (completed basis)
				(P/RNAV)

Sources: Bloomberg L.P., annual reports and announcements of the Comparable Companies and RHTC calculations.

Notes:

- (1) The PE ratios of the Comparable Companies are calculated based on their respective trailing twelve months ("T12M") net profit attributable to the company as set out in their latest available published interim results or latest full year results, whichever is applicable.
- (2) The EV of the Comparable Companies are calculated based on: i) their market capitalisation; and ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available financial results. The EBITDAs are calculated based on the T12M results of the respective Comparable Companies.
- (3) The P/NAV ratios of the Comparable Companies are calculated based on their respective NAV values as set out in their latest available published interim results or latest full year results, whichever is applicable.
- (4) The exchange rate used for conversion to SGD is RMB:\$ 0.1914 as at the Latest Practicable Date extracted from Bloomberg L.P..
- (5) Adjusted for non-recurring items including: i) profit from discontinued operations of RMB194.6 million; ii) reversal of impairment loss on financial assets of RMB78.9 million; iii) gain on dissolution of subsidiaries of RMB41.8 million; and iv) income from forfeiture of advances received of RMB36.5 million.
- (6) Adjusted for non-recurring items including: i) impairment loss on vessel of S\$0.2 million; and ii) reversal of impairment loss from a joint venture of S\$0.1 million.
- (7) The exchange rate used for conversion to SGD is USD:\$ 1.3536 as at the Latest Practicable Date extracted from Bloomberg L.P..
- (8) n.m. denotes not meaningful as Vallianz, CHO, ASL Marine and ES Group were in net loss position.
- (9) Adjusted for non-recurring gain on disposal of associate of USD6.4 million.

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- (10) Excluded as outlier.
- (11) Adjusted for non-recurring reversal of impairment loss on non-financial assets of S\$15.5 million.

Based on the above, we observe that:

- (i) The PE ratio of the Group of 26.74 times implied by the Final Offer Price is above the upper range, and also mean and median PE ratios of the Comparable Companies of 11.45 times and 10.87 times respectively.
- (ii) The EV/EBITDA ratio of the Group of 7.81 times implied by the Final Offer Price is within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 7.40 times and 6.31 times respectively.
- (iii) The P/Adjusted NAV ratio of the Group of 0.95 times implied by the Final Offer Price is within the range and slightly below the mean and median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively.
- (iv) The P/RNAV ratio of the Group of 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range but below the mean and the median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively. We note that bulk of the assets of the Comparable Companies comprised of property, plant and equipment and are recorded at cost and are not fair valued. Accordingly, the P/NAV ratios of the Comparable Companies may not be directly comparable with the P/RNAV of the Group implied by the Final Offer Price.

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8.6 Comparison with recently completed Privatisation Transactions on the SGX-ST

In view that it is the intention of the Offeror to privatise the Company and delist it from the SGX-ST, for the purpose of our evaluation on the financial terms of the Offer, we have compared the financial terms of the Offer to other recently completed privatisation take-over offers of companies listed on the SGX-ST which were announced in the 24-month period prior to the Offer Announcement Date up to the Latest Practicable Date (“Privatisation Transactions”).

However, we wish to highlight that the list of target companies set out under the Privatisation Transactions may not be directly comparable with the Company in terms of market capitalisation, size of operations, business activities, accounting policies, financial performance, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. We also wish to highlight that the list of Privatisation Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, *inter alia*, the offeror’s intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets as well as existing and desired level of control in the target company. Therefore, the comparison of the Offer with the Privatisation Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect the perceived market valuation of the Company.

Privatisation Transactions	Date of Announcement ⁽¹⁾	Premium/(discount) of Offer Price over/(to) ⁽¹⁾ (%)				P/NAV or P/RNAV (times) ⁽²⁾
		Last transacted price prior to announcement	VWAP for the 1-month period prior to announcement	VWAP for the 3-month period prior to announcement	VWAP for the 6-month period prior to announcement	
Cheung Woh Technologies Ltd	6 May 2021	90.0	90.0	92.6	109.6	1.10
Dutech Holdings Limited	31 May 2021	74.0	73.3	74.7	73.3	0.74
Fragrance Group Limited	9 Jul 2021	16.9	19.0	19.0	20.0	0.70
SingHaiyi Group Ltd.	9 Nov 2021	8.3	7.0	10.7	18.3	0.60
Starburst Holdings Limited	10 Nov 2021	5.8	3.9	9.2	12.8	1.84
United Global Limited	10 Dec 2021	12.5	16.7	16.7	16.2	1.06
Roxy-Pacific Holdings Limited	15 Dec 2021	19.8	21.0	23.5	30.3	0.64
Shinvest Holding Ltd.	16 Feb 2022	12.9	8.5	10.2	10.1	0.66
Singapore O&G Ltd.	7 Mar 2022	18.0	14.8	12.2	11.3	3.35
Excelpoint Technology Ltd	13 Apr 2022	21.4	36.6	31.3	45.9	1.58
Hwa Hong Corporation Limited	17 May 2022	37.9	36.1	32.0	22.0	0.79
T T J Holdings Limited	20 May 2022	36.1	33.6	28.8	28.0	0.63
Allied Technologies Limited	17 Jun 2022	n.a. ⁽³⁾	n.a. ⁽³⁾	n.a. ⁽³⁾	n.a. ⁽³⁾	0.35
GYP Properties Limited	8 Jul 2022	34.2	37.9	33.3	28.2	0.69
Silkroad Nickel Ltd.	29 Aug 2022	2.4	5.4	5.1	(5.5)	5.07
Memories Group Limited	12 Sep 2022	34.3	67.3	72.2	74.7	1.02

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Privatisation Transactions	Date of Announcement ⁽¹⁾	Premium/(discount) of Offer Price over/(to) ⁽¹⁾ (%)				P/NAV or P/RNAV (times) ⁽²⁾
		Last transacted price prior to announcement	VWAP for the 1-month period prior to announcement	VWAP for the 3-month period prior to announcement	VWAP for the 6-month period prior to announcement	
Singapore Medical Group Limited	13 Sep 2022	23.1	28.1	28.9	25.8	1.14
Moya Holdings Asia Limited	14 Sep 2022	41.5	43.8	48.4	48.4	1.39
Asian Healthcare Specialists Limited	6 Oct 2022	17.5	18.3	21.3	22.3	2.07
MS Holdings Limited	3 Oct 2022	nil	nil	25.2	25.5	0.48
Informatics Education Ltd.	17 Oct 2022	37.5	8.9	4.8	(6.0)	n.m. ⁽⁴⁾
Chip Eng Seng Corporation Ltd	24 Nov 2022	5.6	13.1	26.5	33.7	0.56
Global Dragon Limited	10 Feb 2023	14.3	15.4	22.4	17.6	0.73
Maximum		90.0	90.0	92.6	109.6	5.07
Minimum		2.4	3.9	4.8	(6.0)	0.35
Mean		26.9	28.5	29.5	30.1	1.24
Median		19.8	19.0	24.4	23.9	0.77
The Company (implied by the Final Offer Price)	4 May 2023	16.9	18.1	18.7	18.6	0.95
						(based on Adjusted NAV of the Group as at 31 Dec 2022)
						0.74 (as-is basis) 0.73 (completed basis)
						(based on RNAV of the Group as at 31 Dec 2022)

Sources: Circulars and announcements of Privatisation Transactions and RHTC calculations.

Notes:

- (1) Date of announcement and premium/(discount) of Final Offer Price over last transacted price and VWAPs refer to the date of first announcement, including holding announcement, of offers and are extracted from the independent financial adviser's letter set out in respective circular of the companies.
- (2) Based on the NAV per share or RNAV per share, where available, as published in the independent financial adviser's letter set out in respective circular of the companies.
- (3) "n.a." means not applicable as the shares of Allied Technologies Limited were suspended for more than three years prior to its offer.
- (4) "n.m." denotes not meaningful as Informatics Education Ltd. was in net liability position.

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Based on the above, we note the following:

- (a) The premia implied by the Final Offer Price of 16.9% over the last transacted price of the Shares prior to the Offer Announcement Date is within the range but below the median and mean of the corresponding premia of the Privatisation Transactions.
- (b) The premia implied by the Final Offer Price of 18.1% over the VWAPs for the 1-month period is within the range and close to the median of the corresponding premia of the Privatisation Transactions but below the mean of the corresponding premia of the Privatisation Transactions.
- (c) The premia implied by the Final Offer Price of 18.7% and 18.6% over the VWAPs for the 3-month and 6-month period are within the range but below the mean and median of the corresponding premia of the Privatisation Transactions.
- (d) The P/Adjusted NAV ratio of the Group of 0.95 times as implied by the Final Offer Price is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions.
- (e) The P/RNAV ratio of the Group 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range and close to the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions.

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8.7 Dividend analysis

Dividend track record of the Company

We set out the dividend track record of the Shares of the past three financial years prior to the Offer Announcement Date:

Dividend declared (S\$)	FY2020	FY2021	FY2022
Total dividends per Share	-	0.0225	0.0225
Average Share price ⁽¹⁾	0.504	0.646	0.685
Dividend yield ⁽²⁾ (%)	-	3.5%	3.3%

Sources: Bloomberg L.P., annual reports of the Group and announcements of the Company.

Notes:

- (1) Average daily closing price of the Shares corresponding to the financial year.
- (2) Computed based on dividends per Share divided by the average Share price.

We note that the Company has paid dividends to its Shareholders in FY2021 and FY2022 with the total annual dividend per Share of S\$0.0225 and dividend yield up to 3.5% per annum.

The Directors have confirmed that the Company does not have a stated dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements and projected capital expenditure and other investments plans.

Investment in selected alternative investments

Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments including the equity of the Comparable Companies and/or a broad market index instrument such as the SPDR Straits Times Index ("**STI ETF**"). The STI ETF is an exchange-traded fund that is designed to track the performance of the Straits Times Index.

For illustrative purposes, we set out below the dividend yields of these selected alternative investments based on their ordinary dividend declared over the latest 12 months ("**LTM**"):

Comparable Companies and STI ETF	LTM Dividend Yield (%)
YZJ	4.3 ⁽¹⁾
Marco Polo	-
Atlantic Navigation	-
Vallianz	-
CHO	-
ASL Marine	-
ES Group	-
STI ETF	3.7 ⁽²⁾
Company	3.3

Sources: Bloomberg L.P. and SGXNet.

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Notes:

- (1) Computed based on dividends per share divided by average daily closing price of the shares in FY2022.
- (2) Extracted from Bloomberg L.P..

Based on the above, we note that the LTM dividend yield of the Company is below the LTM dividend yield of the YZJ and STI ETF at 4.3% and 3.7% respectively.

This suggests that a Shareholder who receives the proceeds from the Offer may potentially experience an increase in investment income if he re-invests the proceeds from the Offer Price in the shares of the Comparable Companies that has paid out dividends in their respective last financial year or the STI ETF. This is on the assumption that the Comparable Companies that has paid out dividends in their respective last financial year and the STI ETF maintain their respective net dividend per share at the same level as that set out above.

We wish to highlight that the above dividend analysis of the Company serves as an illustrative guide and is not an indication of the Company's future dividend policy nor that of any Comparable Companies or the STI ETF. There is no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain that level of dividend paid in past periods.

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8.8 Estimated range of values of the Shares

We have looked at both earnings approach and cost approach as relevant valuation approaches in determining the estimated range of values of the Shares. We note that the Group's normalised profit after tax attributable to the shareholders decreased substantially in FY2022, accordingly we have not considered PE ratio in estimating the range of values of the Shares.

Based on the EV/EBITDA and P/NAV statistics of the Comparable Companies, we are of the view that the estimated range of values of the Shares is between S\$0.669 and S\$0.889 per Share. The Final Offer Price of S\$0.830 is within the range of the estimated range of values of the Shares.

Such value estimation is thus intended solely for illustration purposes and has not taken into consideration other factors that may affect the value that can ultimately be realised by the Group. These include, but are not limited to, liquidation value and costs, legal and other professional fees, taxes, time value of money, prevailing market conditions, regulatory requirements, contractual limitations and obligations, and the availability of buyers.

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8.9 Other relevant considerations

8.9.1 The First Offer

We note that on 21 January 2021, Emet Grace made the First Offer in accordance with the Code.

We compare the statistics of the Offer against the First Offer as follow:

	Offer Price (S\$)	Date of announcement	Premium of Offer Price over (%)				P/NAV (times)
			Last transacted price prior to announc- ment	VWAP for the 1- month period prior to announc- ment	VWAP for the 3- month period prior to announc- ment	VWAP for the 6- month period prior to announc- ment	
First Offer ⁽¹⁾	0.650	21 Jan 2021	30.0	35.4	42.5	44.4	0.82
The Offer	0.830	4 May 2023	16.9	18.1	18.7	18.6	0.95

The Final Offer Price of S\$0.830 is higher than the offer price of the First Offer (“**First Offer Price**”) of S\$0.650, representing a premium of S\$0.180 or 27.7% over the First Offer Price.

As set out above, the premia represented by the Final Offer Price over the VWAPs of the Shares are lower than those in the First Offer. However, the P/Adjusted NAV ratio of the Group implied by the Final Offer Price is higher than the P/NAV ratio of the Group implied by the First Offer Price.

We have also considered the historical traded prices of the Shares prior to the release of the 2020 Holding Announcement. We note that the trading prices of the Shares increased substantially after the announcement of the First Offer and remained elevated after the close of the First Offer. However, during the three-year period prior to the announcement of the Offer, we note while the revenue of the Group increased in FY2021 and FY2022, the net profit of the Group was in downwards trend. Please refer to the paragraphs 8.1 and 8.2 of this Letter for further details of the historical trading activity of the Shares and the financial performance of the Group respectively.

Further, we also compare the valuation ratios implied by the Final Offer Price with the valuation ratios implied by the First Offer Price as follows:

	Market Capitalisation (S\$'million)	PE Ratio (times)	P/NAV (times)	P/RNAV (times)
First Offer ⁽¹⁾	143.1	10.83	0.82	0.70
The Offer	182.7	26.74	0.95	0.74 (as-is basis) 0.73 (completed basis)

Note:

(1) Extracted from the circular dated 24 February 2021 in relation to the First Offer.

As set up above, the PE ratio, P/NAV ratio and P/RNAV ratio implied by the Final Offer Price are higher than the PE ratio, P/NAV ratio and P/RNAV ratio implied by the First Offer Price.

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8.9.2 Likelihood of competing offers

As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it, together with the total number of Shares to which the Irrevocable Undertakings relate, is an aggregate of 185,878,719 Shares, representing approximately 84.43% of the total number of Shares.

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, 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 Offer Shares from any third party.

Based on the above, given that the Offeror has already achieved statutory control of the Company, the likelihood of competing offers is low.

8.9.3 No intention to increase Final Offer Price

The Offeror does not intend to revise the Final Offer Price, save that the Offeror reserves the right to do so in a competitive situation.

8.9.4 Listing Status and Compulsory Acquisition of the Company

Pursuant to Rule 1105 of the listing manual of the SGX-ST ("**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and persons acting in concert with it to above 90% of the total number of Shares, the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares, thus causing the percentage of the total number of Shares held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List.

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer (such compulsory acquisition, termed the "**Compulsory Acquisition**").

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with treasury shares and any Shares in the capital of the Company held by the Offeror, its related corporations or their respective nominees, comprise 90.0% or more of the total number of Shares, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Offer Price. **Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**

As set out in the Offer Document, the Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of Shares (excluding any Shares held in treasury) are held in public hands.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual ("**Voluntary Delisting Rules**"). Without prejudice to the foregoing, if the Offeror receives, as at the Closing Date, valid acceptances of the Offer from Shareholders (other than persons acting in concert with the Offeror) ("**Independent Shareholders**") representing at least 75% of the total number of Shares held by the Independent Shareholders and subject to substantive compliance with the other requirements set out in the Voluntary Delisting Rules, the Offeror intends to seek the SGX-ST's waiver from strict compliance with such Voluntary Delisting Rules.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

9. OPINION

In arriving at our opinion on the financial terms of the 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) Market quotation and trading liquidity of the Shares;
 - (i) During the Period Prior to 2020 Holding Announcement, the Shares closed at a range of between S\$0.410 and S\$0.535 and the VWAP of the Shares was S\$0.474.
 - (ii) We note that after the release of the 2020 Holding Announcement and prior to the First Offer, trading prices of the Shares increased substantially, of which the Shares closed at a high of S\$0.640 on 7 January 2021 and 12 January 2021. We further note that the trading prices of the Shares remained elevated during the offer period of the First Offer.
 - (iii) After the close of the First Offer and up to 4 May 2023 (being the last traded day prior the Offer Announcement), the Shares closed at a range of between S\$0.595 and S\$0.740 and the VWAP of the Shares was S\$0.672. During this period, we note that the Shares have never closed below the highest closing price of the Shares during the Period Prior to 2020 Holding Announcement of S\$0.535 per Share.
 - (iv) We note that for the 10-year Period Prior to Offer Announcement, the Share price has never closed at or above the Final Offer Price .
 - (v) After the release of the Offer Announcement and up to the Latest Practicable Date, we note that the trading prices of the Shares increased and traded between S\$0.795 and S\$0.835.
 - (vi) The Final Offer Price represents a premium of approximately S\$0.120 or 16.9% over the VWAP of the Shares of S\$0.710 on 4 May 2022, being the last traded day prior to the release of the Offer Announcement.
 - (vii) The Final Offer Price represents a premium of approximately 18.1%, 18.7%, 18.6%, 17.4%, 23.5% and 38.6% over the VWAP of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, and 3-year periods prior to the release of the Offer Announcement respectively.
 - (viii) Over the 3-year period prior to the release of the Offer Announcement, the Shares have traded between a low of S\$0.405 and a high of S\$0.745. The Final Offer Price represents a premium of approximately S\$0.425 or 104.9% over the lowest transacted price of the Shares and a premium of approximately S\$0.085 or 11.4% over the highest transacted price of the Shares. Further, we note that the Final Offer Price represents a premium of approximately S\$0.356 or 75.1% over the VWAP for the Period Prior to 2020 Holding Announcement of S\$0.474. The Shares have not traded above the Final Offer Price during the 3-year period prior to the release of the Offer Announcement.
 - (ix) The Final Offer Price represents a premium of approximately S\$0.007 or 0.9% over the VWAP of the Shares of S\$0.823 for the period after the release of the Offer Announcement to the Latest Practicable Date.
 - (x) For the period from the release of the Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$0.795 and a high of S\$0.835. The Final Offer Price represents a premium of S\$0.035 or 4.4% over the lowest transacted price of the Shares and a discount of S\$0.005 or 0.6% to the highest transacted price of the Shares.

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- (xi) The Shares closed at the Final Offer Price at S\$0.830 on 29 May 2023, being the Latest Practicable Date .
 - (xii) Over the 3-year period prior to the release of the Offer Announcement, the Shares were traded on 509 days out of a total of 755 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, 3-year periods prior to the release of the Offer Announcement represent 0.01%, 0.02%, 0.02%, 0.02%, 0.04% and 0.26% of the free float of the Shares respectively. We note that the average daily trading volume of the Shares for the 3-year period is substantially higher due mainly to the trades done during the First Offer.
 - (xiii) During the period following the release of the Offer Announcement up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 302,053 Shares, representing 0.69% of the free float of the Shares.
- (b) Historical financial performance, position and cash flows of the Group;
- (i) The revenue of the Group increased by S\$13.2 million or 11.1% from FY2020 to FY2021 and increased by S\$2.6 million or 1.9% from FY2021 to FY2022. The Group's net profit decreased by S\$0.5 million or 4.1% from FY2020 to FY2021 and S\$2.1 million or 16.7% from FY2021 to FY2022.
 - (ii) As at 31 December 2022, the Group recorded an Adjusted NAV of S\$193.2 million. Based on the 220,169,774 number of Shares as at the Latest Practicable Date, the Adjusted NAV per Share is S\$0.877. The Final Offer Price represents a discount of 5.4% to the Adjusted NAV per Share of the Group as at 31 December 2022.
 - (iii) The Group recorded: i) a net cash outflow from operating activities of S\$5.4 million and S\$17.6 million in FY2020 and FY2021 respectively and a net cash inflow from operating activities of S\$25.4 million in FY2022; ii) a net cash outflow from investing activities of S\$14.3 million, S\$10.6 million and S\$33.7 million in FY2020, FY2021 and FY2022 respectively; and iii) a net cash outflow from financing activities of S\$2.8 million in FY2020 and a net cash inflow from financing activities of S\$11.5 million and S\$2.1 million in FY2021 and FY2022.
- (c) RNAV of the Group;
- We note that the Final Offer Price represents a discount of 26.0% and 26.9% to the RNAV per Share of S\$1.122 on an as-is basis and S\$1.135 on a completion basis respectively. Accordingly, the Group's P/RNAV ratio is 0.74 times on an as-is basis and 0.73 times on a completion basis.
- (d) Historical P/NAV ratio of the Shares;
- (i) During the 1-month, 3-month, 6-month, 1-year, 2-year and 3-year period up to and including the last traded day prior to the Offer Announcement, the Shares traded at an average discount of 22.5%, 22.8%, 22.0%, 21.4%, 21.6% and 26.7% to the NAV per Share of the Group.
 - (ii) During the 3-year period up to and including the last traded day prior to the Offer Announcement, the Shares traded at a discount of between a minimum of 14.9% and a maximum of 46.6% to the NAV per Share of the Group.
 - (iii) During the period after the Offer Announcement Date and up to the Latest Practicable Date, we note that the Shares had traded at an average discount of 8.8% and a discount of between a minimum of 7.8% and a maximum of 11.7% to the NAV per Share of the Group.

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- (iv) Notwithstanding that the discount to Adjusted NAV as implied by the Final Offer Price of 5.4% is less than the range of discounts at which the Shares has consistently traded at over the Period Under Review.
- (e) Comparison with the valuation ratios of selected companies which are broadly comparable to the Group;
 - (i) The PE ratio of the Group of 26.74 times implied by the Final Offer Price is above the upper range, and also mean and median PE ratios of the Comparable Companies of 11.45 times and 10.87 times respectively.
 - (ii) The EV/EBITDA ratio of the Group of 7.81 times implied by the Final Offer Price is within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 7.40 times and 6.31 times respectively.
 - (iii) The P/Adjusted NAV ratio of the Group of 0.95 times implied by the Final Offer Price is within the range and slightly below the mean and median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively.
 - (iv) The P/RNAV ratio of the Group of 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range but below the mean and the median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively. We note that bulk of the assets of the Comparable Companies comprised of property, plant and equipment and are recorded at cost and are not fair valued. Accordingly, the P/NAV ratios of the Comparable Companies may not be directly comparable with the P/RNAV of the Group implied by the Final Offer Price.
- (f) Comparison with Privatisation Transactions;
 - (i) The premia implied by the Final Offer Price of 16.9% over the last transacted price of the Shares prior to the Offer Announcement Date is within the range but below the median and mean of the corresponding premia of the Privatisation Transactions.
 - (ii) The premia implied by the Final Offer Price of 18.1% over the VWAPs for the 1-month period is within the range and close to the median of the corresponding premia of the Privatisation Transactions but below the mean of the corresponding premia of the Privatisation Transactions.
 - (iii) The premia implied by the Final Offer Price of 18.7% and 18.6% over the VWAPs for the 3-month and 6-month period are within the range but below the mean and median of the corresponding premia of the Privatisation Transactions.
 - (iv) The P/Adjusted NAV ratio of the Group of 0.95 times as implied by the Final Offer Price is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions.
 - (v) The P/RNAV ratio of the Group 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range and close to the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions.

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(g) Dividend analysis;

We note that the LTM dividend yield of the Company is below the LTM dividend yield of the YZJ and STI ETF at 4.3% and 3.7% respectively. This suggests that a Shareholder who receives the proceeds from the Offer may potentially experience an increase in investment income if he re-invests the proceeds from the Offer Price in the shares of the Comparable Companies that has paid out dividends in their respective last financial year or the STI ETF. This is on the assumption that the Comparable Companies that has paid out dividends in their respective last financial year and the STI ETF maintain their respective net dividend per share at the same level.

(h) Estimated range of values of the Shares;

Based on the EV/EBITDA and P/NAV statistics of the Comparable Companies, we are of the view that the estimated range of values of the Shares is between S\$0.669 and S\$0.889 per Share. The Final Offer Price of S\$0.830 is within the range of the estimated range of values of the Shares.

(i) Other relevant considerations:

- (i) The First Offer;
- (ii) Likelihood of competing offers;
- (iii) No intention to increase Final Offer Price; and
- (iv) Listing Status and Compulsory Acquisition of the Company.

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Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Offer are fair and reasonable.

We consider the financial terms of the Offer to be **FAIR**, after taking into consideration the following factors:

- (a) We note that after the release of the 2020 Holding Announcement and prior to the First Offer, trading prices of the Shares increased substantially, of which the Shares closed at a high of S\$0.640 on 7 January 2021 and 12 January 2021. We further note that the trading prices of the Shares remained elevated during the offer period of the First Offer. After the close of the First Offer and up to 4 May 2023 (being the last traded day prior the Offer Announcement), the Shares closed at a range of between S\$0.595 and S\$0.740 and the VWAP of the Shares was S\$0.672. During this period, we note that the Shares have never closed below the highest closing price of the Shares during the Period Prior to 2020 Holding Announcement of S\$0.535 per Share.
- (b) The Final Offer Price represents: i) S\$0.120 or 16.9% over the VWAP of the Shares of S\$0.710 on 4 May 2022, being the day when the Shares were last traded prior to the release of the Offer Announcement; and ii) a premium of approximately 18.1%, 18.7%, 18.6%, 17.4%, 23.5% and 38.6% over the VWAP of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, and 3-year periods prior to the release of the Offer Announcement respectively.
- (c) Over the 3-year period prior to the release of the Offer Announcement, the Shares have traded between a low of S\$0.405 and a high of S\$0.745. The Final Offer Price represents a premium of approximately S\$0.425 or 104.9% over the lowest transacted price of the Shares and a premium of approximately S\$0.085 or 11.4% over the highest transacted price of the Shares. Further, we note that the Final Offer Price represents a premium of approximately S\$0.356 or 75.1% over the VWAP for the Period Prior to 2020 Holding Announcement of S\$0.474. The Shares have not traded above the Final Offer Price during the 3-year period prior to the release of the Offer Announcement.
- (d) The Final Offer Price represents a premium of approximately S\$0.007 or 0.9% over the VWAP of the Shares of S\$0.823 for the period after the release of the Offer Announcement to the Latest Practicable Date.
- (e) Based on the EV/EBITDA and P/NAV statistics of the Comparable Companies, we are of the view that the estimated range of values of the Shares is between S\$0.669 and S\$0.889 per Share. The Final Offer Price of S\$0.830 is within the range of the estimated range of values of the Shares.
- (f) The Final Offer Price represents a discount of 26.0% on an as-is basis and 26.9% on a completed basis to the RNAV per Share of S\$1.122 on an as-is basis and S\$1.135 on a completed basis and values the Group at a P/RNAV ratio of 0.74 times on an as-is basis and 0.73 times on a completed basis. Notwithstanding the above-mentioned discount, there is no certainty and assurance that each of the Appraised Assets is able to be sold at the market value based on the Summary Valuation Reports, given that the existing nature of each of the above-mentioned assets which are specific to the Group's own use, and that the Group may face difficulties in locating potential buyers who are interested and willing to acquire the above-mentioned assets at the valuation amount. Further, we understand from the Company that the Company does not have the intention to sell the Appraised Assets as of the Latest Practicable Date. In addition, while Marco Polo is a listed security on the SGX-ST, given that the Group owns 6.5% of the total issued shares in Marco Polo, it may be difficult for the Group to fully realise its Marco Polo Shares at its last traded price as at the Latest Practicable Date.

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- (g) The Shares has consistently traded at a discount to the NAV per Share of the Group over the Period Under Review. Notwithstanding that the discount to Adjusted NAV as implied by the Final Offer Price of 5.4% is less than the range of discounts at which the Shares has consistently traded at over the Period Under Review.
- (h) Comparison with Comparable Companies:
 - (i) The PE ratio of the Group of 26.74 times implied by the Final Offer Price is above the upper range, and also mean and median PE ratios of the Comparable Companies of 11.45 times and 10.87 times respectively;
 - (ii) The EV/EBITDA ratio of the Group of 7.81 times implied by the Final Offer Price is within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 7.40 times and 6.31 times respectively;
 - (iii) The P/Adjusted NAV ratio of the Group of 0.95 times implied by the Final Offer Price is within the range and slightly below the mean and median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively; and
 - (iv) The P/RNAV ratio of the Group of 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range but below the mean and the median P/NAV ratios of the Comparable Companies of 1.00 times and 1.01 times respectively. We note that bulk of the assets of the Comparable Companies comprised of property, plant and equipment and are recorded at cost and are not fair valued. Accordingly, the P/NAV ratios of the Comparable Companies may not be directly comparable with the P/RNAV of the Group implied by the Final Offer Price.
- (i) Comparison with Privatisation Transactions:
 - (i) The premia implied by the Final Offer Price of 16.9% over the last transacted price of the Shares prior to the Offer Announcement Date is within the range but below the median and mean of the corresponding premia of the Privatisation Transactions;
 - (ii) The premia implied by the Final Offer Price of 18.1% over the VWAPs for the 1-month period is within the range and close to the median of the corresponding premia of the Privatisation Transactions but below the mean of the corresponding premia of the Privatisation Transactions;
 - (iii) The premia implied by the Final Offer Price of 18.7% and 18.6% over the VWAPs for the 3-month and 6-month period are within the range but below the mean and median of the corresponding premia of the Privatisation Transactions;
 - (iv) The P/Adjusted NAV ratio of the Group of 0.95 times as implied by the Final Offer Price is within the range of P/NAV or P/RNAV ratios of the Privatisation Transactions and above the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions; and
 - (v) The P/RNAV ratio of the Group 0.74 times on an as-is basis and 0.73 times on a completion basis implied by the Final Offer Price is within the range and close to the median P/NAV or P/RNAV ratios of the Privatisation Transactions but below the mean P/NAV or P/RNAV ratios of the Privatisation Transactions.

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We consider the financial terms of the Offer to be **REASONABLE**, after taking into consideration the following factors:

- (a) We note that for 10-year Period Prior to Offer Announcement, the Share price has never closed at or above the Final Offer Price. There is no assurance that the market prices of the Shares would remain at the current prevailing level after the close of the Offer, and that 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.
- (b) We have also considered the historical traded prices of the Shares prior to the release of the 2020 Holding Announcement. We note that the trading prices of the Shares increased substantially after the announcement of the First Offer and remained elevated after the close of the First Offer. However, during the 3-year period prior to the announcement of the Offer, we note while the revenue of the Group increased in FY2021 and FY2022, the net profit of the Group was in a downwards trend.
- (c) The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, 1-year, 2-year, 3-year periods prior to the release of the Offer Announcement represent 0.01%, 0.02%, 0.02%, 0.02%, 0.04% and 0.26% of the free float of the Shares respectively. We note that the average daily trading volume of the Shares for the 3-year period is substantially higher due mainly to the trades done during the First Offer. The Offer provides Shareholders, who find it difficult to exit the Company as a result of the low trading volume in the Shares, to liquidate and realise their investment in the Shares at a premium to the prevailing market prices which may otherwise not be available given the low trading liquidity of the Shares. There is no certainty that Shareholders will otherwise be able to obtain a better value for their Shares if they do not accept the Offer.
- (d) The LTM dividend yield of the Company is below the LTM dividend yield of YZJ (being the only Comparable Company who had paid dividend in the LTM) and STI ETF, suggesting that a Shareholder who receives the proceeds from the Offer may potentially experience an increase in investment income if he re-invests the proceeds from the Offer Price in the shares of the Comparable Companies that has paid out dividends in their respective last financial year or the STI ETF. There is no assurance that the Company or any of the selected alternative investments will continue to pay dividends in the future and/or maintain that level of dividend paid in past periods.
- (e) The Final Offer Price of S\$0.830 is higher than the First Offer Price of S\$0.650, representing a premium of S\$0.180 or 27.7% over the First Offer Price. Notwithstanding that the PE ratio, P/NAV ratio and P/RNAV ratio implied by the Final Offer Price are higher than the PE ratio, P/NAV ratio and P/RNAV ratio implied by the First Offer Price.
- (f) As at the Latest Practicable Date, save for the Offer made by the Offeror, no alternative offer from any third party has been received. Further, given that the Offeror has already achieved statutory control of the Company, the likelihood of competing offers is low.
- (g) The Offeror does not intend to revise the Final Offer Price, save that the Offeror reserves the right to do so in a competitive situation.
- (h) The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of Shares (excluding any Shares held in treasury) are held in public hands.

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Accordingly, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account all brokerage commissions or transactions costs in connection with open market transactions.

We would advise the Independent Directors to consider highlighting that there are no assurances that the market prices of the Shares after the close of the Offer may be maintained at current levels prevailing as at the Latest Practicable Date.

We have prepared this Letter for the use of the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent 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 RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr. Jeffrey Hing Yih Peir	c/o 21 Tuas Road Singapore 638489	Executive Chairman
Mr. James Tham Tuck Choong	c/o 21 Tuas Road Singapore 638489	Managing Director
Ms. Joanna Tung May Fong	c/o 21 Tuas Road Singapore 638489	Finance and Administration Director
Mr. Winston Kwek Choon Lin	c/o 21 Tuas Road Singapore 638489	Lead Independent and Non- executive Director
Mr. Henry Tan Song Kok	c/o 21 Tuas Road Singapore 638489	Independent and Non-executive Director
Mr. Leow Ban Tat	c/o 21 Tuas Road Singapore 638489	Independent and Non-executive Director
Mr. Keith Tan Keng Soon	c/o 21 Tuas Road Singapore 638489	Non-independent and Non- executive Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in the Republic of Singapore on 23 January 1976 and was listed on the Mainboard of the SGX-ST on 17 October 1997.

The Company, together with its subsidiaries, is a designer, builder, owner and operator of high-speed aluminium craft. The Group owns and operates a fleet of crewboats, passenger ferries and workboats, and designs and builds a variety of high-speed craft at the Group's shipyards in Singapore and Batam, Indonesia. These include fire fighting search-and-rescue vessels, patrol boats, security vessels, offshore crewboats, windfarm crew transfer vessels and passenger ferries.

3. SHARE CAPITAL

3.1 Issued Shares

The Company only has one (1) class of Shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises S\$95,885,990.0081 consisting of 220,169,774 Shares.

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2022, such date being the end of the previous financial year of the Company. The Shares carry equal ranking rights to dividends, voting at general meetings and return of capital. As at the Latest Practicable Date, the Company has no treasury shares.

The Shares are quoted and listed on the Main Board of the SGX-ST.

3.2 Convertible Securities

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

3.3 Rights of Shareholders in respect of capital, dividends and voting rights

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

4. DISCLOSURE OF INTERESTS AND DEALINGS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or indirect interests in the Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries has dealt in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, based on the information available to the Company and save as disclosed below, none of the Directors has any direct or deemed interest in any of the Offeror Securities:

Name	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Offeror Securities	%	No. of Offeror Securities	% ⁽¹⁾
Director				
Mr. Jeffrey Hing Yih Peir	5,500	55	—	—
Mr. James Tham Tuck Choong	500	5	—	—

Note:

(1) The percentage shareholding is based on 10,000 shares in the share capital of the Offeror.

4.4 Dealings in Offeror Securities by Directors

Save as disclosed in Section 6 of this Circular, none of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of Directors in Company Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in the Company Securities.

Name	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	%	No. of Shares	% ⁽¹⁾
Director				
Mr. Jeffrey Hing Yih Peir	—	—	176,240,539	80.05

Note:

(1) The percentage shareholding is based on 220,169,774 Shares in the capital of the Company as at the Latest Practicable Date.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

4.6 Dealings in Company Securities by Directors

Save as disclosed in this Circular in relation to dealings in Shares in connection with the Offer, none of the Directors has dealt in the Company Securities during the period commencing six (6) months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Interests of the IFA in Company Securities

As at the Latest Practicable Date none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

4.8 Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Company Securities during the period commencing six (6) months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.9 Directors' intentions in respect of the Offer

As at the Latest Practicable Date, Mr. Jeffrey Hing Yih Peir holds 55% of the shares in the issued and paid-up share capital of Emet Grace, and is accordingly deemed interested in the 176,240,539 Shares held by Emet Grace in the Company. Mr. James Tham Tuck Choong holds 5% of the shares in the issued and paid-up share capital of Emet Grace. In connection with the Offer, Emet Grace has provided an irrevocable undertaking in favour of the Offeror, pursuant to which it has undertaken to, *inter alia*, accept the Offer in respect of all the 176,240,539 Shares held by Emet Grace, representing approximately 80.05% of the total number of issued Shares.

Save as disclosed above, none of the other Directors has any direct or deemed interest in the Shares as at the Latest Practicable Date.

5. ARRANGEMENTS WITH DIRECTORS

5.1 Directors' service contracts

As at the Latest Practicable Date, there are no service contracts between any Director or proposed director 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. In addition, there are no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date, save as disclosed in this Circular:

- (a) there are no payments or other benefits to be made or given to any Director or to any 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 Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

6. MATERIAL CONTRACTS

Save as disclosed in publicly available information on the Company and in this Circular, neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons¹ (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

7. FINANCIAL INFORMATION

7.1 Consolidated statement of comprehensive income

Set out below is certain financial information extracted from the annual reports of the Company for FY2020, FY2021 and FY2022. The financial information for FY2020, FY2021 and FY2022 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2020, FY2021 and FY2022.

	Audited FY2022 S\$'000	Audited FY2021 S\$'000	Audited FY2020 S\$'000
Revenue	135,227	132,649	119,417
Exceptional items	—	—	—
Net profit before tax	14,628	14,912	15,364
Net profit after tax	10,554	12,668	13,207
Non-controlling interests	(1)	(1)	(1)
Net earnings per share			
- Basic (S\$ cents)	4.79	5.75	6.00
- Diluted (S\$ cents)	4.79	5.75	6.00

The following is a summary of the dividend per Share declared in respect of each of FY2020, FY2021 and FY2022. This information was extracted from the annual reports of the Company for FY2020, FY2021 and FY2022.

	Final exempt one-tier dividend per Share (S\$)	Interim exempt one-tier per Share (S\$)
In respect of FY2022	0.0225	—
In respect of FY2021	0.0225	—
In respect of FY2020	—	—

¹ As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:

- (a) a director, chief executive officer, or substantial shareholder 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) together 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.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

7.2 Consolidated balance sheet

The audited consolidated balance sheet of the Group for FY2022 is set out below. The summary set out below should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2022.

	Audited FY2022 S\$'000
ASSETS	
Non-current assets	
Property, plant and equipment	153,447
Right-of-use assets	7,459
Investment in subsidiaries	–
Loan to a subsidiary	–
Other investments	9,957
Intangible asset	78
Trade receivables	13,814
Other receivables	3,669
	<u>188,424</u>
Current assets	
Inventories	68,588
Trade receivables	21,189
Other receivables and deposits	19,492
Contract assets	4,543
Prepayments	754
Derivatives	487
Loans to subsidiaries	–
Fixed deposits	2,453
Cash and bank balances	12,525
	<u>130,031</u>
LIABILITIES	
Current liabilities	
Trade payables	31,664
Other payables and accruals	37,441
Provisions	701
Contract liabilities	9,388
Derivatives	49
Provision for income tax	2,441
Lease liabilities	680
Term loans	7,994
Deposits from subsidiaries	–
	<u>90,358</u>
Net current assets	<u>39,673</u>
Non-current liabilities	
Deferred tax liabilities	4,841
Provisions	2,244
Lease liabilities	7,009
Term loans	15,900
	<u>29,994</u>
Net Assets	<u>198,103</u>
EQUITY	
Share capital	94,943
Retained earnings	110,458
Other reserves	(7,292)
Non-controlling interests	(6)
Total equity	<u>198,103</u>

Copies of the annual reports of the Company for FY2020, FY2021 and FY2022 are available for

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

inspection at the Company's registered office at 21 Tuas Road, Singapore 638489 during normal business hours from the date of this Circular up to the Closing Date.

7.3 Material changes in financial position

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes to the financial position of the Group since 31 December 2022, being the date of the last audited accounts of the Group laid before Shareholders in general meeting.

7.4 Significant accounting policies

The significant accounting policies of the Group are disclosed in note 2 to the audited consolidated financial statements of the Group for FY2022 as set out in the annual report of the Company for FY2022 on pages 72 to 89 therein, and are reproduced in Appendix D of this Circular.

7.5 Changes in significant accounting policies

As at the Latest Practicable Date, save as publicly disclosed, there has been no change in the accounting policies of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

8. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially affect the financial position of the Group taken as a whole; and
- (b) the Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the financial position of the Group taken as a whole.

9. VALUATION OF ASSETS

9.1 The Company had commissioned independent valuations of the following assets held by the Group:

- (a) motor launches and construction in progress shell electric ferries ("**Fleet**");
- (b) a leasehold property located at 21 Tuas Road, Singapore 638489 (the "**Tuas Property**");
- (c) shipyards located in Kawasan Industri Sekupang, Kelurahan Tanjung Riau, Kecamatan Sekupang, Kota Batam, Provinsi Kepulauan Riau, Kode Pos: 29425 (the "**Indonesia Shipyards**");
- (d) a land parcel located at Pulau Seloko - Tanjung Uncang, Kelurahan Tanjung Riau, Kecamatan Sekupang, Kota Batam, Provinsi Kepulauan Riau, Kode Pos: 29425 (the "**Seloko Land**");
- (e) 6 unit apartment located in Jalan Duyung Apartement Bayerina Kelurahan Sungai Jodoh, Kecamatan Batu Ampar, Kota Batam, Provinsi Kepulauan Riau, Kode Pos 29453 (the "**Indonesia Apartment**"); and
- (f) Machinery and Equipment,

(collectively, the "**Appraised Assets**").

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

The Company notes that the valuations of the Appraised Assets have been carried out on the following bases:

- (i) in respect of the Fleet, on a current fair value basis using the replacement cost method;
- (ii) in respect of the Tuas Property, on a market value (“**as-is**”) and gross development value (completed) basis using the direct comparison and investment method;
- (iii) in respect of the Indonesia Shipyards, on a market value basis using the cost approach with the replacement cost method;
- (iv) in respect of the Seloko Land, on a market value basis using the market approach with the market data comparison method;
- (v) in respect of the Indonesia Apartment, on a market value basis using the market approach with the market data comparison method; and
- (vi) in respect of the Machinery and Equipment, on a market value basis using the market approach with the market data comparison method and cost approach with the replacement cost method.

The summaries of the Valuation Reports prepared by the Independent Valuers are set out as the Summary Valuation Reports in Appendix E to this Circular.

- 9.2 Under Rule 26.3 of the Code, 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 an offer, were to be sold at the amount of the valuation.

The potential tax liabilities which may be incurred by the Group on such hypothetical disposal of the Appraised Assets based on the valuations carried out by the Independent Valuers is approximately S\$4,437,000. The aforesaid tax liabilities are not likely to crystallise as the Group has no intention to sell the Appraised Assets as of the Latest Practicable Date.

10. COSTS AND EXPENSES

All costs and expenses incurred by the Company in respect of the Offer will be borne by the Company.

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

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

Please see the definitions in the Constitution for terms used in the reproduced extracts below.

1. The rights of Shareholders in respect of capital

ISSUE OF SHARES

3. *Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Regulation 8, 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 subject or not to the payment of any part of the amount (if any) thereof in cash 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, Provided always that:*
- (a) *no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in a General Meeting;*
 - (b) *(subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Regulation 8(A) with such adaptations as are necessary shall apply;*
 - (c) *any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation 8(B), shall be subject to the approval of the Company in a General Meeting; and*
 - (d) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
4. (A) *Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; PROVIDED ALWAYS THAT the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares of the Company.*

Subject (but not limited) to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.

Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets, and attending General Meetings of the Company. They shall have the right to vote at any meeting convened for the purposes of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears for more than six months.

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

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

TREASURY SHARES

5. *The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. The rights in relation to treasury shares are to be suspended except for the purposes of bonus shares, share splits and consolidations. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by or prescribed pursuant to the Act.*

VARIATION OF RIGHTS

6. (A) *Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class subject to the provisions of the Act, preference capital, other than redeemable preference capital, may be repaid and may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights 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 varied or abrogated 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 this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights 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. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*
- (B) *The special rights attached to any class of shares having preferential 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

7. *The Company may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.*
8. (A) *Subject to any direction to the contrary that may be given by the Company in a General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited or such other stock exchange on which the Company's shares are listed, 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. 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 that 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) cannot, in the opinion of the Directors, be conveniently offered under this Regulation 8(A).*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (B) *Notwithstanding Regulation 8(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) *issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or*
 - (b) *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*
 - (c) *(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 Singapore Exchange Securities Trading Limited;*
 - (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force or such other stock exchange on which the Company's shares are listed (unless such compliance is waived by the Singapore Exchange Securities Trading Limited or such other stock exchange) and this Constitution; and*
 - (3) *(unless previously 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 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) *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.*
9. *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide all or any of its shares;*
 - (b) *cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;*
 - (c) *sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and the bye-laws or listing rules of any relevant Stock Exchange upon which shares in the Company are listed), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; or*
 - (d) *subject to the provisions of this Constitution and the Act, convert any class of shares into any other class of shares.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

10. (A) *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. Any share which is so purchased or acquired by the Company 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 Act (including without limitation to hold such shares as a treasury share).*
- (B) *The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.*

SHARES

11. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.*
12. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.*
13. *Subject to the provisions of this Constitution and of the Act relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
14. *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.*
15. *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application. The term "market day" shall have the meaning ascribed to it in Regulation 19.*
16. *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 or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, 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.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

SHARE CERTIFICATES

17. *Every share certificate shall be issued under the Seal 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. No certificate shall be issued representing shares of more than one class.*
18. (A) *The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.*

(B) *In the case of a share registered jointly in the names of 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 registered joint holders shall be sufficient delivery to all.*
19. *Every person whose name is entered as a member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) or within fifteen market days after the date of lodgement of a registrable transfer (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate(s) 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 issued in lieu thereof and such member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed. For the purpose of this Regulations 19, the term "market day" shall mean a day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.*
20. (A) *Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.*

(B) *If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed.*

(C) *In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.*
21. *Subject to the provisions of the Act, 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 any Stock Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$1 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled 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.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

CALLS ON SHARES

22. *The Directors may from time to time make calls upon the members in respect of any moneys 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 installments.*
23. *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.*
24. *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 ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*
25. *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 this Constitution 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 case of non-payment, all the relevant provisions of this Constitution 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.*
26. *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.*
27. *The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys 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) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.*

FORFEITURE AND LIEN

28. *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.*
29. *The notice shall name a further day (not being less than 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.*
30. *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.*

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31. *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 disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.*
32. *A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the 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 the shares at that time of forfeiture or surrender or waive payment in whole or in part.*
33. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and on dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and installments upon the specific shares in respect of which such moneys are due and unpaid and for all moneys 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.*
34. *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 a share or the person entitled thereto by reason of his death or bankruptcy.*
35. *The residue of the proceeds of such sale pursuant to Regulation 34 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.*
36. *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 or disposed 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 of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of 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.*

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TRANSFER OF SHARES

37. *Subject to the provisions of this Constitution, all transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any Stock Exchange upon which the Company may be listed or any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed Provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*
38. *The Register of Members may be closed at such times and for such period as the Directors may from time to time determine Provided always that such Register shall not be closed for more than thirty days in any year Provided always that the Company shall give prior notice of such closure as may be required to any Stock Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.*
39. (A) *There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any Stock Exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any Stock Exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one month beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.*
- (B) *The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:*
- (i) *such fee not exceeding S\$2 as the Directors may from time to time require pursuant to Regulation 42, is paid to the Company in respect thereof;*
 - (ii) *the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*
 - (iii) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and*
 - (iv) *the instrument of transfer is in respect of only one class of shares.*
40. *If the Directors refuse to register a transfer of any shares, they shall within one month after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.*
41. *All instruments of transfer which are registered may be retained by the Company.*
42. *There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or 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 as the Directors may from time to time require or prescribe.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

43. *The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:*
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*
 - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and*
 - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.*

TRANSMISSION OF SHARES

44. (A) *In the case of the death of a member whose name is entered 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 survivor or survivors 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 in the Depository Register in respect of any shares of 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 in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
45. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a member whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution 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 death or bankruptcy of the member whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such member.*

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46. *Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to Regulation 44(A) or (B) or Regulation 45 (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 member in respect 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 meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.*

CONVERSION OF SHARES INTO STOCK

47. *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.*
48. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations 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.*
49. *The holders of stock shall, according to the number of stock units 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 the number of stock units 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.*

2. The rights of Shareholders in respect of voting

GENERAL MEETINGS

50. *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. All other General Meetings shall be called Extraordinary General Meetings.*
51. *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.*

NOTICE OF GENERAL MEETINGS

52. *Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*

- (a) *in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and*

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- (b) *in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent of the total voting rights of all the members having a right to vote at that meeting,*

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which the Company may be listed.

53. (A) *Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.*
- (B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (C) *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*
54. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-*
- (a) *declaring dividends;*
- (b) *receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached or annexed to the financial statements;*
- (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
- (d) *re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);*
- (e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*
- (f) *fixing the remuneration of the Directors proposed to be passed under Regulation 80.*
55. *Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.*

PROCEEDINGS AT GENERAL MEETINGS

56. *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 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 meeting.*
57. *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 or more members present in person or by proxy.*

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58. *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. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.*
59. *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 meeting is adjourned for thirty days or more or sine die, notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
60. *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 meeting.*
61. *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 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.*
62. (A) *If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).*
- (B) *Subject to Regulation 62(A), at any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands 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 having the right to vote at the meeting in person or by proxy and entitled to vote; or*
 - (c) *a member present having the right to vote at the meeting in person or by proxy and representing not less than 5 per cent of the total voting rights of all the members having the right to vote at the meeting; or*
 - (d) *by any member or members present having the right to vote at the meeting in person or by proxy and holding not less than 5 per cent. of the total number of paid-up shares of the Company (excluding treasury shares),*
- Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.*
63. *A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the 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) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and 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.*

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64. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.*
65. *A poll on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any 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 may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

66. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 5, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall:-*
- (a) have one vote for every share which he holds or represents; and*
 - (b) on a show of hands, have one vote, provided that:-*
 - (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of those 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*
 - (ii) 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 vote on a show of hands.*

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference 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 seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company.

67. *In the case of joint holders of a share, 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 order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.*
68. *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.*
69. *No member shall, unless the Directors otherwise determine, 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 meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.*
70. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned 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 meeting whose decision shall be final and conclusive.*

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71. *On a poll, votes may be given 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.*
72. (A) *Save as otherwise provided in the Act:-*
- (i) *a member who is not a relevant intermediary may appoint not more than two proxies to attend 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*
 - (ii) *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) *In any case where a member is a Depositor, the Company shall be entitled and bound:-*
- (i) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company; 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 against the name of that Depositor in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (C) *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 instruments (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (D) *A proxy need not be a member of the Company.*
73. (A) *An instrument appointing a proxy 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, shall be:-*
 - (i) *signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or*
 - (ii) *subject always to Regulation 139, 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 corporation, shall be:-*
 - (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*

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- (ii) *subject always to Regulation 139, 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.*

The Directors may, for the purposes of Regulations 73(A)(a)(ii) and 73(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (B) *The signature on, or authorization of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor (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 must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 74, failing which the instrument may be treated as invalid.*

74. *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 such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or*
- (B) *subject always to Regulation 139, if submitted by electronic communication, must be received through such means as may be specified for that purpose or by way of note to or in any document accompanying the notice convening the General Meeting,*

and in either case not less than seventy-two hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the 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 be required again to be delivered for the purposes of any subsequent meeting to which it relates.

75. *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 meeting.*

76. *A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned 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.*

CORPORATIONS ACTING BY REPRESENTATIVES

77. *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 meeting of the Company or of any class of members of the Company. 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 this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.*

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3. The rights of Shareholders in respect of dividends

RESERVES

121. *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 (if any) of the Statutes.*

DIVIDENDS

122. *The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors. No dividend may be paid, unless otherwise provided in the Statutes to the Company in respect of treasury shares.*
123. *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.*
124. *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.

125. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*
126. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
127. (A) *The Directors may retain any dividend or other moneys 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.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

128. *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 shareholder (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.*
129. *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) and the Directors shall give effect to such resolution. Where any difficulty arises in 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 members 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.*
130. *Any dividend or other moneys 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 a 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 at 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. Notwithstanding the foregoing provisions of this Regulation and the provisions of Regulation 132, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
131. *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 or other moneys payable or property distributable on or in respect of the share.*
132. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a 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

133. (A) *The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 8(B)):*
- (i) *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) in the Depository Register at the close of business on:*
 - (a) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
 - (b) *(in the case of an Ordinary Resolution passed pursuant to Regulation 8(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (ii) *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:*
 - (a) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
 - (b) *(in the case of an Ordinary Resolution passed pursuant to Regulation 8(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 new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new 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 and/or capitalization under Regulation 133(A), 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 and/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 Regulation 133(A) above, the Directors shall have power to issue shares for which no consideration is payable to the Company and/or to capitalize any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:-*
 - (i) *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 the shareholders in General Meeting in such manner and on such terms as the Directors shall think fit; or*
 - (ii) *be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 80 and/or Regulation 81 approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.*

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

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Penguin International Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Jeffrey Hing Yih Peir
James Tham Tuck Choong
Tung May Fong
Winston Kwek Choon Lin
Henry Tan Song Kok
Leow Ban Tat
Keith Tan Keng Soon

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

DIRECTORS' STATEMENT (CONT'D)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

Name of Director	Held in the name of Director			Deemed interest		
	At the beginning of financial year	At the end of the financial year	At 21 January 2023	At the beginning of financial year	At the end of the financial year	At 21 January 2023
The Company						
Penguin International Limited (Ordinary shares)						
Jeffrey Hing Yih Peir	–	–	–	176,240,539	176,240,539	176,240,539

By virtue of Section 7 of the Companies Act 1967, Jeffrey Hing Yih Peir is deemed to have an interest in the ordinary shares of all the subsidiary companies at the beginning and at the end of the financial year.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

OPTIONS

No options to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries. There were no other unissued shares in the Company or its subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. The functions performed are detailed in the Report on Corporate Governance.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

DIRECTORS' STATEMENT (CONT'D)

AUDITOR

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

James Tham Tuck Choong
Director

Tung May Fong
Director

20 March 2023



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

INDEPENDENT AUDITOR'S STATEMENT

For the financial year ended 31 December 2022

Independent Auditor's Report to the Members of Penguin International Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Penguin International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 62 to 131.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Assessment of impairment of property, plant and equipment

The carrying amount of the Group's motor launches as at 31 December 2022 amounted to approximately \$105 million. We have reviewed the impairment loss at Group level and noted that no further impairment or reversal of impairment was made for the year ended 31 December 2022. We identified this as a key audit matter as the estimation of the recoverable amount involved significant management judgement and estimation.

Management assessed the recoverable amount of the motor launches based on the fair value less costs to sell. The fair value less costs to sell is determined either by the indicative values based on advice from the independent valuer or by reference to the recent selling prices of motor launches contracted for sale.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

INDEPENDENT AUDITOR'S STATEMENT (CONT'D)

For the financial year ended 31 December 2022

Independent Auditor's Report to the Members of Penguin International Limited

Key Audit Matters (cont'd)

Assessment of impairment of property, plant and equipment (cont'd)

We designed our audit procedures to be responsive to this risk. As part of our audit:

- We performed an evaluation of the Group's policies and procedures to identify indicators for potential impairment of motor launches.
- Ensured that management's impairment assessment covered those motor launches with indicators of impairment.
- For motor launches where the fair value less costs to sell was determined based on the estimated disposal value provided by an independent valuer, we evaluated the work of the independent valuer, considering the independence, objectivity and expertise of the independent valuer, as well as the appropriateness of the valuation methodology and reasonableness of the assumptions used by the independent valuer.
- For motor launches where the fair value less costs to sell was determined with reference to the recent selling prices of motor launches contracted for sale, we assessed the comparability of motor launches to those motor launches contracted for sale.
- We also assessed the adequacy of the disclosure in the financial statements.

Revenue recognition measured based on the input method

During the year, the Group's shipbuilding revenue amounting to approximately \$35 million is recognised over time using the input method to measure the progress of satisfaction of the performance obligation.

The determination of the progress towards complete satisfaction of the performance obligation over time involved significant management judgement and estimates as these shipbuilding contracts were measured by reference to the actual completion rate based on actual inputs at reporting date over expected total inputs required to complete the project to derive the progress of the contract work completed.

Given the magnitude of the amount and that the determination of total expected inputs to satisfy the performance obligation required significant management judgement and estimates, we have identified this as a key audit matter.

We designed our audit procedures to be responsive to this risk. As part of our audit:

- We have reviewed the shipbuilding contracts recognised over time entered into by the Group in assessing the performance obligations identified by management and the satisfaction of those performance obligations.
- We have re-computed revenue recognised for the current financial year based on the respective progress of the entity in satisfying the performance obligation of the contract and traced these to the accounting records.
- We evaluated the appropriateness of management's estimation process for the percentage completed at the reporting date through the following:
 - a) We considered the level of competency, expertise and objectivity of the management personnel who performed the assessment;
 - b) We assessed the objectiveness of the criteria employed by management in measuring the level of completion of the relevant activities;
 - c) We tested the inputs used by management in determining the level of completion of the relevant activities of the shipbuilding contracts recognised over time;
 - d) We tested the expected total inputs to the approved budget and subsequent revisions made throughout the project.
- We considered the adequacy of the Group's disclosures in respect of revenue from shipbuilding contracts recognised over time.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

INDEPENDENT AUDITOR'S STATEMENT (CONT'D)

For the financial year ended 31 December 2022

Independent Auditor's Report to the Members of Penguin International Limited

Key Audit Matters (cont'd)

Assessment of impairment of trade receivables

The trade receivables of the Group as at 31 December 2022 amounted to approximately \$35 million. Management has performed an impairment review based on the expected credit loss ("ECL") model and based on the review, there is no additional impairment required on trade receivables.

We identified this as a key audit matter as the assessment of the determination of ECL requires management to exercise significant judgement and estimation. In determining the credit quality and whether any significant increase in credit risk occurs, the standard requires both forward-looking and historical information to be considered.

We designed our audit procedures to be responsive to this risk. As part of our audit:

- We performed an evaluation of the Group's policies and procedures in assessing impairment of financial assets.
- We evaluated the impairment assessment performed by management through the following:
 - a) We assessed the credit risks of the debtors by analysing the payment history and receipts subsequent to year end of selected debtors and considered events or indicators which resulted in increase in credit risk of those debtors;
 - b) We evaluated the Group's parameters and assumptions used in the collective impairment model, and compared them with observable economic data, market information and industry trends.
- We discussed with management and scrutinised the appropriateness of those key assumptions applied in management's impairment assessment, and compared them with available external evidence where appropriate. We also applied sensitivity testing of the underlying key assumptions.
- We also evaluated the adequacy of disclosure in the financial statements.

Assessment of tax recoverable

An overseas subsidiary of the Group has received notices of tax assessments following tax audits carried out on the subsidiary for the years 2018 and 2019. An additional tax payable of S\$2.3 million was required based on the tax assessments received. The foreign subsidiary has paid the additional tax amount in FY2022.

Based on the advice from the subsidiary's external tax professional firm, management believes that it has become virtually certain that an inflow of economic benefits will arise in respect of the recoverability of the above tax paid to the tax authorities, and accordingly the tax recoverable is recognised in the financial statements as disclosed in Note 19.

We designed our audit procedures to be responsive to this risk. As part of our audit:

- We have inquired management and the representatives of the subsidiary's external tax professional to understand the basis of their evaluation and assessment of the probability and magnitude of the tax recoverable relating to the tax appeal, and on the conclusion reached in accordance with SFRS(I) 1-37 – Provisions, Contingent Liabilities and Contingent Assets.
- We have obtained and reviewed the notice of tax assessments issued to the subsidiary by the tax authorities;
- We have reviewed the audit working papers and discussed with the component auditor on its evaluation and conclusion reached in relation to this matter; and
- We have assessed the adequacy of the disclosure in the financial statements.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

INDEPENDENT AUDITOR'S STATEMENT (CONT'D)

For the financial year ended 31 December 2022

Independent Auditor's Report to the Members of Penguin International Limited

OTHER INFORMATION

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

INDEPENDENT AUDITOR'S STATEMENT (CONT'D)

For the financial year ended 31 December 2022

Independent Auditor's Report to the Members of Penguin International Limited

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

20 March 2023



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	135,227	132,649
Cost of sales		(99,311)	(95,470)
Gross profit		35,916	37,179
Other income	5	9,239	7,311
Marketing and distribution costs		(611)	(239)
Administrative expenses	6	(20,759)	(20,728)
Other operating expenses	7	(10,116)	(8,346)
Reversal/(impairment) loss on trade receivable		336	(240)
Results from operating activities		14,005	14,937
Finance costs	8	(600)	(501)
Finance income	8	1,223	476
Profit before tax	10	14,628	14,912
Income tax expense	11	(4,074)	(2,244)
Profit for the year		10,554	12,668
Attributable to:			
Owners of the Company		10,555	12,669
Non-controlling interests		(1)	(1)
Profit for the year		10,554	12,668
Earnings per share (cents per share)			
- Basic	12	4.79	5.75
- Diluted	12	4.79	5.75

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	2022 \$'000	2021 \$'000
Profit for the year	10,554	12,668
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Net effect of exchange differences arising from quasi capital loan to subsidiaries (Note 31)	(3,511)	1,226
Foreign currency translation	730	(45)
	(2,781)	1,181
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value of equity investment at FVOCI (Note 15)	3,400	3,400
	3,400	3,400
Other comprehensive income for the year, net of tax	619	4,581
Total comprehensive income for the year	11,173	17,249
Attributable to:		
Owners of the Company	11,174	17,250
Non-controlling interests	(1)	(1)
Total comprehensive income for the year	11,173	17,249

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

BALANCE SHEETS

As at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	13	153,447	108,951	94	525
Right-of-use assets	27	7,459	8,028	–	150
Investment in subsidiaries	14	–	–	15,518	19,571
Loan to a subsidiary	20	–	–	84,340	70,837
Other investments	15	9,957	6,557	9,957	6,557
Intangible asset	16	78	78	–	–
Trade receivables	18	13,814	18,096	–	–
Other receivables	19	3,669	1,507	–	–
		188,424	143,217	109,909	97,640
Current assets					
Inventories	17	68,588	46,255	–	–
Trade receivables	18	21,189	20,621	5,233	2,204
Other receivables and deposits	19	19,492	11,233	238	169
Contract assets	25	4,543	6,325	–	5,398
Prepayments		754	824	129	180
Derivatives		487	35	487	35
Loans to subsidiaries	20	–	–	72,263	53,507
Fixed deposits	21	2,453	2,264	–	–
Cash and bank balances	21	12,525	18,777	1,351	4,674
		130,031	106,334	79,701	66,167
Assets classified as held for sale	13	–	7,267	–	–
		130,031	113,601	79,701	66,167
Current liabilities					
Trade payables	22	31,664	11,854	7	82
Other payables and accruals	23	37,441	21,207	2,262	2,018
Provisions	24	701	1,031	–	491
Contract liabilities	25	9,388	2,717	712	442
Derivatives		49	–	49	–
Provision for income tax		2,441	1,801	256	458
Lease liabilities	27	680	827	–	150
Term loans	26	7,994	6,603	7,994	6,603
Deposits from subsidiaries	20	–	–	22,644	10,547
		90,358	46,040	33,924	20,791
Net current assets		39,673	67,561	45,777	45,376

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

BALANCE SHEETS (CONT'D)

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Non-current liabilities					
Deferred tax liabilities	29	4,841	2,743	381	15
Provisions	24	2,244	154	–	–
Lease liabilities	27	7,009	7,366	–	–
Term loans	26	15,900	8,631	15,900	8,631
		29,994	18,894	16,281	8,646
Net assets		198,103	191,884	139,405	134,370
Share capital	30	94,943	94,943	94,943	94,943
Retained earnings		110,458	104,857	42,505	40,870
Other reserves	31	(7,292)	(7,911)	1,957	(1,443)
		198,109	191,889	139,405	134,370
Non-controlling interests		(6)	(5)	–	–
Total equity		198,103	191,884	139,405	134,370

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Attributable to owners of the Company				Non- controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Sub-total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
2022						
Opening balance as at 1 January 2022	94,943	(7,911)	104,857	191,889	(5)	191,884
Profit for the year	–	–	10,555	10,555	(1)	10,554
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	–	(3,511)	–	(3,511)	–	(3,511)
Foreign currency translation	–	730	–	730	–	730
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400	–	3,400
Other comprehensive income for the year, net of tax	–	619	–	619	–	619
Total comprehensive income for the year	–	619	10,555	11,174	(1)	11,173
<u>Contributions by and distributions to owners</u>						
Dividends paid	–	–	(4,954)	(4,954)	–	(4,954)
Total contributions by and distributions to owners	–	–	(4,954)	(4,954)	–	(4,954)
Closing balance at 31 December 2022	94,943	(7,292)	110,458	198,109	(6)	198,103

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2022

	<u>Attributable to owners of the Company</u>				<u>Non-</u>	
	<u>Share</u>	<u>Other</u>	<u>Retained</u>	<u>Sub-total</u>	<u>controlling</u>	<u>Total</u>
	<u>capital</u>	<u>reserves</u>	<u>earnings</u>		<u>interests</u>	<u>equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
2021						
Opening balance as at 1 January 2021	94,943	(12,492)	92,188	174,639	(4)	174,635
Profit for the year	–	–	12,669	12,669	(1)	12,668
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	–	1,226	–	1,226	–	1,226
Foreign currency translation	–	(45)	–	(45)	–	(45)
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400	–	3,400
Other comprehensive income for the year, net of tax	–	4,581	–	4,581	–	4,581
Total comprehensive income for the year	–	4,581	12,669	17,250	(1)	17,249
Closing balance at 31 December 2021	94,943	(7,911)	104,857	191,889	(5)	191,884

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2022

	Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total equity \$'000
Company				
2022				
Opening balance at 1 January 2022	94,943	(1,443)	40,870	134,370
Profit for the year	–	–	6,589	6,589
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400
Total comprehensive income for the year	–	3,400	6,589	9,989
<u>Contributions by and distributions to owners</u>				
Dividends paid	–	–	(4,954)	(4,954)
Total contributions by and distributions to owners	–	–	(4,954)	(4,954)
Closing balance at 31 December 2022	94,943	1,957	42,505	139,405

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2022

	Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total equity \$'000
Company				
2021				
Opening balance at 1 January 2021	94,943	(4,843)	30,846	120,946
Profit for the year	–	–	10,024	10,024
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400
Total comprehensive income for the year	–	3,400	10,024	13,424
Closing balance at 31 December 2021	94,943	(1,443)	40,870	134,370

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Operating activities			
Profit before tax		14,628	14,912
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		12,332	11,935
Gain on disposal of property, plant and equipment		(3,576)	(3,705)
Property, plant and equipment and inventory written off		147	64
Interest expense		545	439
Interest income		(1,223)	(476)
(Reversal)/impairment loss on trade receivable		(336)	240
Impairment on inventories		–	126
Provision for employee retirement benefits		24	(9)
Net fair value gain on derivatives		(403)	(35)
Reversal of restoration cost on leased land		(172)	(1,500)
Provision for warranty claims on shipbuilding contracts, net		468	357
Currency alignment		(1,098)	63
Operating cash flows before changes in working capital		21,336	22,411
Inventories		(32,889)	116
Trade receivables		4,050	(28,837)
Other receivables, deposits and prepayments		(9,537)	1,928
Contract assets		1,782	(4,630)
Trade payables		19,810	(6,913)
Other payables and accruals		16,234	(1,102)
Provisions		(626)	87
Contract liabilities		6,671	1,941
Deferred income, including government grant		–	(500)
Cash flows generated from/(used in) operations		26,831	(15,499)
Interest paid		(545)	(439)
Interest received		1,223	476
Income taxes paid, net		(2,089)	(2,180)
Net cash flows generated from/(used in) operating activities		25,420	(17,642)

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Investing activities			
Proceeds from disposal of property, plant and equipment		14,338	13,263
Additions to property, plant and equipment		(48,060)	(23,862)
Net cash flows used in investing activities		(33,722)	(10,599)
Financing activities			
Proceeds from term loans		11,159	12,237
Repayment of term loans		(2,500)	(1,458)
Dividends paid		(4,954)	–
Payment of principal portion of lease liabilities		(1,269)	(1,808)
(Increase)/decrease in pledged deposits with licensed bank		(385)	2,568
Net cash flows generated from financing activities		2,051	11,539
Net decrease in cash and cash equivalents		(6,251)	(16,702)
Effect of exchange rate changes on cash and cash equivalents		(196)	334
Cash and cash equivalents at 1 January		18,972	35,340
Cash and cash equivalents at 31 December	21	12,525	18,972

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. CORPORATE INFORMATION

Penguin International Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 21 Tuas Road, Singapore 638489.

The principal activities of the Company are to act as: (i) owners and operators of passenger ferries, (ii) designers and builders of search-and-rescue vessels, and (iii) investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand ("'\$000'") except when otherwise indicated.

2.2 *Adoption of new and amended standards and interpretations*

The following standards and interpretations are effective for the annual period are effective for the annual period beginning on or after 1 January 2022:

Amendment to SFRS(I) 3: Reference to the Conceptual Framework

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 Jan 2024
Amendments to SFRS(I) 17: Insurance Contracts	1 Jan 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure Accounting Policies	1 Jan 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 Jan 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
Amendments to SFRS(I) 16: Lease Liability in a Sales and Leaseback	1 Jan 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 Jan 2024

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(a) *Basis of consolidation (cont'd)*

- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

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

2.7 *Subsidiaries*

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 *Goodwill*

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

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

2.9 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Leasehold buildings	6 - 30 years
Motor launches	5 - 20 years
Machinery and equipment	3 - 15 years
Office equipment	3 - 10 years
Motor vehicles	5 years
Deferred drydocking expenditure	4 years

Assets under construction included in property, plant and equipment are not depreciated as these are not yet available for use.

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

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 *Property, plant and equipment (cont'd)*

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

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

Deferred drydocking expenditure is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation of deferred drydocking expenditure begins when drydocking is completed and the vessels are available for use.

The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

2.10 *Impairment of non-financial assets*

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

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

The Group bases its impairment calculation on market valuations, recent comparable sales, detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

(i) *Financial assets at fair value through profit or loss*

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

(ii) *Derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

(iii) *Amortised cost*

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

(iv) *Fair value through other comprehensive income ("FVOCI")*

Investments in equity instruments

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset at FVOCI in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

(ii) Financial liabilities at amortised cost

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

(c) Offsetting of financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 *Derivative financial instruments*

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss for the year.

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

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

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

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank, cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 *Inventories*

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

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on specific identification basis.
- Parts and spares: purchase costs on first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Where there is an increase in net realisable value in subsequent periods, the amount of reversal of any write-down of inventories is recognised in the profit or loss in the period in which the reversal occurs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs required to make the sale.

Work-in-progress in relation to uncompleted vessels and repairs and maintenance projects are stated at cost.

Cost includes all direct materials and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies and tools. Provision is made for anticipated losses on completed contracts, if any, when the possibility of losses is ascertained.

2.16 *Contract balances*

Contract balances comprise contract assets and contract liabilities presented separately in the balance sheets.

Contract assets

Contract assets are recognised when shipbuilding progress has been made based on the percentage of completion in excess of consideration received and progress billings made. Contract assets are subsequently transferred to receivables when progress billings have been made.

Contract liabilities

Contract liabilities are recognised when progress on shipbuilding has been made based on the percentage of completion in deficit of consideration received and progress billings made. Contract liabilities are subsequently offset when progress on shipbuilding have been made.

A net position of contract asset or contract liability is determined for each contract.

2.17 *Borrowing costs*

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Provisions

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

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

Liquidated damages

Provision for liquidated damages is made in respect of anticipated claims from customers on contracts of which deadlines are overdue or not expected to be completed on time in accordance with contractual obligations. The utilisation of provisions is dependent on the timing of claims.

Foreseeable losses

Provision for foreseeable losses is made for anticipated losses on uncompleted contracts, if any, when the possibility of loss is ascertained.

Onerous contracts

Provision for onerous contract is recognised when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Warranty provisions

Provision for warranty-related costs are recognised when the product is sold in accordance to the terms stipulated in shipbuilding contracts and in respect of anticipated claims from customers. Initial recognition is based on historical experience. The initial estimate of warranty-related cost is revised annually.

Restoration costs

Provision for restoration costs arose on construction of production facilities on leasehold buildings which are required to be reinstated to their original condition at the end of lease term. Restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of leasehold buildings. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of leasehold buildings.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Defined employee retirement benefits*

The Group provides provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees of a subsidiary, as required under the Indonesian Labour Law No. 13/2003. The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuary.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Interest on the defined benefit liability
- Re-measurements of defined benefit liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Interest on the defined benefit liability is recognised as expense in profit or loss.

Re-measurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Re-measurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

The Group's right-of-use assets are presented in Note 27.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 27.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 *Leases (cont'd)*

Short-term leases and leases of low-value assets

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

2.21 *Assets classified as held for sale*

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Property, plant and equipment once classified as held for sale are not depreciated.

2.22 *Revenue*

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

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time (i.e. under the percentage of completion method).

The Company transfers control over time when:

- It produces a good with no alternative use and the Company has an irrevocable right to payment (including a reasonable margin) for the work completed to date, in the event of termination of the contract for the convenience of the customer.
- It creates a good which is controlled by the customer as the good is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Company.

When none of the criteria stated above have been met, revenue is recognised at a point in time.

(a) *Revenue from shipbuilding, ship repairs and maintenance*

Revenue from shipbuilding is recognised either over time or at point in time depending on whether any of the above criteria for recognition of the revenue over time has been met. When any of the above criteria has been met, shipbuilding revenue is recognised over time based on the input method. Revenue from repairs/maintenance is recognised over time and at point in time.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Revenue (cont'd)

(a) Revenue from shipbuilding, ship repairs and maintenance (cont'd)

The Group's shipbuilding revenue comprises (i) build-to-order and (ii) build-for-stock vessels.

- (i) Build-to-order projects typically refer to client-specific orders for customised vessels placed with the Group and formalised by shipbuilding contracts. Revenue from build-to-order projects are typically tied to discrete project milestones and recognised over time.
- (ii) Build-for-stock projects typically refer to generic vessel types built without orders that target niche markets identified by the Group. Sales of stock vessels are typically formalised by sale and purchase agreements. Revenue is typically recognised at point in time.

(b) Revenue from chartering

Revenue from chartering is recognised over time.

(c) Interest income

Interest income is recognised using the effective interest method.

2.23 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 *Taxes (cont'd)*

(c) *Sales tax*

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

2.24 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

2.26 *Share capital and share issuance expenses*

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.27 *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 grant receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants related to income are presented as a credit in profit or loss, under "Other income".

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 *Key sources of estimation uncertainty*

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

(a) *Impairment of property, plant and equipment*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. Management determines recoverable amount based on fair value less costs to sell which is estimated by an independent valuer based on cost of construction and replacement of a similar asset.

The carrying amount of the Group's property, plant and equipment at 31 December 2022 was \$153,447,000 (2021: \$108,951,000).

Further details of the impairment assessment of property, plant and equipment are disclosed in Note 13 to the financial statements.

(b) *Revenue recognition using the percentage-of-completion method*

Revenue from shipbuilding contracts recognised using the percentage-of-completion ("POC") method, management will determine POC based on the input method to measure the stage of satisfaction of a performance obligation.

Actual costs (input) incurred pertaining to the vessels are matched against the budgeted costs to derive the POC of the vessel.

For the financial year ended 31 December 2022, the Group recorded revenue from shipbuilding contracts using the POC method amounting to \$34,752,000 (2021: \$25,325,000).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(c) Determination of lease term of contracts with extension options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

During the current financial year, there is no financial effect of revising lease term to reflect the effect of exercising options.

3.2 Judgements made in applying accounting policies

In the process of applying the Group's and Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Impairment of financial assets

The Group and Company assess whether there is any objective evidence that a credit loss exists upon initial recognition of the financial asset. Factors such as the financial health and background of the debtor (i.e. country risk and industry trends) are considered during the assessment for impairment of financial assets. At reporting date, allowance for impairment loss on trade receivables is disclosed in Note 18 to the financial statements.

(b) Impairment of non-financial assets

The Group and Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The determination of indicators of impairment requires judgement.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

4. REVENUE

Revenue represents income derived from chartering, shipbuilding and ship repairs and maintenance, net of rebates and discounts. Intra-group transactions have been excluded from the Group's revenue.

	Group	
	2022	2021
	\$'000	\$'000
Chartering	30,854	26,320
Shipbuilding, ship repairs and maintenance	104,373	106,329
	135,227	132,649

Revenue of \$64,618,000 (2021: \$78,091,000) and \$70,609,000 (2021: \$54,558,000) are recognised at a point in time and over time respectively.

Transaction price allocated to the remaining non-cancellable performance obligations

The aggregate amount of the transaction price allocated to the remaining non-cancellable performance obligation is \$161,820,000 (2021: \$89,574,000) and the Group expects to recognise this revenue within the next 12 years.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

5. OTHER INCOME

	Group	
	2022	2021
	\$'000	\$'000
Gain on disposal of property, plant and equipment	3,576	3,705
Consideration Sum*	3,550	–
Scrap sales	415	293
Grant received	964	1,522
Reversal of restoration cost on leased land	172	1,500
Others	562	291
	9,239	7,311

* The Consideration Sum relates to the early move-out and relocation from 18 Tuas Basin Link, ahead of the property's lease expiry in 2025.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

6. ADMINISTRATIVE EXPENSES

	Group	
	2022	2021
	\$'000	\$'000
Included in administrative expenses are the following:		
Audit fees:		
- Auditor of the Company	(116)	(108)
- Other auditors	(21)	(18)
Depreciation of property, plant and equipment	(2,372)	(2,988)
Depreciation of right-of-use assets	(585)	(1,207)
Employee benefits expense (Note 9)	(13,140)	(12,573)
Legal fees	(15)	(19)
Professional fees	(1,147)	(1,254)
Property, plant and equipment and inventory written off	(147)	(64)
Operating lease expense (Note 27(c))	(455)	(192)
Water and electricity	(569)	(393)
Transportation	(236)	(189)

7. OTHER OPERATING EXPENSES

	Group	
	2022	2021
	\$'000	\$'000
Included in other operating expenses are the following:		
Depreciation of property, plant and equipment	(8,152)	(6,662)
Net foreign exchange gain	1,542	345
Impairment loss on inventory (Note 17)	—	(126)
Insurance expense	(1,573)	(1,273)

8. FINANCE COSTS/ FINANCE INCOME

	Group	
	2022	2021
	\$'000	\$'000
Bank charges	(66)	(71)
Interest expense on term loans	(368)	(251)
Interest expense on lease liabilities	(166)	(179)
	(600)	(501)
Interest income from short term deposits and bank balances	27	42
Interest income from customers under deferred payment arrangement	1,196	434
	1,223	476

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
Wages, salaries and bonuses	(20,197)	(18,609)
Central Provident Fund contributions	(2,182)	(1,997)
Other short-term benefits	(1,785)	(1,839)
	(24,164)	(22,445)
Included in profit or loss:		
Administrative expenses (Note 6)	(13,140)	(12,573)
Cost of sales	(10,250)	(8,823)
	(23,390)	(21,396)
Capitalised in balance sheet:		
Inventories	(774)	(1,049)
	(24,164)	(22,445)

The above employee benefits expense included key management personnel compensation (other than independent director fees) as disclosed in Note 32(b).

10. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2022	2021
	\$'000	\$'000
Inventories recognised as an expense in cost of sales (Note 17)	(83,211)	(82,704)
Provision for warranty claims, net (Note 24)	(468)	(357)



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group	
	2022	2021
	\$'000	\$'000
Consolidated income statement:		
Current tax		
- Current year tax expense	(2,197)	(1,466)
- Over/(under) provision in respect of previous years	223	(254)
Deferred tax		
- Movement in temporary differences	(2,193)	(946)
- Over provision in respect of previous years	93	422
Income tax expense recognised in the consolidated income statement	(4,074)	(2,244)

Relationship between tax expense and accounting profit

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit before taxation	14,628	14,912
Tax expense at the domestic rates applicable to profits in the countries where the Group operates	(3,597)	(2,954)
Tax effect of expenses not deductible	(2,058)	(1,017)
Tax effect of income not subject to tax	376	521
Over provision in respect of previous years	316	168
Utilisation of deferred tax assets previously not recognised	634	910
Deferred tax assets not recognised	–	(3)
Enhanced tax deduction	203	77
Effect of partial tax exemption and tax relief	52	54
Income tax expense recognised in the consolidated income statement	(4,074)	(2,244)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2022	2021
	\$'000	\$'000
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	10,555	12,669
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	220,170	220,170



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings \$'000	Motor launches \$'000	Machinery and equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Deferred drydocking expenditure \$'000	Total \$'000
Cost								
At 1 January 2021	32,550	88,688	15,147	6,384	601	20,071	2,060	165,501
Additions	387	24,380	746	181	–	8,555	435	34,684
Transfer	3,474	12,743	5,043	(24)	–	(21,276)	40	–
Transfer to assets held for sale	–	(8,808)	–	–	–	–	–	(8,808)
Disposals	–	(13,897)	(36)	–	–	–	(742)	(14,675)
Written off	(38)	–	(102)	–	–	–	–	(140)
Net exchange difference	152	984	48	5	1	71	(25)	1,236
At 31 December 2021 and 1 January 2022	36,525	104,090	20,846	6,546	602	7,421	1,768	177,798
Additions	7,614	39,028	1,155	332	–	12,180	508	60,817
Transfer	7,355	–	–	–	–	(7,355)	–	–
Transfer to inventory	–	–	(121)	–	–	–	–	(121)
Transfer from assets held for sale	–	–	117	–	–	–	–	117
Transfer out*	(15,370)	–	–	–	–	–	–	(15,370)
Disposals	–	(4,519)	(115)	(1)	–	–	(99)	(4,734)
Written off	–	–	(242)	(1,113)	–	–	–	(1,355)
Net exchange difference	(1,755)	(106)	(838)	(64)	(8)	(6)	(122)	(2,899)
At 31 December 2022	34,369	138,493	20,802	5,700	594	12,240	2,055	214,253

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Leasehold buildings \$'000	Motor launches \$'000	Machinery and equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Deferred drydocking expenditure \$'000	Total \$'000
Accumulated depreciation								
At 1 January 2021	19,724	28,368	10,021	5,844	520	–	573	65,050
Charge for the year	2,643	5,525	1,137	296	49	–	461	10,111
Transfer	–	–	–	(8)	–	–	8	–
Transfer to assets held for sale	–	(1,541)	–	–	–	–	–	(1,541)
Disposals	–	(4,819)	(8)	–	–	–	(213)	(5,040)
Written off	(3)	–	(98)	–	–	–	–	(101)
Net exchange difference	68	275	25	4	1	–	(5)	368
At 31 December 2021 and 1 January 2022	22,432	27,808	11,077	6,136	570	–	824	68,847
Charge for the year	2,146	6,899	1,253	207	19	–	474	10,998
Transfer from assets held for sale	–	–	31	–	–	–	–	31
Transfer out*	(15,370)	–	–	–	–	–	–	(15,370)
Disposals	–	(1,155)	–	(1)	–	–	–	(1,156)
Written off	–	–	(108)	(1,100)	–	–	–	(1,208)
Net exchange difference	(729)	(200)	(270)	(55)	(7)	–	(75)	(1,336)
At 31 December 2022	8,479	33,352	11,983	5,187	582	–	1,223	60,806
Net carrying amount								
At 31 December 2021	14,093	76,282	9,769	410	32	7,421	944	108,951
At 31 December 2022	25,890	105,141	8,819	513	12	12,240	832	153,447

* The transfer out relates to the early move-out and relocation from 18 Tuas Basin Link.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold buildings \$'000	Motor launches \$'000	Machinery and equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost						
At 1 January 2021	14,983	3,642	132	2,955	165	21,877
Additions	387	2,900	–	37	–	3,324
Disposals	–	(5,648)	(15)	(1)	–	(5,664)
Written off	–	–	–	(16)	–	(16)
At 31 December 2021 and 1 January 2022	15,370	894	117	2,975	165	19,521
Additions	–	–	–	36	–	36
Transfer out*	(15,370)	–	–	–	–	(15,370)
Written off	–	–	–	(1,076)	–	(1,076)
At 31 December 2022	–	894	117	1,935	165	3,111
Accumulated depreciation						
At 1 January 2021	13,681	3,642	94	2,726	128	20,271
Charge for the year	1,302	–	9	152	33	1,496
Disposals	–	(2,748)	(7)	(1)	–	(2,756)
Written off	–	–	–	(15)	–	(15)
At 31 December 2021 and 1 January 2022	14,983	894	96	2,862	161	18,996
Charge for the year	387	–	7	59	3	456
Transfer out*	(15,370)	–	–	–	–	(15,370)
Written off	–	–	–	(1,065)	–	(1,065)
At 31 December 2022	–	894	103	1,856	164	3,017
Net carrying amount						
At 31 December 2021	387	–	21	113	4	525
At 31 December 2022	–	–	14	79	1	94

* The transfer out relates to the early move-out and relocation from 18 Tuas Basin Link.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Assets pledged as security

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
The carrying amount of property, plant and equipment pledged to secure banking facilities	37,081	20,904	–	–

Impairment assessment of assets

During the year, the Group and the Company carried out a review of the recoverable amount of certain motor launches which were underutilised. The recoverable amounts of the motor launches were based on the valuations performed by an independent valuer.

No impairment or reversal of impairment was made for the year ended 31 December 2022.

Assets classified as held for sale

In 2021, the Group were in the midst of finalising the sale arrangement with buyers for the disposal of certain motor launches. Accordingly, the carrying amount of these vessels was classified as assets held for sale.

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Assets classified as held for sale	–	7,267	–	–

Assets under construction

The Group's construction in progress of \$12,240,000 (2021: \$7,421,000) relates to expenditure for motor launches (2021: new yard development in Tuas) in the course of construction.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	34,403	34,403
Impairment losses	(18,885)	(14,832)
Total investment in subsidiaries	15,518	19,571

	Company	
	2022	2021
	\$'000	\$'000
An analysis of movement in impairment loss on investment in subsidiaries is as follows:		
At beginning of year	14,832	14,852
Allowance/(reversal) for impairment loss	4,053	(20)
At end of year	18,885	14,832



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

14. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Principal activities	Country of incorporation	Ownership interest held by the Company		Cost of investment	
			2022	2021	2022	2021
			%	%	\$'000	\$'000
Held by the Company						
Penguin Shipyard International Pte Ltd ⁽¹⁾	Builders of Flex crewboats, passenger ferries and launches and provision of related repairs and maintenance services	Singapore	100	100	5,000	5,000
Penguin Shipyard Asia Pte Ltd ⁽¹⁾	Builders of Flex crewboats, passenger ferries and launches	Singapore	100	100	2,000	2,000
Pelican Offshore Services Pte Ltd ⁽¹⁾	Management and operation of Flex crewboats and fast supply intervention vessels	Singapore	100	100	18,435	18,435
POS Gallant Pte Ltd ⁽⁴⁾	Dormant	Singapore	100	100	100	100
Pelican Offshore Worldwide Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100	100	100
Penguin Marine Services Pte Ltd ⁽¹⁾	Provision of project management services	Singapore	100	100	500	500
Pelican Ship Management Servies Pte Ltd ⁽¹⁾	Provision of ship management and maintenance services	Singapore	100	100	1,107	1,107
Soon Tian Oon Pte Ltd ⁽⁴⁾	Dormant	Singapore	100	100	231	231
Penguin Marine Offshore Services Pte Ltd ⁽¹⁾	Management and operation of motor launches	Singapore	100	100	5,003	5,003
Swissco Offshore (Pte.) Ltd ⁽¹⁾	Provision of shipyard space	Singapore	100	100	1,927	1,927
					34,403	34,403



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

14. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Principal activities	Country of incorporation	Ownership interest held by subsidiaries	
			2022	2021
			%	%
Held through subsidiaries				
PKS Shipyard Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	100
PT Kim Seah Shipyard Indonesia ⁽²⁾	Builders of Flex crewboats, passenger ferries and launches and provision of related repairs and maintenance services	Indonesia	100	100
POS Grace Pte Ltd ⁽¹⁾	Management and operation of Flex crewboats	Singapore	100	100
Pelican Offshore Malaysia Corp ^{(2) (3)}	Management and operation of Flex crewboats	Malaysia	49	49
Flex Fleet Sdn Bhd ⁽²⁾	Management and operation of Flex crewboats	Malaysia	100	100
POS Victory Pte Ltd ⁽¹⁾	Management and operation of fast supply intervention	Singapore	100	100
POS Glow Pte Ltd ⁽⁴⁾	Dormant	Singapore	100	100
Penguin Transporter Pte Ltd ⁽¹⁾	Management and operation of Landing Craft	Singapore	100	100
Victory Marine Services Sdn Bhd ⁽²⁾	Dormant	Malaysia	70	70

⁽¹⁾ Audited by PKF-CAP LLP, Singapore.

⁽²⁾ Audited by member firms of PKF International.

⁽³⁾ The Group consolidates 100% of the results of Pelican Offshore Malaysia Corp ("POMC") as it controls and has beneficial interest in all of POMC's results and operations.

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



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

15. OTHER INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares	287	287	287	287
Impairment losses	(287)	(287)	(287)	(287)
	–	–	–	–
Quoted equity shares	8,000	8,000	8,000	8,000
Changes in fair value of equity investment at FVOCI	2,900	(500)	2,900	(500)
Issue of Management Award Shares as per the investment agreement with respect to Marco Polo Marine Limited	(943)	(943)	(943)	(943)
	9,957	6,557	9,957	6,557
Total other investments	9,957	6,557	9,957	6,557

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Movements in quoted equity shares:				
As at 1 January	6,557	3,157	6,557	3,157
Changes in fair value of equity investment at FVOCI	3,400	3,400	3,400	3,400
As at 31 December	9,957	6,557	9,957	6,557

16. INTANGIBLE ASSET

	Goodwill \$'000
Group	
Cost	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	291
Accumulated impairment loss	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	(213)
Net carrying amount	
At 31 December 2021 and 31 December 2022	78



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

16. INTANGIBLE ASSET (cont'd)

Goodwill on consolidation arose from the acquisition of PT Kim Seah Shipyard Indonesia during the financial year ended 31 December 2006. The goodwill amount was determined based on the fair value of the net assets acquired less the purchase consideration paid on the date of purchase. The goodwill has been allocated to PT Kim Seah Shipyard Indonesia as a cash generating unit ("CGU") for impairment testing.

No impairment loss for goodwill was required for the financial year ended 31 December 2022 and 31 December 2021.

17. INVENTORIES

	Group	
	2022	2021
	\$'000	\$'000
Balance sheet:		
Parts and spares	1,666	2,153
Work-in-progress	66,922	44,102
	68,588	46,255
Income statement:		
Inventories recognised as an expense in cost of sales (Note 10)	(83,211)	(82,704)
Impairment loss on inventory recognised in other operating expenses (Note 7)	–	(126)

18. TRADE RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current:				
Trade receivables	22,366	22,379	5,233	2,204
Allowance for impairment loss	(1,177)	(1,758)	–	–
	21,189	20,621	5,233	2,204
Non-current:				
Trade receivables	13,814	18,096	–	–
Total trade receivables	35,003	38,717	5,233	2,204

Trade receivables are generally on 30 days term and are non-interest bearing, except for trade receivables which pertains to sale of stock vessels under deferred payment arrangement. They are recognised at original invoice amounts which represent their fair values on initial recognition.

Included in Group current trade receivables and non-current trade receivables is an amount of \$8,091,000 (2021: \$4,633,000) and \$13,814,000 (2021: \$18,096,000) respectively which pertains to sale of stock vessels under deferred payment arrangement.

Of the entire deferred payment arrangement, \$4,038,000 (2021: Nil) is secured against stock vessel sold. The deferred payment arrangement bears interest at 3% to 6% and is repayable through monthly instalments.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

18. TRADE RECEIVABLES (cont'd)

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to \$5,401,000 (2021: \$7,809,000) and \$591,000 (2021: \$335,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Less than 30 days	3,258	2,668	348	–
30 to 60 days	603	4,493	243	335
61 to 90 days	438	169	–	–
91 to 365 days	1,102	479	–	–
	5,401	7,809	591	335

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment is as follows:

	Group Individually impaired	
	2022	2021
	\$'000	\$'000
Trade receivables	1,177	1,758
Less: Allowance for impairment loss	(1,177)	(1,758)
	–	–
Movement in allowance account:		
At 1 January	1,758	1,501
(Reversal)/charge to the profit or loss account	(336)	240
Write off provision in prior year	(226)	–
Exchange difference	(19)	17
At 31 December	1,177	1,758

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. During the year, the credit to profit or loss account of \$336,000 related to a reversal of previously made allowance due to payment received from the debtor. In 2021, the additional charge to the profit or loss account of \$240,000 is provided as an allowance by management for a debtor that have defaulted on payments.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

19. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current:				
<i>Financial assets</i>				
Other receivables	4,350	4,715	44	5
Deposits	1,342	535	194	164
Insurance claims	969	967	–	–
	6,661	6,217	238	169
<i>Non-financial assets</i>				
Advance payment to suppliers	12,333	4,363	–	–
Deposits	–	4	–	–
Other receivables	498	649	–	–
	12,831	5,016	–	–
Total current other receivables and deposits	19,492	11,233	238	169
<i>Non-current:</i>				
Financial assets				
Other receivables	3,669	1,507	–	–
Total other receivables and deposits	23,161	12,740	238	169

Included in the Group's current other receivables and non-current other receivables is an amount of \$1,616,000 (2021: \$3,568,000) and \$3,669,000 (2021: \$1,507,000) respectively which pertains to sale of vessels (property, plant and equipment) under deferred payment arrangement which will end between 2023 and 2026.

Of the entire deferred payment arrangement, \$5,285,000 (2021: \$2,344,000) is secured against fleet vessel sold. The deferred payment arrangement bears interests ranging from 6.30% (2021: 4.35% to 6.30%) and are repayable through monthly instalments.

Included in the Group's current other receivables is an amount of \$2,267,000 (2021: Nil) which pertains to tax recoverable. An overseas subsidiary of the Group has received notices of tax assessments following tax audits carried out on this subsidiary for the years 2018 and 2019. An additional tax payable of S\$2.3 million was required based on the tax assessments received. The foreign subsidiary has paid the additional tax amount in FY2022. The subsidiary's external tax professional firm has advised that it does not see any merit to the tax assessments raised by the tax authorities. Based on the advice of the subsidiary's external tax professional firm, management believes that it is virtually certain that the overseas subsidiary can recover the tax paid. Accordingly the tax recoverable is recognised in the financial statements.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

20. LOANS TO SUBSIDIARIES/ DEPOSITS FROM SUBSIDIARIES

	Company	
	2022	2021
	\$'000	\$'000
Loan to a subsidiary (non-current)	84,340	70,837
Loans to subsidiaries (current)	72,263	53,507
Deposits from subsidiaries (current)	(22,644)	(10,547)

The loan to a subsidiary (non-current) has been designated by the Company as part of the net investment in the subsidiary. The amount is unsecured and bearing interest of 2.10% to 5.83% (2021: 3.00% to 3.05%) per annum, has no repayment terms and is repayable only when the cash flows of the subsidiary permit. The loan is denominated in Singapore Dollar.

Loans to subsidiaries (current) are unsecured, bear interest of 2.10% to 5.83% (2021: 3.00% to 3.05%) per annum and are repayable on demand. Included in loan to subsidiaries (current) of the Company is \$730,000 (2021: \$5,409,000) denominated in United States Dollar.

Loans to subsidiaries (current) are stated after deducting an allowance for impairment loss of \$31,333,000 (2021: \$31,333,000).

	Company	
	2022	2021
	\$'000	\$'000
Movement in allowance account:		
At 1 January	31,333	33,009
Reversal of over provision in prior years	–	(1,676)
At 31 December	31,333	31,333

Deposits from subsidiaries are unsecured, bear interest of 0.25% to 3.90% (2021: 0.20% to 0.25%) per annum and are repayable on demand. Included in deposits from subsidiaries of the Company is \$386,000 (2021: \$199,000) denominated in United States Dollar.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

21. CASH AND BANK BALANCES AND FIXED DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	12,525	18,777	1,351	4,674
Fixed deposits	2,453	2,264	–	–
	14,978	21,041	1,351	4,674

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 1 week and 12 months (2021: 1 week and 12 months), mostly less than 3 months depending on the immediate cash requirements of the Group and the Company, and earn interest ranging from 0.01% to 2.60% (2021: 0.01% to 0.24%) per annum.

Bank balances and fixed deposits of \$2,453,000 (2021: \$2,069,000) are pledged with licensed banks for banking facilities granted to the Group.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at 31 December:

	Group	
	2022	2021
	\$'000	\$'000
Cash and bank balances (excluding pledged bank balances)	12,525	18,270
Fixed deposits (excluding pledged fixed deposits)	–	702
Cash and cash equivalents	12,525	18,972

22. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 60 to 90-day terms.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Accrued operating expenses	31,718	13,663	1,693	1,781
Other payables	901	726	134	184
	32,619	14,389	1,827	1,965
Non-financial liabilities				
Other payables	–	–	435	53
Advance payments and deposits received (non-refundable)	4,822	6,818	–	–
Total other payables and accruals	37,441	21,207	2,262	2,018

Advance payments and deposits received (non-refundable) refer mainly to downpayments for shipbuilding activities.

24. PROVISIONS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Current:</i>				
Provision for warranty claims	701	540	–	–
Provision for restoration cost	–	491	–	491
	701	1,031	–	491
<i>Non-current:</i>				
Provision for restoration cost	2,080	–	–	–
Provision for employee retirement benefits	164	154	–	–
	2,244	154	–	–

Provision for warranty claims

Movement in provision for warranty claims during the year is as follows:

	Group	
	2022	2021
	\$'000	\$'000
At 1 January	540	483
Additions during the year	720	533
Reversals during the year	(252)	(176)
Utilisation during the year	(307)	(300)
At 31 December	701	540



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

24. PROVISIONS (cont'd)

Provision for warranty claims (cont'd)

The provision for warranty claims is in relation to shipbuilding contracts. The amount for warranty claim is estimated by management based on past experience and expectations of the costs of possible repairs and rectifications.

Provision for restoration cost

The provision for restoration cost is recognised for expected cost required to be incurred to reinstate the leased land to their original condition. Management is of the view that the provision recorded is adequate to cover the costs of restoration.

Provision for employee retirement benefits

A subsidiary in Indonesia provides defined retirement benefits for its employees who achieve the retirement age based on the provisions of Labour Law No. 13/2003 in Indonesia dated 25 March 2003. The benefits are unfunded.

The following table summarises the components of defined retirement benefits expense recognised in profit or loss and provision for employee retirement benefits recognised in the balance sheets as of 31 December 2022, as determined by an independent actuary.

(a) Provision for employee retirement benefit:

	Group	
	2022	2021
	\$'000	\$'000
Current service cost	29	(9)
Total defined retirement benefits expense	29	(9)
Presented in profit or loss as:		
Administrative expenses	29	(9)

(b) Provision for employee retirement benefits consists of the following:

	Group	
	2022	2021
	\$'000	\$'000
Present value of employee benefits obligation	164	154



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

24. PROVISIONS (cont'd)

Provision for employee retirement benefits (cont'd)

The principal assumptions used in determining the employee retirement benefit expense are as follows:

	2022	Group 2021
Retirement age	55	55
Discount rate	5.52% - 7.41%	3.40% - 7.58%
Mortality rate	TMI 2019	TMI 2019
Method	Projected unit credit	Projected unit credit

Movement in the provision for employee retirement benefits is as follows:

	2022 \$'000	Group 2021 \$'000
At 1 January	154	161
Provision made during the year	29	(9)
Payment made during the year	(5)	–
Translation	(14)	2
At 31 December	164	154

25. CONTRACT BALANCES

	Group 2022 \$'000	2021 \$'000	Company 2022 \$'000	2021 \$'000
Contract assets	4,543	6,325	–	5,398
Contract liabilities	(9,388)	(2,717)	(712)	(442)

Contract assets/ (liabilities) refer to progress billings in relation to shipbuilding and maintenance contracts in deficit/ (excess) of their corresponding revenue.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

25. CONTRACT BALANCES (cont'd)

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Group		Company	
	Contract liabilities		Contract liabilities	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	2,717	776	442	428

	Group		Company	
	Contract assets		Contract assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Contract asset reclassified to trade receivables	6,325	1,695	5,398	–

26. TERM LOANS

	Group	
	2022	2021
	\$'000	\$'000
Current:		
Term loan I (unsecured)	1,038	987
Term loan II	1,000	1,000
Term loan III	4,242	4,242
Term loan IV	780	374
Term loan V	934	–
	7,994	6,603
Non-current:		
Term loan I (unsecured)	1,435	2,510
Term loan II	2,500	3,500
Term loan III	–	–
Term loan IV	4,988	2,621
Term loan V	6,977	–
	15,900	8,631
Total term loans	23,894	15,234



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

26. TERM LOANS (cont'd)

Term loan I

This loan bears interest of 2% (2021: 2%-3%) and is repayable through monthly instalments.

Term loan II

This loan bears interest of 2.48% (2021: 2.48%) and is repayable through monthly instalments.

Term loan III

This loan bears interest of 2.43% (2021: 2.43%) and is repayable on demand.

Term loan IV

This loan bears interest ranging from 2.73%-4.96% (2021: 2.73%) and is repayable through monthly instalments.

Term loan V

This loan bears interest of 5% (2021: NIL) and is repayable through monthly instalments.

Reconciliation of liabilities arising from financing activities

	1 January 2022 \$'000	Financing cash flows \$'000	31 December 2022 \$'000
Term loans	15,234	8,660	23,894
	1 January 2021 \$'000	Financing cash flows \$'000	31 December 2021 \$'000
Term loans	4,455	10,779	15,234

The Group's loans from the banks are secured by way of:

- (a) first mortgage over motor launches of subsidiaries;
- (b) an assignment of charter earnings in respect of mortgaged motor launches;
- (c) an assignment of insurance policies in respect of mortgaged motor launches;
- (d) first mortgage over property of subsidiary; and
- (e) an assignment of rental proceeds of mortgaged property.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

27. LEASES

Group as a lessee

The Group has lease contracts for land, office buildings and dormitories. There are several lease contracts that include extension options. The Group also has certain leases of dormitory with lease terms of 12 months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) **Movement of right-of-use assets:**

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At 1 January	8,028	8,984	150	727
Additions	768	879	–	173
Lease modification	–	17	–	17
Depreciation	(1,334)	(1,824)	(150)	(767)
Written off	–	(27)	–	–
Net exchange difference	(3)	(1)	–	–
At 31 December	7,459	8,028	–	150

(b) **Lease liabilities**

Reconciliation of liabilities arising from financing activities

	1 January 2022	Financing Cash flows	Written off	Group Non-cash changes	31 December 2022
	\$'000	\$'000	\$'000	Modifications/ Additions/ (transfer)	\$'000
Lease liabilities					
- current	827	(1,269)	–	–	680
- non-current	7,366	–	–	–	7,009
	8,193	(1,269)	–	–	7,689

	1 January 2021	Financing Cash flows	Written off	Group Non-cash changes	31 December 2021
	\$'000	\$'000	\$'000	Modifications/ Additions/ (transfer)	\$'000
Lease liabilities					
- current	1,350	(1,808)	(28)	17	827
- non-current	7,783	–	–	–	7,366
	9,133	(1,808)	(28)	17	8,193

Maturity analysis of lease liabilities is disclosed in Note 37(b).



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

27. LEASES (cont'd)

(c) Amounts recognised in profit or loss

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Depreciation of right-of-use assets	1,334	1,824	150	767
Interest expense on lease liabilities	177	188	1	7
Lease expense not capitalised in lease liabilities:				
Expense relating to low-value and short-term leases				
- included in cost of sales	100	140	—	—
- included in administrative expenses	455	192	106	15
Total amount recognised in profit or loss	2,066	2,344	257	789

(d) Total cash outflow

The Group had total cash outflows for leases of \$2,001,000 in 2022 (2021: \$2,328,000).

28. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Capital commitments in respect of property, plant and equipment	8,688	3,991	—	—

(b) Other commitments

Expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Commitments in respect of shipbuilding costs	45,018	37,752	—	—



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

28. COMMITMENTS (cont'd)

(c) *Continuing financial support*

The Company has undertaken to provide continuing financial support to fourteen (2021: twelve) of its subsidiaries to enable them to operate as going concerns and to meet their obligations for at least 12 months from the date of their respective directors' report relating to the 31 December 2022 financial statements. The subsidiaries are Penguin Marine Offshore Services Pte Ltd, Penguin Marine Services Pte Ltd, PKS Shipyard Pte Ltd, POS Gallant Pte Ltd, Pelican Offshore Worldwide Pte Ltd, Flex Fleet Sdn Bhd, POS Glow Pte Ltd, POS Victory Pte Ltd, Penguin Transporter Pte Ltd, PT Kim Seah Shipyard Indonesia, Victory Marine Services Sdn Bhd, Swissco Offshore (Pte.) Ltd, Pelican Offshore Malaysia Corp and POS Grace Pte Ltd.

29. DEFERRED TAX LIABILITIES

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities						
Differences in depreciation	(4,841)	(2,743)	(2,100)	(524)	(381)	(15)
Others	—	—	2	—	—	—

During the year, three subsidiaries (2021: three subsidiaries) transferred \$15,873,000 (2021: \$8,408,000) of its current year tax losses and capital allowances to be deducted against the assessable income of the company and two subsidiaries (2021: two subsidiaries) pursuant to the Group Relief Scheme, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The tax savings arising from the application of Group Relief amounted to approximately \$2,698,000 (2021: \$1,429,000).

At the balance sheet date, the Group has unutilised tax losses and capital allowances of approximately \$3,643,000 (2021: \$4,908,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses and capital allowances have no expiry date (2021: except for amount of \$1,247,000 which will expire in 2025).

Tax consequences of proposed dividends

There are no income tax consequences attached to dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35).

Unrecognised temporary differences relating to investments in subsidiaries

There is no deferred tax liability (2021: \$NIL) recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregated to \$17,457,000 (2021: \$15,738,000).



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

30. SHARE CAPITAL

	Group and Company			
	2022		2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Ordinary shares Issued and fully paid				
Balance at 1 January & 31 December	220,170	94,943	220,170	94,943

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares which have no par value carry one vote per share without restrictions.

31. OTHER RESERVES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Foreign currency translation reserve	(9,249)	(6,468)	–	–
Fair value reserve	1,957	(1,443)	1,957	(1,443)
	(7,292)	(7,911)	1,957	(1,443)

(a) *Foreign currency translation reserve*

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It also includes the effect of exchange differences arising on monetary items that form part of the Group's net investment in foreign operations.

	Group	
	2022 \$'000	2021 \$'000
At 1 January	(6,468)	(7,649)
Net effect of exchange differences arising from quasi capital loan to subsidiaries ⁽¹⁾	(3,511)	1,226
Net effect of exchange differences arising from translation of financial statements of foreign operations	730	(45)
At 31 December	(9,249)	(6,468)

⁽¹⁾ This relates to quasi capital loan within the Group.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

31 OTHER RESERVES (cont'd)

(b) *Fair value reserve*

	Group and Company	
	2022	2021
	\$'000	\$'000
At 1 January	(1,443)	(4,843)
Change in fair value of equity investment at FVOCI	3,400	3,400
At 31 December	1,957	(1,443)

32. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

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

	Group		Company	
	Related parties		Subsidiaries	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Income				
Charter hire fee income	–	–	17	28
Commission income	–	–	450	360
Management fee income	–	–	2,470	2,470
Interest income	–	–	4,596	3,367
Rental income	1	1	554	1,884
Dividend income	–	–	6,000	6,000
Wharfage charges	37	38	–	–
Maintenance service	1	–	–	–
Sale of inventory	–	–	–	5
Expense				
Ship building costs	–	–	(2,546)	(9,674)
Project management cost	–	–	(3,825)	(3,674)
Interest expense	–	–	(315)	(22)
Ship management expense	–	–	(88)	(226)
Ship repair cost	–	–	(154)	(271)
Charter hire expense	–	–	(462)	(420)
Vessel maintenance cost	(20)	(53)	(4,507)	(2,774)
Rental expenses	–	–	(64)	(508)
Others				
Purchase of property, plant and equipment	–	(414)	–	–



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

32. RELATED PARTY TRANSACTIONS (cont'd)

(b) *Compensation of key management personnel*

	Company	
	2022	2021
	\$'000	\$'000
Short-term employee benefits expense	2,635	2,499
Central Provident Fund contributions	97	95
	2,732	2,594
Comprise amounts paid to:		
Directors of the Company	1,820	1,812
Other key management personnel	912	782
	2,732	2,594

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

33. GUARANTEES

The Group and Company had outstanding bank guarantees amounting to approximately \$10,505,000 (2021: \$14,956,000) and \$7,410,000 (2021: \$13,231,000) respectively, in respect of the performance of charter-hire and shipbuilding contracts (2021: charter-hire and shipbuilding contracts).

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (a) The chartering segment provides chartering of motor launches.
- (b) The shipbuilding and ship repairs and maintenance segment act as a builder of high speed aluminium commercial vessels and contractor for ship repairs and maintenance services.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

34. SEGMENT INFORMATION (cont'd)

	Chartering		Shipbuilding, ship repairs and maintenance		Adjustments and eliminations		Notes	Total	
	2022	2021	2022	2021	2022	2021		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
Sales to external customers	30,854	26,320	104,373	106,329	—	—		135,227	132,649
Inter-segment sales	847	445	64,669	40,255	(65,516)	(40,700)	A	—	—
Total revenue	31,701	26,765	169,042	146,584	(65,516)	(40,700)		135,227	132,649
Results:									
Finance income	442	486	1,569	277	(788)	(287)	B	1,223	476
Dividend income	6,000	6,000	—	—	(6,000)	(6,000)		—	—
Depreciation	(9,257)	(8,376)	(4,236)	(3,572)	1,161	13	B	(12,332)	(11,935)
Financial costs	(450)	(293)	(938)	(495)	788	287	B	(600)	(501)
Impairment on inventories	—	(126)	—	—	—	—		—	(126)
Other non-cash expenses	(62)	(3)	250	(301)	—	—		188	(304)
Segment profit before tax	9,631	10,090	8,670	11,195	(3,673)	(6,373)	C	14,628	14,912
Taxation								(4,074)	(2,244)
Profit for the year								10,554	12,668

The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 December 2022 and 2021:

	Chartering		Shipbuilding, ship repairs and maintenance		Discontinued operation		Adjustments and eliminations		Notes	Total	
	2022	2021	2022	2021	2022	2021	2022	2021		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Assets and liabilities:											
Additions to non-current assets	63,902	35,571	13,386	27,965	—	—	(11,622)	(6,188)	D	65,666	57,348
Goodwill	—	—	78	78	—	—	—	—		78	78
Segment assets	181,220	130,111	163,598	141,884	367	367	(26,730)	(15,544)	E	318,455	256,818
Segment liabilities	24,102	19,282	89,504	40,710	—	—	6,746	4,942	F	120,352	64,934



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

34. SEGMENT INFORMATION (cont'd)

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

- A. Inter-segment revenues are eliminated on consolidation.
- B. Inter-segment interest income and finance expenses are eliminated on consolidation. Depreciation on mark-up arising from inter-segment sale of motor launches are also eliminated on consolidation.
- C. The following items are added to/(deducted from) segment profit/(loss) before tax to arrive at "profit/(loss) before tax" presented in the consolidated income statement:

	2022 \$'000	2021 \$'000
From inter-segment transactions	(6,929)	(6,570)
Unallocated income	3,643	1,500
Unallocated expenses	(387)	(1,303)
	(3,673)	(6,373)

The unallocated income pertain mainly to the early move-out and relocation from 18 Tuas Basin Link and reversal of restoration cost on leased land (2021: reversal of restoration cost on leased land).

The unallocated expenses pertain mainly to depreciation of leasehold building.

- D. The adjustments and eliminations relate to additions to leasehold building which cannot be allocated to each segment and inter-segment sales of motor launches.
- E. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2022 \$'000	2021 \$'000
Inter-segment assets	(26,730)	(15,931)
Unallocated assets	–	387
	(26,730)	(15,544)

The unallocated assets pertain mainly to leasehold building.

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

	2022 \$'000	2021 \$'000
Inter-segment liabilities	(536)	(93)
Deferred tax liabilities	4,841	2,743
Current tax liabilities	2,441	1,801
Provision for restoration cost	–	491
	6,746	4,942



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

34. SEGMENT INFORMATION (cont'd)

Geographical information

Revenue information based on the geographical location of the customers is as follows:

	Vessel Chartering		Shipbuilding, ship repairs and maintenance		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	4,950	4,809	7,026	13,416	11,976	18,225
Rest of Southeast Asia	23,480	20,026	6,674	432	30,154	20,458
East Asia	–	–	6,740	5,552	6,740	5,552
Africa	1,098	1,079	24,659	51,885	25,757	52,964
Europe	–	406	43,324	28,235	43,324	28,641
North America	–	–	9,128	–	9,128	–
South Asia	–	–	–	5,881	–	5,881
Middle East	1,326	–	6,691	–	8,017	–
Others	–	–	131	928	131	928
	30,854	26,320	104,373	106,329	135,227	132,649

Management does not monitor non-current assets and capital expenditure by geographical segment because the non-current assets comprise mainly of vessels which cannot be meaningfully allocated as the vessels can be deployed on different routes.

Information about major customers

Revenue from three (2021: three) major customers amounted to \$61,596,000 (2021: \$55,017,000), arising from chartering and shipbuilding, ship repairs and maintenance (2021: chartering and shipbuilding, ship repairs and maintenance) segments.

35. DIVIDENDS

Paid during the financial year

Dividends on ordinary shares:

	Group and Company	
	2022	2021
	\$'000	\$'000
- Final exempt (one-tier) dividend for 2021: 2.25 cents per share (2020: NIL) per share	4,954	–



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

35. DIVIDENDS (cont'd)

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

	Group and Company	
	2022	2021
	\$'000	\$'000
- Final exempt (one-tier) dividend for 2022: 2.25 cents (2021: 2.25 cents) per share	4,954	4,954

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Classification of financial instruments*

	Financial assets at amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at amortised cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
2022					
Assets					
Other investments	–	–	9,957	–	9,957
Trade receivables	35,003	–	–	–	35,003
Other receivables and deposits	10,330	–	–	–	10,330
Derivatives	–	487	–	–	487
Fixed deposits	2,453	–	–	–	2,453
Cash and bank balances	12,525	–	–	–	12,525
	60,311	487	9,957	–	70,755
Liabilities					
Trade payables	–	–	–	31,664	31,664
Other payables and accruals	–	–	–	32,619	32,619
Term loans	–	–	–	23,894	23,894
Lease liabilities	–	–	–	7,689	7,689
Derivatives	–	49	–	–	49
	–	49	–	95,866	95,915



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) *Classification of financial instruments (cont'd)*

	Financial assets at amortised cost \$'000	Financial assets/ liabilities at fair value through profit or loss \$'000	Financial assets at fair value through other comprehensive income \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2021					
Assets					
Other investments	–	–	6,557	–	6,557
Trade receivables	38,717	–	–	–	38,717
Other receivables and deposits	7,724	–	–	–	7,724
Derivatives	–	35	–	–	35
Fixed deposits	2,264	–	–	–	2,264
Cash and bank balances	18,777	–	–	–	18,777
	67,482	35	6,557	–	74,074
Liabilities					
Trade payables	–	–	–	11,854	11,854
Other payables and accruals	–	–	–	14,389	14,389
Term loans	–	–	–	15,234	15,234
Lease liabilities	–	–	–	8,193	8,193
	–	–	–	49,670	49,670



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) *Classification of financial instruments (cont'd)*

Company	Financial assets at amortised cost \$'000	Financial assets/ liabilities at fair value through profit or loss \$'000	Financial assets at fair value through other comprehensive income \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2022					
Assets					
Other investments	–	–	9,957	–	9,957
Trade receivables	5,233	–	–	–	5,233
Other receivables and deposits	238	–	–	–	238
Derivatives	–	487	–	–	487
Loans to subsidiaries	156,603	–	–	–	156,603
Cash and bank balances	1,351	–	–	–	1,351
	163,425	487	9,957	–	173,869
Liabilities					
Trade payables	–	–	–	7	7
Other payables and accruals	–	–	–	1,827	1,827
Deposits from subsidiaries	–	–	–	22,644	22,644
Term loans	–	–	–	23,894	23,894
Derivatives	–	49	–	–	49
	–	49	–	48,372	48,421
2021					
Assets					
Other investments	–	–	6,557	–	6,557
Trade receivables	2,204	–	–	–	2,204
Other receivables and deposits	169	–	–	–	169
Derivatives	–	35	–	–	35
Loans to subsidiaries	124,344	–	–	–	124,344
Cash and bank balances	4,674	–	–	–	4,674
	131,391	35	6,557	–	137,983
Liabilities					
Trade payables	–	–	–	82	82
Other payables and accruals	–	–	–	1,965	1,965
Deposits from subsidiaries	–	–	–	10,547	10,547
Lease liabilities	–	–	–	150	150
Term loans	–	–	–	15,234	15,234
	–	–	–	27,978	27,978



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(b) *Fair value of financial instruments that are carried at fair value*

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

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

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

As at 31 December 2022, the Group has investment in quoted equity security representing Level 1 financial asset which is carried at fair value amount of \$9,957,000 (2021: \$6,557,000). The quoted equity security is listed on the SGX-ST in Singapore.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of trade receivables, other receivables and deposits, contract assets, loans to subsidiaries, cash and cash equivalents, trade payables, other payables and accruals, term loans, and deposits from subsidiaries are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives for speculative purposes shall be undertaken. The Group does not apply hedge accounting.

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

There has been no change to the Group's exposure to the financial risks or the manner in which it manages and measures the risks.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of cash and fixed deposits, trade and other receivables and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Credit risk concentration profile

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

	Group			
	2022		2021	
	\$'000	%	\$'000	%
By country:				
Singapore	7,983	18	2,762	6
Malaysia	8,449	20	6,131	14
Rest of Southeast Asia	108	—	3,408	7
Africa	8,848	21	8,195	18
East Asia	—	—	2,587	6
South Asia	1,197	3	4,532	10
Europe	15,030	35	17,306	39
Others	1,407	3	18	—
	43,022	100	44,939	100
By industry sectors:				
Chartering	15,828	37	13,199	29
Shipbuilding, repairs and maintenance	27,194	63	31,740	71
	43,022	100	44,939	100



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) **Credit risk (cont'd)**

At the end of the reporting period:

- Approximately 52% (2021: 46%) of the Group's trade receivables were due from three (2021: three) major customers consisting of multi-industry conglomerates located in various countries.
- Approximately 86% (2021: 99%) of the Company's trade receivables were due from two (2021: two) major customers consisting of government ministries and a multinational corporation.

Financial assets that are neither past due nor impaired

Trade and other receivables and contract assets that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments is as follows.

	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
2022				
Financial liabilities				
Trade payables	31,664	–	–	31,664
Other payables and accruals	32,619	–	–	32,619
Term loans	8,860	14,608	3,493	26,961
Lease liabilities	203	2,562	5,740	8,505
Total undiscounted financial liabilities	73,346	17,170	9,233	99,749



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) *Liquidity risk (cont'd)*

	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
2021				
Financial liabilities				
Trade payables	11,854	–	–	11,854
Other payables and accruals	14,389	–	–	14,389
Term loans	7,024	9,620	–	16,644
Lease liabilities	1,103	2,594	6,249	9,946
Total undiscounted financial liabilities	34,370	12,214	6,249	52,833
Company				
2022				
Financial liabilities				
Trade payables	7	–	–	7
Other payables and accruals	1,827	–	–	1,827
Deposits from subsidiaries	23,114	–	–	23,114
Term loans	8,860	14,608	3,493	26,961
Total undiscounted financial liabilities	33,808	14,608	3,493	51,909
2021				
Financial liabilities				
Trade payables	82	–	–	82
Other payables and accruals	1,965	–	–	1,965
Deposits from subsidiaries	10,572	–	–	10,572
Term loans	7,024	9,620	–	16,644
Lease liabilities	151	–	–	151
Total undiscounted financial liabilities	19,794	9,620	–	29,414



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) **Foreign currency risk**

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD").

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to \$8,623,000 (2021: \$7,356,000) and \$174,000 (2021: \$276,000) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Indonesia. The Group's net investments in Malaysia and Indonesia that are not hedged as currency positions in Ringgit and Rupiah are considered to be long-term in nature.

The foreign currency risk is primarily managed by natural hedges of matching assets and liabilities denominated in foreign currencies. In addition, the Group uses forward currency contracts to reduce the currency exposures on material transactions, as deemed by management for which payment is anticipated more than one month after the Group has entered into a firm commitment for the sale. The Group has also been closely monitoring the foreign currency risk and has considered various hedging options for significant foreign currency exposure as and when the need arises.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate (against SGD), with all other variables held constant, of the Group's profit/(loss) before tax.

	Increase/ (decrease) in profit before tax 2022 \$'000	Increase/ (decrease) in profit before tax 2021 \$'000
USD/SGD – strengthened 3% (2021: 3%)	433	283
USD/SGD – weakened 3% (2021: 3%)	(433)	(283)

(d) **Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risks arising from equity investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as other investments. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the price of the shares held had been 5% higher/ lower with all other variables held constant, the Group's other comprehensive income would have been \$498,000 (2021: \$328,000) higher/lower, arising as a result of an increase/ decrease in the fair value of equity securities classified as other investments.



APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2022

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) *Interest rate risk*

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

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in SGD interest rates with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in profit before tax 2022 \$'000	Increase/ (decrease) in profit before tax 2021 \$'000
Increase in 100 basis points	196	98
Decrease in 100 basis points	(196)	(98)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to maintain the gearing ratio at less than 50%. The Group includes within net debt loans and borrowings, less cash and fixed deposits. Capital includes equity attributable to the owners of the Company.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 20 March 2023.



APPENDIX E: SUMMARY VALUATION REPORTS



Our Ref: 12306V/23/ALC

29 May 2023

DESKTOP VALUATION CERTIFICATES FOR 51 VESSELS AND ASSETS BELONGING TO PENGUIN INTERNATIONAL LIMITED

THIS IS TO REPORT that at the request of Penguin International Limited, Singapore, we the undersigned Marine Surveyors & Appraisers,

ALC CONSULTING SERVICES PTE. LTD

did on 22 May 2023 examine documents / specifications pertaining to the 51 vessels and assets for the purpose of carrying out a desktop valuation appraisal.

This valuation report has been prepared in connection with the voluntary conditional cash offer by Aleph Tav Ltd for the shares of Penguin International Limited, Singapore.

SUMMARY VALUATION FOR EACH CATEGORY OF VESSEL

S/N	TYPE OF VESSEL	TOTAL VALUATION
1	ALUMINIUM FERRY BOAT / LAUNCH BOAT / LINE HANDLING BOAT / WORK BOAT / ELECTRIC PASSENGER FERRY	S\$26,640,000
2	ALUMINIUM CREW BOAT	S\$125,400,000
3	BARGE / STEEL TUG / FIREFIGHTING UTILITY TUG / STEEL MOORING BOAT	S\$3,570,000
4	LANDING CRAFT	S\$7,980,000
5	MARINE CRANE	S\$1,300,000
TOTAL VALUATION FOR 51 VESSELS AND ASSETS		S\$164,890,000

ALC Consulting Services Pte Ltd

Co Reg. / GST Reg No: 200601206K

33 Ubi Ave 3 #06-07 Vertex Singapore 408868 | Tel: +65 6515 4116 | www.alcconsult.com



Our Ref: 12306V/23/ALC

Page 2

SUMMARY OF VALUATION

Based on our valuation exercise of the 51 vessels and assets appraised, we are of the considered opinion that the total fair appraisal value of Penguin International Limited's fleet, as described in this report as of **22 May 2023** is in the region of

SGD\$ 164,890,000.00

(SINGAPORE DOLLARS ONE HUNDRED SIXTY FOUR MILLION EIGHT HUNDRED AND NINETY THOUSAND ONLY)

CONCLUSION

From the documents supplied, we would consider the fleet of vessels to be constructed apparently in accordance with satisfactory marine practice, structurally sound and suitably equipped for their intended purposes.

DESKTOP VALUATION APPROACH

Without physical sighting of the vessels, we have considered the following factors in determining the estimated current fair value of the vessels:

1. The type, size, equipment and machinery provided on board and other specifications of the vessel.
2. The age of the vessel and her future economic life expectancy.
3. The assumed satisfactory condition of the vessel's hull, machinery and equipment.
4. The supply and demand for vessels of this type and size in the sales and purchase market.
5. Our main valuation approach is replacement cost methodology. We consider the newbuilt construction price of a similar vessel and adjust for its corresponding age.
6. Fair Value refers to 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.

7. This valuation of assets has been prepared in accordance with the standard of International Valuation Standards Council (IVSC).

VALUER

Sunu Lazar is a sea-going marine engineer (Class 1) with 34 years of experience in maritime industry as a maritime valuer and maritime adjuster and surveyor. He holds an advanced diploma in Insurance (ACII UK) and is also a member of the Society of Naval Architects and Marine Engineers and Singapore Insurance Institute.

LIMITING AND SERVICE CONDITIONS

This valuation is based on all the available materials and information made known to valuer. We assume all materials and information provided by the client to be accurate, updated and reliable. The valuer takes no responsibility for any inaccurate material and information provided and subsequent conclusions arrived at from such inputs. The above valuation is also provided on the understanding that different sets of perspective values for the same assets may exist.

While reasonable care and best efforts have been taken to ensure accuracy of the values provided, ALC Consulting Services Pte Ltd does not guarantee that the stated valuation figure could be achieved in future transactions.

This valuation report is solely for the information of the party instructing us and their independent financial adviser and whosoever intends to act upon this valuation should first satisfy himself by inspection of the asset in this report or otherwise, in order to determine the correctness of the particulars stated.



SUNU LAZAR
APPRAISER



FOR & ON BEHALF OF
ALC CONSULTING SERVICES
PTE LTD



Attached:
Desktop Valuation Certificates

APPENDIX E: SUMMARY VALUATION REPORTS

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
ESR BizPark @ Chai Chee #05-01
Singapore 469001
Telephone: +65 6809 8653

26 May 2023

M/s Penguin International Limited
18 Tuas Basin Link

Attention to: Mr Law Chwan Yaw/ Ms Jane Ho

Dear Sir/ Madam,

Page 1

Valuation Summary of 21 Tuas Road Singapore 638489

1. We are appointed by Penguin International Limited to carry out valuation on the above property to advise on its Market Value (As-is) and Gross Development Value (Completed basis), with vacant possession and free from encumbrances, as at 19 May 2023.
2. Market Value, as defined in Section 2.1(a) of the REV 2.2 Market Value Basis of Valuation, The Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2022 Edition, is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.

Gross Development Value is defined as a valuation on this basis as being the Market Value on the special assumption that "a building or other proposed development has been completed in accordance with a defined plan and specification". This is colloquially known as the Gross Development Value.

3. In arriving at the Market Value (As-is) and Gross Development Value (Completed basis) of the property, we have adopted both the Direct Comparison and Investment Method of valuation.

The Direct Comparison Method is where sale transactions of comparable properties have been taken into consideration with regards to their location, property type, tenure, age, land and floor areas, type of property, condition, layout and design, type of facilities, amongst other factors.

4. The Investment (Income) Method examines the present worth of the future income stream in the form of the net profit rental value capitalised at an appropriate investment yield.
5. Type of Property : A shipyard comprising a 2-storey ancillary office building, two single-storey workshops, one proposed single-storey workshop, single-storey facility workshop and a coastline with slipway, deep water basin and finger pier.

APPENDIX E: SUMMARY VALUATION REPORTS

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
ESR BizPark @ Chai Chee #05-01
Singapore 469001

26 May 2023

M/s Penguin International Limited
Attn: Mr Law Chwan Yaw/ Ms Jane Ho

Page 2

6. In summary, we are of the opinion that the Market Value (As-is) and Gross Development Value (Completed basis) of the Property at **21 Tuas Road Singapore 638489**, for a lease term of 20 years commencing from 16 April 2020, with vacant possession and assuming free from all encumbrances, are as follows:

Market Value (As-is)	: S\$15,000,000/-.
Gross Development Value* (Completed basis)	: S\$18,000,000/-.

**Upon satisfactory completion on the A&A works and the construction of the new single-storey workshop with the Gross Floor Area of 1,440.00 sq m (approx. 15,500 sq ft) in accordance with the approved specifications and all relevant statutory requirements*

7. Our Formal Valuation Report will be forwarded to you shortly whereby the valuation and report have been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2022 Edition.

Thank you.

Yours faithfully,



Mr Ang Guan Choon, Associate Director
Bachelor Of Property Economics
Licensed Appraiser No.: AD041-2009651E
(Our Ref: GC/RL/LSH/180195)

APPENDIX E: SUMMARY VALUATION REPORTS

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
ESR BizPark @ Chai Chee #05-01
Singapore 469001

TERMS AND CONDITIONS

The Report is prepared subject to the following terms and conditions: -

- 1) The Report is:
 - a. restricted to the use by the client to whom this report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from the Valuation Date. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose or beyond a reasonable time.
- 2) Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
- 3) Where it is stated in the report that information has been supplied to us by you or another party, this information is believed to be complete, reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
- 4) The values assessed in this report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
- 5) 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 or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).
- 6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). 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) (where applicable).
- 7) Any plans that are included in this report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).
- 8) We have not taken into account of any plant and machinery in our valuation.
- 9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).
- 10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).
- 11) Our valuation assumes 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 (where applicable).
- 12) 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 (where applicable).
- 13) Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).
- 14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a) any direct loss of profit;
 - b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
- 15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
- 16) Where you or a third party has caused or contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of such liability.

APPENDIX E: SUMMARY VALUATION REPORTS

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
ESR BizPark @ Chai Chee #05-01
Singapore 469001

- 17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).
- 18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.
- 19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
- 20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
- 21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
- 22) Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
- 23) Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
- 24) Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.
- 25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).
- 26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).
- 27) The report is prepared on the basis that we are not required to give testimony or appear in court or 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 are properly reimbursed.
- 28) We retain ownership of the intellectual property rights in the valuation report and we provide you with an irrevocable, non-transferrable and royalty-free license (with no right to sub-licence) to use the intellectual property for the purpose or purposes stated in the valuation report.

APPENDIX E: SUMMARY VALUATION REPORTS

Premas

PREMAS Valuers & Property Consultants Pte Ltd
Reg No.: 199400520R
Block 750A, Chai Chee Road
ESR BizPark @ Chai Chee #05-01
Singapore 469001

29)

- a) In connection with performance of this agreement, each party represent and warrant to the other party that they comply with, will comply with, and will not cause the other Party to violate, all applicable laws related to anti-bribery or anti-corruption ("**Anti-Corruption Laws**"), including, but not limited to, the U.S. Foreign Corrupt Practices Act (15 U.S.C. §§ 78dd-1 et seq.), and the UK Bribery Act of 2010.
- b) You represent and warrant that:
- (i) in connection with performance of this agreement, you and your shareholders, directors, officers, or employees comply with, will comply with, and will not cause us to violate applicable laws related to the import and export of goods, technology and services, economic or financial sanctions, trade embargoes, or other restrictions on trade ("**Sanctions & Trade Controls**"), including, but not limited to, sanctions laws and regulations of the United States (as administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and U.S. Department of State), the U.S. Export Administration Regulations (31 C.F.R. Parts 730-774), the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130), U.S. antiboycott regulations (as administered and enforced by the U.S. Department of Commerce's Office of Antiboycott Compliance and the U.S. Department of the Treasury's Internal Revenue Service), and sanctions laws and regulations of the United Kingdom (as administered and enforced by Her Majesty's Treasury), provided that the representations and warranties contained in this Clause b(i) are given only to the extent that they would not result in a violation of or conflict with Council Regulation (EC) No. 2271/96, as amended (or any law or regulation implementing such Regulation in any member state of the European Union or any equivalent law or regulation in the United Kingdom), the German Foreign Trade Act or any similar, applicable anti-boycott or blocking law or regulation;
 - (ii) in connection with performance of this agreement, you and your shareholders, directors, officers, or employees comply with, will comply with, and will not cause us to violate applicable laws related to money laundering, terrorist financing, or related financial recordkeeping and reporting requirements ("**AML Laws**"), including, but not limited to, the Bank Secrecy Act (31 U.S.C. §§ 5311 et seq.), Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956 et seq.), USA PATRIOT Act, EU Money Laundering Directives, UK Prevention of Terrorism Act 2005, UK Serious Organised Crime and Police Act 2005, UK Money Laundering Regulations 2003, UK Proceeds of Crime Act 2002, and UK Anti-Terrorism, Crime and Security Act 2001;
 - (iii) neither you nor any of your shareholders, directors, officers, or employees (i) is blocked, debarred, designated, excluded, sanctioned, or denied import or export privileges under applicable Sanctions & Trade Controls and/or AML Laws; (ii) located in, resident in or organized under the laws of a country or territory which is a subject of country-wide or territory-wide Sanctions and Trade Controls at the date of the this Agreement, Crimea, Cuba, Iran, Syria or North Korea); or (iii) owned (with a 20% or greater interest) or controlled by any person identified in (i) (collectively, "**Restricted Persons**"); and
 - (iv) in connection with performance of this agreement, you are not engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with Restricted Persons in violation of Applicable Law or provided that, if a person is considered a Restricted Person solely based on its inclusion in a relevant list, but its inclusion on that list is limited to a specific purpose or purposes, that person would be considered a Restricted Person only with respect to that specific purpose or purposes and not any other purpose or purposes.
- c) Notice
- If, at any time, you become aware that any of the representations set out in Clause b are no longer accurate, you will notify us immediately in writing.
- d) Termination
- We will have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and will be entitled to receive payment of the fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination in the event that:
- (i) in connection with performance of this agreement, you violate, or causes us to violate, applicable Anti-Bribery Laws and Rules or Sanctions and AML Laws;
 - (ii) we believe in good faith that you have acted in a way that may subject us to liability under applicable Anti-Bribery Laws and Rules or Sanctions and AML Laws; or
 - (iii) you or any of your direct or indirect shareholders becomes a Restricted Person.

APPENDIX E: SUMMARY VALUATION REPORTS

EXECUTIVE SUMMARY	
1 Identification of Valuer Status	Partners at KJPP MBPRU
2 Name of Taskmaster	Domiciled in Batam City
3 Report User	Penguin International Limited
4 Valuation Object	Shipyards (Including Office) & New Yard
5 Location	Kawasan Industri Sekupang Kelurahan Tanjung Riau, Kecamatan Sekupang Kota Batam, Provinsi Kepulauan Riau, Post Code 29425
6 Land Area Total (Attached)	43.991 m ² (Shipyards) & 11.049 m ² (New yard)
7 Building Area (Attached)	17,641 m ² (Shipyards) & 4,939,75 m ² (New yard)
8 Complementary Facilities Area Total (Attached)	23422,3 m ² (Shipyards) & 6,382,25 m ² (New yard)
9 The Forms of Asset Ownership	Partial (SHGB No.287 and PL No. 29010462, 21021022, & 27010399 For Shipyards) & (SHGB No.07828 For New Yard)
10 The Currency Used Is	Rupiah (Rp)
11 Purpose and Objectives of Valuation	Document & physical verification in the field to obtain market value opinion. The purpose of the valuation for the sales and purchase in order to Voluntary Unconditional Cash Offer from Aleph Tav Ltd for shares at Penguin International Limited
12 Basis of Value	Market Value
13 Inspection Date	May 22, 2023
14 Valuation Date	May 22, 2023
15 Depth of Investigation	Information and documents on asset ownership are received from the taskmaster, without verification with the original documents. We conduct field inspections of physical assets to a visual extent shown by a companion who represents the taskmaster.
16 Characteristics and Resources of Reliable Information	Offers from the Field & the Internet
17 General Assumptions	<ol style="list-style-type: none"> The report must be used as a whole and inseparable and its use is limited to the purposes and objectives of this valuation only. This report will not apply for different purposes and objective. We assume that the assets shown to us are objects of property under valuation and we do not conduct further checks on their accuracy. Assets or valuation objects are assumed to be empty and free from dispute. The valuer is exempted from all demands and obligations related to the use of the report that is inconsistent with the intent and purpose of the report.
18 Special Assumptions	<ol style="list-style-type: none"> On the date of the valuer the Covid-19 (Corona Virus) Pandemic was taking place, due to our limited capabilities, we did not take into account and did not make adjustments to this, so that it would be a concern for report users. Location 1 (shipyards), the front boundary of the land has not been certified so that it becomes the concern of report users regarding land ownership rights. Location 2 (workshop), the above certificate HPL No. 190 / Tanjung Riau, to bring to the attention of report users regarding land use agreements. Drawing of Location Determination (PL) is assumed to be processed into a Building Use Right Certificate (SHGB).
19 Valuation Approach And Valuation Method	Cost Approach (KEPI & SPI Edisi VII – 2018, KPUP - 17) with the Replacement Cost Method
20 Definition Market Value	Market Value is defined as the estimated amount of money that can be obtained or paid for the exchange of an asset or liability at the valuation date, between an interested buyer and a seller who is interested in selling, in a bond-free transaction, which is marketed fairly, in which both parties - each act on the basis of his understanding, prudently and without coercion. (KEPI & SPI, VII EDITION - 2018, SPI 101 - 3.1)
21 Publication Requirements	Whoever has no right to publish part / all of this report, without written permission from KJPP MBPRU and Partners.
22 Valuation Guidelines	KEPI & SPI EDISI VII-2018 (Indonesian Appraiser's Code of Ethics & Indonesian Appraisal Standards VII edition - 2018)
23 Report Format	Detailed Report
24 Conclusion	
Market Value	Rp161.530.300.000,00 (One Hundreds Sixty One Billion Five Hundred Thirty Million Three Hundred Thousands Rupiah)

Our Sincerely, Kantor Jasa Penilai Publik

mbpru
Public Valuers and Advisors

Ahsin Silahudin, ST, MAPPI (Cert)
Branch Office Manager / Partners

Valuer License : P-1.19.00543
MAPPI Registration Number : 11-S-02965
Valuer Register Number : RMK-2017.00453
Classification of Service : Property Valuer (P)

APPENDIX E: SUMMARY VALUATION REPORTS



Kantor Jasa Penilai Publik
Muttaqin Bambang Purwanto
Rozak Uswatun dan Rekan

EXECUTIVE SUMMARY		
1	Identification of Valuer Status	Partners at KJPP MBPRU Domiciled In Batam City
2	Name of Taskmaster	Penguin International Limited
3	Report User	Penguin International Limited
4	Valuation Object	Land
5	Location	Pulau Seloko-Tanjung Uncang Kelurahan Tanjung Riau, Kecamatan Sekupang Kota Batam, Provinsi Kepulauan Riau, Post Code 29425
6	Land Area	70.551,46 m ²
7	Bulding Area	-
8	The Forms of Asset Ownership	We have no proof of ownership we only received copies of (PL No. 215020318)
9	The Currency Used Is	Rupiah (Rp)
10	Purpose and Objectives of Valuation	Document & physical verification in the field to obtain market value opinion. The purpose of the valuation for the sale and purchase in the context voluntary unconditional cash offer from Aleph Tav Ltd for Shares at Penguin International Limited.
11	Basis of Value	Market Value
12	Inspection Date	May 19 th , 2023
13	Valuation Date	May 19 th , 2023
14	Depth of Investigation	Information and documents on asset ownership are received from the taskmaster, without verification with the original documents. We conduct field inspections of physical assets to a visual extent shown by a companion who represents the taskmaster.
15	Characteristics and Resources of Reliable Information	Offers from the Field & the Internet
16	General Assumptions	<ol style="list-style-type: none"> The report must be used as a whole and inseparable and its use is limited to the purposes and objectives of this valuation only. This report will not apply for different purposes and objective. We assume that the assets shown to us are objects of property under valuation and we do not conduct further checks on their accuracy. Assets or valuation objects are assumed to be empty and free from dispute. The valuer is exempted from all demands and obligations related to the use of the report that is inconsistent with the intent and purpose of the report.
17	Special Assumptions	<ol style="list-style-type: none"> On the date of the valuer the Covid-19 (Corona Virus) Pandemic was taking place, due to our limited capabilities, we did not take into account and did not make adjustments to this, so that it would be a concern for report users. The asset boundary / divider in the middle is not clear, we assume the boundary shown by the field facilitator is correct.
18	Valuation Approach And Valuation Method	Market Approach (KEPI & SPI Edisi VII – 2018, KPUP - 15), with the Market Data Comparison Method
19	Definition Market Value	Market Value is defined as the estimated amount of money that can be obtained or paid for the exchange of an asset or liability at the valuation date, between an interested buyer and a seller who is interested in selling, in a bond-free transaction, which is marketed fairly, in which both parties - each act on the basis of his understanding, prudently and without coercion. (KEPI & SPI, VII EDITION - 2018, SPI 101 - 3.1)
20	Publication Requirements	Whoever has no right to publish part / all of this report, without written permission from KJPP MBPRU and Partners.
21	Valuation Guidelines	KEPI & SPI EDISI VII-2018 (Indonesian Appraiser's Code of Ethics & Indonesian Appraisal Standards VII edition-2018
22	Report Format	Detailed Report
23	Conclusion	
	Market Value	Rp18.625.600.000,00 (Eighteen Billion Six Hundred Twenty Five Million and Six Hundred Thousands Rupiah)

Our Sincerely, Kantor Jasa Penilai Publik

 **mbpru**
Public Valuers and Advisors

Ahsin Silahudin, ST, MAPPI (Cert)

Branch Office Manager / Partners

Valuer License : P-1.19.00543

MAPPI Registration Number : 11-S-02965

Valuer Register Number : RMK-2017.00453

Classification of Service : Property Valuer (P)

APPENDIX E: SUMMARY VALUATION REPORTS



Kantor Jasa Penilai Publik
Muftaqin Bambang Purwanto
Rozak Uswatun dan Rekan

EXECUTIVE SUMMARY		
1	Identification of Valuer Status	Partners at KJPP MBPRU
2	Name of Taskmaster	Domiciled in Batam City
3	Report User	Penguin International Limited
4	Valuation Object	Penguin International Limited
5	Location	6 Unit Apartment Jalan Duyung Apartement Bayerina Kelurahan Sungai Jodoh, Kecamatan Batu Ampar Kota Batam, Provinsi Kepulauan Riau, Kode Pos 29453
6	Land Area	-
7	Building Area	291 m ² (6 Unit Apartement)
8	The Forms of Asset Ownership	We have no proof of ownership we received a sales agreement
9	The Currency Used Is	Rupiah (Rp)
10	Purpose and Objectives of Valuation	Document & physical verification in the field to obtain market value opinion. The purpose of the valuation for the sale and purchase in the context voluntary unconditional cash offer from Aleph Tav Ltd for Shares at Penguin International Limited.
11	Basis of Value	Market Value
12	Inspection Date	May 20 th, 2023
13	Valuation Date	May 20 th, 2023
14	Depth of Investigation	Information and documents on asset ownership are received from the taskmaster, without verification with the original documents. We conduct field inspections of physical assets to a visual extent shown by a companion who represents the taskmaster.
15	Characteristics and Resources of Reliable Information	Offers from the Field & the Internet
16	General Assumptions	<p>1 The report must be used as a whole and inseparable and its use is limited to the purposes and objectives of this valuation only. This report will not apply for different purposes and objective.</p> <p>2 We assume that the assets shown to us are objects of property under valuation and we do not conduct further checks on their accuracy.</p> <p>3 Assets or valuation objects are assumed to be empty and free from dispute. The valuer is exempted from all demands and obligations related to the use of the report that is inconsistent with the intent and purpose of the report.</p>
17	Special Assumptions	<p>1 On the date of the valuer the Covid-19 (Corona Virus) Pandemic was taking place, due to our limited capabilities, we did not take into account and did not make adjustments to this, so that it would be a concern for report users.</p> <p>2 The certificate is assumed to be administration</p>
18	Valuation Approach And Valuation Method	Market Approach (KEPI & SPI Edisi VII – 2018, KPUP - 15), with the Market Data Comparison Method
19	Definition Market Value	Market Value is defined as the estimated amount of money that can be obtained or paid for the exchange of an asset or liability at the valuation date, between an interested buyer and a seller who is interested in selling, in a bond-free transaction, which is marketed fairly, in which both parties - each act on the basis of his understanding, prudently and without coercion. (KEPI & SPI, VII EDITION - 2018, SPI 101 - 3.1)
20	Publication Requirements	Whoever has no right to publish part / all of this report, without written permission from KJPP MBPRU and Partners.
21	Valuation Guidelines	KEPI & SPI EDISI VII-2018 (Indonesian Appraiser's Code of Ethics & Indonesian Appraisal Standards VII edition-2018)
22	Report Format	Detailed Report
23	Conclusion	
	Market Value	Rp4.278.000.000,00 (Four Billion Two Hundred Seventy Eight Million Rupiah)

Our Sincerely, Kantor Jasa Penilai Publik



Ahsin Silahudin, ST, MAPPI (Cert)
Branch Office Manager / Partners

Valuer License : P-1.19.00543
MAPPI Registration Number : 11-5-02965
Valuer Register Number : RMK-2017.00453
Classification of Service : Property Valuer (P)

APPENDIX E: SUMMARY VALUATION REPORTS

EXECUTIVE SUMMARY		
1	Identification of Valuer Status	Partners at KJPP MBPRU Domiciled In Batam City
2	Name of Taskmaster	Penguin International Limited
3	Report User	Penguin International Limited
4	Valuation Object	Machinery & Equipment
5	Location	Kawasan Industri Sekupang Kelurahan Tanjung Riau, Kecamatan Sekupang Kota Batam, Provinsi Kepulauan Riau, Post Code 29425
6	Total unit	11 Unit
7	The Forms of Asset Ownership	Statement of Ownership from taskmaster with No. 0701.PTKS/V/2023 dated 22 May 2023, issued by PT. Kim Seah Shipyard Indonesia/Pemguin International Limited
8	The Currency Used Is	Rupiah (Rp)
9	Purpose and Objectives of Valuation	Document & physical verification in the field to obtain market value opinion. The purpose of the valuation for the sales and purchase in order to Voluntary Unconditional Cash Offer from Aleph Tav Ltd for shares at Penguin International Limited
10	Basis of Value	Market Value
11	Inspection Date	May 22, 2023
12	Valuation Date	May 22, 2023
13	Depth of Investigation	Information and documents on asset ownership are received from the taskmaster, without verification with the original documents. We conduct field inspections of physical assets to a visual extent shown by a companion who represents the taskmaster.
14	Characteristics and Resources of Reliable Information	Offers from the Internet
15	General Assumptions	<ol style="list-style-type: none"> 1 Reports must be used as a whole and inseparable and their use is limited to the purposes and objectives of this appraisal. This report will not apply for different purposes and objectives 2 We receive all data and information including identification of types of assets, ownership of assets, and other relevant matters relating to this appraisal from the taskmaster. We consider that the information and data we receive as far as data and information regarding the object of the appraisal are true. Errors in information and data, including errors in the designation of locations that result in inaccurate appraisal results, are not the responsibility of the appraiser 3 We assume that the assistant in the field is appointed by the taskmaster guarantees that the inspection activities we carry out in the field have received permission from the relevant parties. If in the future there are demands from related parties, then this is not the responsibility of the appraiser. 4 Data and information related to market data and regulations are obtained from competent sources.
16	Special Assumptions	<ol style="list-style-type: none"> 1 Personal Property (Heavy Equipment) assumed owned by Penguin International Limited based on Personal Property Ownership Statement No. No. 0701.PTKS/V/2023 dated 22 May 2023, issued by PT. Kim Seah Shipyard Indonesia/Pemguin International Limited signed by Chan Ban Eng Philip 2 Personal Property (Heavy Equipment) is valued as a unit, in place (in-situ /in place) as running business. 3 On the date of the valuer the Covid-19 (Corona Virus) Pandemic was taking place, due to our limited capabilities, we did not take into account and did not make adjustments to this, so that it would be a concern for report users. 4 For our machines assume age economical asset is 20-30 years in accordance with age economical Ship and boat building machinery and equipment from Commissioner for workplace safety and health, Singapore Ministry of Manpower.
17	Valuation Approach And Valuation Method	Market Approach (KEPI & SPI Edisi VII – 2018, KPUP - 15), with the Market Data Comparison Method & Cost Approach (KEPI & SPI Edisi VII – 2018, KPUP - 17) with the Replacement Cost Method
18	Definition Market Value	Market Value is defined as the estimated amount of money that can be obtained or paid for the exchange of an asset or liability at the valuation date, between an interested buyer and a seller who is interested in selling, in a bond-free transaction, which is marketed fairly, in which both parties - each act on the basis of his understanding, prudently and without coercion. (KEPI & SPI, VII EDITION - 2018, SPI 101 - 3.1)
19	Publication Requirements	Whoever has no right to publish part / all of this report, without written permission from KJPP MBPRU and Partners.
20	Valuation Guidelines	KEPI & SPI EDISI VII-2018 (Indonesian Appraiser's Code of Ethics & Indonesian Appraisal Standards VII edition - 2018)
21	Report Format	Detailed Report
22	Conclusion	
	Market Value	Rp60.342.000.000,00 (Sixty Billion Three Hundred Forty Two Million Rupiah)

Our Sincere Recommendation

Kantor Jasa Penilai Publik
mbpru
Public Valuers and Advisors

Ahsin Silahudin, ST, MAPPI (Cert)

Branch Office Manager / Partners

Valuer License

: P-1.19.00543

MAPPI Registration Number

: 11-5-02965

Valuer Register Number

: RMK-2017.00453

Classification of Service

: Property Valuer (P)