



Atlantic Navigation Holdings (Singapore) Limited

ANNUAL REPORT 2021

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This annual report has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

CORPORATE PROFILE

Atlantic Navigation Holdings (Singapore) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).



Our Group’s business activities commenced in the United Arab Emirates (“UAE”) since 1997 to provide ship repair, fabrication and other marine services to ship owners in the Middle East region. Our Group has since evolved from a ship repair, fabrication and other marine services provider to a ship owner and integrated offshore service provider.

We manage our operations mainly in the Middle East through our subsidiaries, namely Atlantic Maritime Group FZE (based in Hamriyah Free Zone, Sharjah, UAE) and Atlantic Ship Management LLC (based in Abu Dhabi, UAE).

We have two principal operating divisions, namely Marine Logistics Services (“MLS”) and Ship Repair, Fabrication and Other Marine Services (“SRM”), which are vertically integrated to provide a comprehensive solution to our customers.

MARINE LOGISTICS SERVICES

Our MLS division provides ship chartering, technical and chartering project management, principally for the offshore oil and gas as well as marine construction industries predominantly in the Middle East region.

Our marine logistics services are supported by our owned fleet of 18 vessels (including 1 vessel under Investment in Joint Operation) comprising of lift-boats (a.k.a. jack-up barges), mid-sized DP2 vessels, various AHTs, maintenance utility vessels, as well as a tugboat, crew boat and work utility vessel. Please see page 11 for a brief summary of our fleet and the vessel specifications.

In addition to the vessels from our owned and managed fleet, we also cross-charter vessels from third parties to service contracts which are secured to serve the specific needs of our customers.

The Group’s vessels and service offering is diversified to provide services supporting across different phases of oil-field life-cycle, i.e. the exploration, construction and development, maintenance, production and post-production of offshore oil and gas.

SHIP REPAIR, FABRICATION AND OTHER MARINE SERVICES

Our SRM division provides afloat and drydock repair and maintenance services supported by the workshop facilities at Hamriyah Free Zone as well as Dubai Maritime City with access to dry-docking facilities.

PROJECT WORK

We work with other companies in the offshore oil and gas business to bid for projects that leverage off the strengths and core competencies of the partners’ businesses.

Since the completion of US\$45.2 million decommissioning of offshore and onshore facilities project in first quarter of 2020, the Group has successfully completed another project contract in December 2021 involving the chartering of our vessel complemented with substantive project management including managing outsourced services (i.e. operating of Remote Operated Vehicle, survey equipment, gangway) cumulating to a packaged geo-physical service to an international Engineering Procurement Construction (“EPC”) contractor.

The Group will continue to source for opportunities to establish itself as a project manager providing integrated value-added services to generate revenue with potentially higher margins.

OUR CUSTOMERS

Over the years, our dedicated services have enabled us to establish strong and stable relationships with various leading oil companies, contractors, survey companies, ship owners, ship yards and charterers in the region.

We are a pre-qualified marine service provider to Middle Eastern National Oil Company (“MENOC”) and oil majors such as Saudi Aramco, Abu Dhabi National Oil Company (ADNOC), Qatar Gas and Qatar Petroleum, and independent oil companies such as Masirah Oil, as well as international offshore EPC contractors such as Saipem, McDermott, Subsea 7 and NPCC.

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I present you the annual report for the financial year ended 31 December ("FY") 2021.

FY2021 was a year full of challenges for the Group. The impact of the COVID-19 pandemic with the emergence of new variants resulted in restrictive travel movements and lockdown, which continued to disrupt the offshore operation activities in FY2021. Accordingly, the reported revenue declined by 32.0% in FY2021 (US\$43.8 million) when compared to FY2020 (US\$64.4 million) on the back of fleet utilisation achieved of 73.7% in FY2021 versus 80.7% in FY2020. The Group registered a net loss after tax of US\$13.2 million including impairment charges recognised on certain vessels of US\$8.0 million in FY2021 compared to net loss after tax of US\$5.5 million including impairment charges of US\$5.8 million in FY2020.

With the lifting of the restrictive travel movements in the Middle East, oil and gas offshore activities are not disruptive, resulting in higher demand for rig, marine vessel and barge support services. As an update, our fleet utilisation had improved from 76.7% in 3Q2021 to 84.0% in 4Q2021.

Going forward, I am cautiously optimistic that the offshore oil and gas marine logistics services are on a recovery path with an increase in offshore activities being noted. Oil price has been trading on the promising direction in FY2021. In early FY2022, oil price has been on the upward trend, hovering above US\$100 per barrel since March 2022. Nonetheless, other challenges and uncertainties remain for FY2022 due to the on-going Russia-Ukraine conflict.

On this note, I would like to thank management, all employees and ship crew who have shown their commitment to us despite challenges.

CHAIRMAN'S STATEMENT

On behalf of the Board, I would like to express my utmost gratitude to our bankers for their continued trust and support of the Group's financial needs throughout the year. We are also tremendously grateful to our customers, business partners and suppliers for their relentless support to enable the Group to smoothly execute its contracts and projects.

Lastly, I thank all shareholders for your patience and trust placed on the Group. The Group will continue to remain vigilant to overcome challenges, chart out its new phase of development to improve its performance and operating cash flows, and ultimately enhance shareholder value in the years ahead.

Yours faithfully,

Mr Kum Soh Har, Michael

Non-Executive Non-Independent Chairman



CEO'S STATEMENT



*Mr Wong Siew Cheong, Bill
Executive Director and Chief Executive Officer*

“

DEAR SHAREHOLDERS,

At the time of writing this message, we are heartened that the global COVID-19 pandemic has substantively abated with international cross-border travel restrictions mostly retracted. With current oil prices hovering at approximately US\$110 per barrel for International Brent Crude, it has led to an increase in offshore activities. However, the market environment is expected to continue to remain unpredictable with economic recovery facing headwinds not least with rising interest rates to rein in high inflation in part due to the rise in oil prices as well as supply chain disruptions and export restrictions emanating from the Russia-Ukraine conflict and China.

”

Against this backdrop, I would first provide the financial and operational performance for FY2021, and later discuss our focuses and strategies for FY2022.

FINANCIAL PERFORMANCE

The Group's revenue for the MLS segment for the FY2021 decreased by US\$21.0 million or 33.4% compared to FY2020. The decrease in revenue was mainly due to a US\$9.4 million reduction in contribution from its lift-boats, one of which was on charter from December 2021. Revenue was further impacted by lower utilisation and daily charter rates on certain vessels which were spot chartered in FY2021 versus time chartered in FY2020, resulting in a decrease of US\$5.4 million. A re-delivery of two cross chartered vessels in December 2020 further resulted in a reduction in revenue of US\$9.0 million in FY2021 as compared to FY2020. These were partially offset by higher revenue generated by other OSVs in aggregate of US\$2.8 million. The Group's revenue for the SRM segment for FY2021 increased by US\$0.8 million as compared to FY2020 mainly due to the higher level of repair works undertaken in FY2021.

The Group reported gross profit of US\$4.7 million for the MLS segment during FY2021, compared to a gross profit of US\$13.1 million in FY2020. The MLS segment recorded a gross

profit margin of 11.1% in FY2021 as compared to a gross profit margin of 20.9% in FY2020. The decrease in gross profit and gross profit margin of the MLS segment were mainly due to aggregate losses which resulted from the largely non-deployment of the two lift-boats, and lower contribution from cross chartered vessels. The Group's gross profit and gross profit margin of SRM segment for FY2021 increased by US\$0.4 million and 2.3 percentage points respectively as compared to FY2020 mainly due to increased volume of repair jobs with higher margins.

Other income for FY2021 was mainly due to accounts payable written off amounting to US\$0.3 million and costs awarded from favourable legal judgements obtained of US\$0.1 million. Administrative expenses for FY2021 decreased by US\$1.7 million or 21.6% as compared to FY2020 mainly due to absence of further allowances for doubtful debts on amount due from joint operation for which US\$1.6 million was recorded in FY2020.

Finance cost decreased by US\$0.8 million or 15.5% to US\$4.1 million in FY2021 as compared to US\$4.9 million in FY2020 corresponding to the lower amount of bank borrowings and reference rate. Other expenses for FY2021 relate to loss on disposal of vessels.

CEO'S STATEMENT

The withholding tax expense of US\$0.3 million in FY2021 compared to US\$1.6mil in FY2020 relates to withholding tax on foreign charter income.

As a result of the above, the Group recorded a loss before tax of US\$13.2 million in FY2021 compared to US\$5.5 million in FY2020.

There is no income tax expense for both FY2021 and FY2020 as the Group's significant subsidiaries are incorporated in jurisdictions where such taxes are either exempted or not applicable.

FINANCIAL POSITION

Non-current assets decreased by US\$17.2 million from US\$155.9 million as at 31 December 2020 to US\$138.7 million as at 31 December 2021. This was mainly due to impairment charges recognised on certain vessels of US\$8.0 million, depreciation charges of US\$8.5 million, and disposal of two vessels with net book value of US\$2.8 million, partially offset by capitalisation of dry dock expenses of US\$1.7 million and other costs previously prepaid of US\$0.6 million.

Current assets decreased by US\$3.0 million from US\$17.7 million as at 31 December 2020 to US\$14.6 million as at 31 December 2021. This was mainly due to decrease in trade receivables of US\$2.6 million after the repayment of contractual retention, decrease in prepayment of US\$0.5 million and decrease in cash and bank balance and restricted cash of US\$0.4 million, partially offset by increase in inventories of US\$0.4 million.

Non-current liabilities decreased by US\$2.5 million from US\$16.8 million as at 31 December 2020 to US\$14.3 million as at 31 December 2021. This was mainly due to decrease in loans and borrowings of US\$2.1 million, and decrease in derivatives of US\$0.6 million, partially offset by increase in provisions of US\$0.1 million.

Current liabilities decreased by US\$5.6 million from US\$75.6 million as at 31 December 2020 to US\$70.0 million as at 31 December 2021, mainly due to decrease in trade payables of US\$4.1 million due to decrease in corresponding business activities in FY2021, decrease in accruals and other payables of US\$0.2 million, decrease in other non-financial liabilities of US\$0.2 million and decrease in the current portion of the loans and borrowings of US\$2.7 million, partially offset by increase in amount due to shareholders of US\$1.7 million.

Net current liabilities decreased by US\$2.5 million from US\$57.9 million as at 31 December 2020 to US\$55.4 million as at 31 December 2021, mainly due to decrease in current liabilities of US\$5.0 million, partially offset by decrease in current assets of US\$2.5 million.

LIQUIDITY AND CAPITAL RESOURCES

Net cash flows generated from operating activities amounted to US\$2.5 million in FY2021. This was mainly due to operating cash flows before changes in working capital of US\$8.9 million, partially offset by negative changes in working capital of US\$2.4 million and interest paid of US\$4.0 million.

Net cash flows generated from investing activities of US\$0.2 million in FY2021 was mainly due to proceed from disposal of vessels of US\$2.0 million, offset by capitalised dry dock expenses of US\$1.7 million.

Net cash flows used in financing activities of US\$4.7 million in FY2021 was mainly due to principal repayment of loans and borrowings of US\$12.1 million, partially offset by proceeds from loans and borrowings of US\$5.7 million and proceeds from shareholders' advances of US\$1.7 million.

OPERATIONAL REVIEW

As impacted by the ongoing COVID-19 pandemic and the resulting volatility in first half of FY2021, we managed to achieve fleet utilisation in FY2021 at 73.7% compared to 80.7% in FY2020 but with improvement moving into 3Q2021 of 76.7% and by 4Q2021 of 84.0%.

The improvement in fleet utilisation was broad-based across the entire fleet especially the OSVs. For the liftboat segment, one of the key assets of the Group, i.e. Maintainer 1 had been on contract since 1 December 2021 and continuing to be on-hire with contract being extended expected until mid-June 2022. For the other lift-boat, i.e. Delta 22, we increased our engagement with our client for technical and modification works in preparation for a 2-year firmed contract that has commenced in early FY2022.

For FY2021, apart from our established presence in Saudi Arabia, we are heartened that we continue to consolidate our presence in Qatar and Oman with ongoing deepening relationship with the existing established clients in these geographical markets with enhanced project management valued-added service offerings.

CEO'S STATEMENT

OUTLOOK

The offshore industry in the Middle East region has continued to show signs of improvement corresponding to the increase in global oil prices, coupled with the abating of severity of the ongoing COVID-19 pandemic. This has led to an increase in enquiries for the chartering of our Group's vessels as evident by the fleet utilisation rates achieved culminating to 84.0% in 4Q2021.

As announced on 4 March 2022, lift-boat Delta 22 was on-hire from mid-March 2022 for a firm duration of 730 operational days with 2 semi-annual extensions of up to 12 months. With regard to other liftboat Maintainer 1, while the existing contract had been extended and expected to end by mid-June 2022, the Group is in advanced discussions with another international contractor to finalise the charter-party contract pursuant to a Letter of Intent awarded to the Group.

To-date, while the Russia/Ukraine conflict and the geopolitical tensions in the Middle East have not materially impacted our Group operations, the Group will continue to closely monitor these evolving developments.

We remain vigilant in the situation of COVID-19 as well as other potential market disruptive outbreaks which may affect our operations and impact on the safety and wellbeing of our crew and employees.

STRATEGIES

With the global challenges and outlook characterised by uncertainties, we will continue to focus on enhancing our fleet utilization.

We intend to strengthen our presence in Saudi Arabia, Oman and UAE through closer interaction with our existing and potential clients to see how we can support them further in their current and new projects. Concurrently we are putting into action our plans to establish a physical presence in Qatar to tap on the expected increase in offshore activities there.

The Group continues to explore opportunities to pursue an asset-light strategy with focuses on the provision of integrated value-added services to generate higher revenue and profit margins as well as cross charters.

The Group will also consider to enhance its fleet capabilities through opportunistic acquisitions to meet the expected market demands for the longer term.

DIVIDENDS AND PAYOUT

No dividend had been declared or recommended for FY2021 in view of the operational and financial requirements of the Group.

MY EXPRESSION OF GRATITUDE

Firstly, I would like to express my deepest gratitude to the crew on board our vessels for their focus and professionalism in braving the challenging working conditions. Also, to our onshore colleagues, I thank them all once again for their dedication and tireless contribution. It is without a doubt a collective team effort that we braved and overcome the challenging FY2021. It is fittingly apt that special appreciation goes to all our stakeholders especially our bankers for their continued support as well as our clients and suppliers for their unwavering trust.

Last and not least, I wish to thank the Board of Directors especially the Chairman as the Group continues to benefit from its stewardship of corporate governance and the trust it places in the management and staff. With their invaluable contribution and guidance, we look forward to embarking on the next phase of development of the Group and to reward our Shareholders for their unrelenting support.

Yours sincerely,

Mr Wong Siew Cheong, Bill
Executive Director and CEO

BOARD OF DIRECTORS

MR KUM SOH HAR, MICHAEL

Non-Executive Non-Independent Chairman

Age: 77

Country of principal residence: Singapore

Date of last re-election: 29 June 2021

Mr Kum was appointed to the Board on 21 December 2018 as the Non-Executive Non-Independent Chairman and a member of the Audit Committee and Remuneration Committee.

Mr Kum has over four decades of hands-on experience in the offshore support vessels ("OSV") market, extending from the Middle East, India, South East Asia and Australia. He commenced his career in Singapore in 1969 working for an Australian OSV company headquartered in Fremantle, Western Australia (with operations in Singapore). He subsequently founded Offshore Equipment Pte Ltd in 1976 to charter OSVs to the oil and gas industry in the Middle East (including Egypt), India, Australia (including the North West Shelf) and South East Asia, which was later renamed Miclyn Offshore Pte Ltd ("Miclyn Offshore"). Miclyn Offshore was later merged with Express Offshore Transport Pte. Ltd. to form Miclyn Express Offshore Pte Ltd ("MEO"), which was listed on the Australian Stock Exchange ("ASX") in 2010. Mr Kum served as Chairman of Miclyn Offshore and MEO, and was responsible for the strategic planning and development of the group's business and was instrumental to the expansion and growth of the group. He retired as Executive Director of MEO post-listing on the ASX. Mr Kum was previously a majority shareholder of ASX-listed Mermaid Marine Australia Limited (which is now known as MMA Offshore Limited) and is currently its substantial minority shareholder.

Since 2009, Mr Kum founded the hotel real estate platform, M&L Hospitality, a leading international hospitality real estate investment platform with hotel properties across Asia Pacific, Europe and UK. He currently serves as Chairman to M&L Hospitality.

Mr Kum obtained a Certificate in Higher Commercial Law and Higher Costing (Cost Accounting) from the London Chamber of Commerce in 1966.



MS KUM WAN MEI, GWENDOLYN (GAN WANMEI)

Alternate Director to Mr Kum Soh Har, Michael

Age: 48

Country of principal residence: Singapore

Ms Kum was appointed as an Alternate Director to Mr Kum Soh Har, Michael on 7 August 2019.

She began her career in the offshore marine sector in 2000 as Marketing Manager at Miclyn Offshore Pte Ltd, which later merged with Express Offshore Pte Ltd to form Miclyn Express Offshore Pte Ltd. During her tenure there, she was responsible for chartering of the company's fleet.

In 2010, she joined Pacc Offshore Services Holdings Ltd, as Assistant General Manager, managing the chartering and operations of 40 vessels within the group's fleet of 120 vessels. In 2016, she was appointed as Divisional Director, overseeing the division and responsible for expanding the business.

She currently sits on the board of directors of Saeed Investment Pte. Ltd, Halom Investments Pte Ltd as well as Koleth Winbuild Pte Ltd, Ran Barge DIS and Ran Barge AS.

Ms Kum attended Monash University in Melbourne, where she graduated with a Bachelor's degree in Business (Marketing).

MR WONG SIEW CHEONG, BILL

Executive Director and Chief Executive Officer

Age: 69

Country of principal residence: United Arab Emirates

Date of last re-election: 25 June 2020 and due for re-election at the forthcoming AGM to be held on 27 June 2022

Mr Wong was appointed to the Board on 31 July 2012. He is responsible for the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group. Mr Wong is the founder of the Group and has more than 40 years of experience in the marine chartering and shipbuilding, repair, fabrication and maintenance business. Prior to establishing the Group, Mr Wong served as general manager of Selat Marine Service Co. Ltd. from 1991 to 1996, where he was responsible for the overall marketing, technical management and operations of their offshore vessels. Prior to joining Selat Marine Service Co. Ltd., Mr Wong was the shipyard manager at Marine Engineering Services Co (LLC) in Sharjah, UAE, where he was in charge of running the shipyard's operations and expansion program. Mr Wong had also worked with Qubaii Int'l Est. Abu Dhabi, and the Keppel Group in Singapore.

Mr Wong graduated with a Bachelor of Mechanical Engineering from the University of Singapore in 1977.

BOARD OF DIRECTORS

MR GWEE LIAN KHENG

Lead Independent Director

Age: 81

Country of principal residence: Singapore

Date of last re-election: 26 April 2019 and due for re-election at the forthcoming AGM to be held on 27 June 2022

Mr Gwee was appointed to the Board on 4 March 2019 as the Lead Independent Director, Chairman of the Audit Committee and the Nominating Committee, and a member of the Remuneration Committee. He also sits as an independent director on the board of M & L Manager Pte. Ltd..

Mr Gwee was the Group Chief Executive and Executive Director of UOL Group Limited, a listed property and hospitality company. He has served the UOL Group for more than 45 years prior to his retirement on 31 January 2019.

Mr Gwee is an accountant by profession and is a fellow member of the Chartered Institute of Management Accountants (United Kingdom), the Association of Chartered Certified Accountants (United Kingdom) and the Institute of Singapore Chartered Accountants. He graduated with a Bachelor of Accountancy (Honours) from the University of Singapore in 1970.

Mr Gwee received the Asia Pacific Hotelier of the Year Award in 2003 and the Hotel Legends Hall of Fame Award at the 11th Australian New Zealand Pacific Hotel Industry Conference in 2011. He was awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal and the Bintang Bakti Masyarakat (BBM) Public Service Star in 1994 and 2002 respectively.

MR WONG CHEE MENG, LAWRENCE

Independent Director

Age: 54

Country of principal residence: Singapore

Date of last re-election: 25 June 2020

Mr Wong was appointed to the Board on 15 March 2018. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. He is the Managing Counsel of Bird & Bird ATMD LLP. He is an experienced and established corporate practitioner. He was previously a partner of various reputable law firms and was also a registered professional who headed an approved SGX continuing sponsor.

His areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work. He has led numerous initial public offerings, reverse take-overs, secondary fund raising and cross-border merger and acquisition exercises.

Mr Wong graduated from the National University of Singapore in 1991 with an Honours degree in Law, on a scholarship from the Public Service Commission of Singapore. Subsequently, he has accumulated an extensive working experience in both the public and the private sectors of the legal profession. He is an advocate and solicitor in Singapore and a solicitor in Hong Kong SAR. He has been recognised in leading legal publications such as IFLR 1000, The Legal 500 Asia Pacific for Corporate and M&A and Acquisition International.

Mr Wong was a director of several public listed companies in Singapore and currently sits on the board of directors of Eindec Corporation Limited, International Cement Group Ltd. and 5E Resources Limited.

MR SAM CHEE LEONG

Independent Director

Age: 74

Country of principal residence: Singapore

Date of last election: 29 June 2021

Mr Sam was appointed to the Board on 21 December 2018. He is a member of the Audit Committee and the Nominating Committee.

Mr Sam started his career as a Marine Surveyor with the American Bureau of Shipping ("ABS") on 15 July 1973. He garnered vast experience in various aspects of the shipping and offshore industry over the next 43 years, and retired on 31 December 2016 as Vice President of Service Delivery. Over these four decades, Mr Sam held various management positions in the ABS Pacific Division, including a five-year stint in China as Vice President/Country Manager responsible in the operations, business and financial aspects of ABS.

Mr Sam has a Mechanical Engineering Diploma from the Singapore Polytechnic in 1970 and a Bachelor of Engineering Management from the University of Western Sydney in 1999. He also holds various certificates including a Graduate Certificate Project Management from RMIT.

EXECUTIVE OFFICERS

MR HSU CHONG PIN

Chief Financial Officer

Mr Hsu joined the Group in January 2019 as the Chief Financial Officer, and is responsible for overall financial management as well as the administrative management of the Group. Prior to joining the Group, Mr Hsu was the Chief Financial Officer of EMAS Offshore Limited from January 2016 to December 2018, and before that, the Head of Business Development and Investor Relations at Marco Polo Marine Limited from March 2012 to December 2015.

Mr Hsu has more than 21 years of experience in accounting and finance, corporate finance, financial advisory, business development and investor relations across various industries including offshore oil and gas, fund management and property real estate. Mr Hsu completed his Master of Philosophy in Management from the University of Cambridge in 1999 and a Bachelor of Science in Economics and Finance (First Class Honours) from the University of York, UK in 1998.

MR MOHAMMAD REZA SADEGHI

Project Director

Mr Sadeghi is currently the Project Director with responsibilities in the day-to-day operations of the Group's SRM division, as well as in the oversight and execution of special projects. Prior to joining the Group, Mr Sadeghi was a technical operation manager of the AQUA Group in Dubai, and between 1999 and 2001, Mr Sadeghi was a technical operation manager of Irano-Hind Shipping Co., a joint venture between Islamic Republic of Iran Shipping Lines Co ("IRISL") and Shipping Corporation of India. Mr Sadeghi had also held various technical, General Manager, Board Member of Marine Services & Eng Co. (IRISL subsidiary company) and other managerial roles in IRISL, including responsibility for new vessels in IRISL's Guangzhou shipyard from 1985 to 1999.

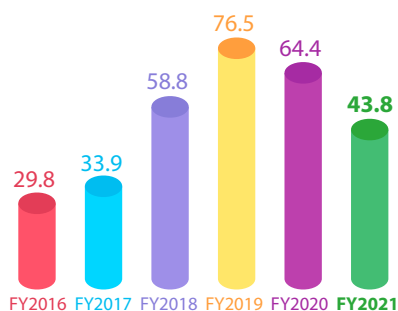
Mr Sadeghi graduated with a Bachelor of Science in Marine Engineering in 1985 from the Marine Engineering College of Calcutta, India, and attained the certificate of competency of Chief Engineer in 1993.



GROUP FINANCIAL HIGHLIGHTS

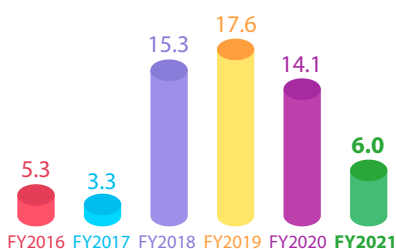
Group Revenue (US\$ million)

32.0% decreased from US\$64.4 million in FY2020 to US\$43.8 million in FY2021.



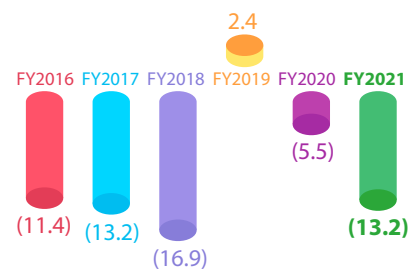
Group Gross Profit (US\$ million)

57.5% decreased from US\$14.1 million in FY2020 to US\$6.0 million in FY2021.



Net Profit/(Loss) after Tax (US\$ million)

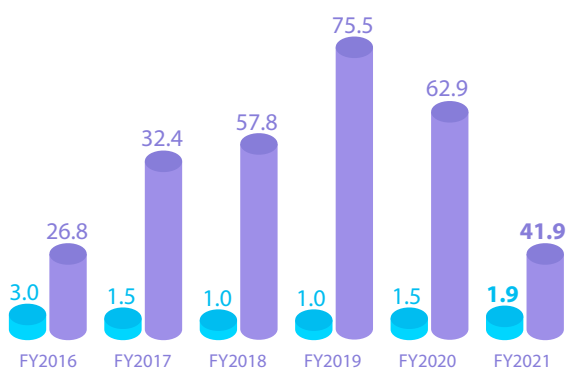
Further increase in loss of US\$5.5 million in FY2020 to a loss of US\$13.2 million in FY2021 (which includes US\$8.0 million impairment loss on property, vessels and equipment and loss on disposal of vessels of US\$1.0 million).



Revenue by Segments (US\$ million)

Revenue for the MLS division decreased by US\$21.0 million or 33.4% in FY2021.

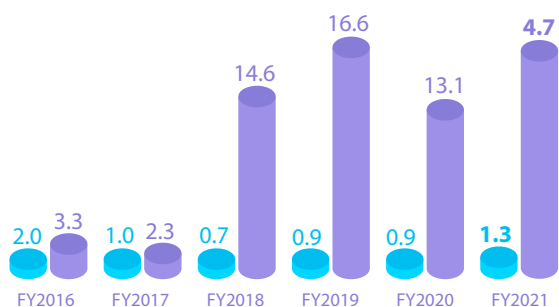
Revenue for the SRM division increased by US\$0.4 million or 28.6% in FY2021.



Gross Profit by Segments (US\$ million)

Gross profit for the MLS division decreased by US\$8.5 million or 64.5% in FY2021.

Gross profit for the SRM division increased by US\$0.4 million or 40.0% in FY2021.



| Financial Indicators | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|---------|---------|---------|--------|--------|----------------|
| Basic Earnings/(Loss) per share (US\$ cents) | (4.38) | (5.05) | (6.15) | 0.46 | (1.04) | (2.53) |
| Diluted Earnings/(Loss) per share (US\$ cents) | (4.38) | (5.05) | (6.15) | 0.46 | (1.04) | (2.53) |
| Net Asset Value per share (US\$ cents) | 32.6 | 29.0 | 16.1 | 16.4 | 15.5 | 13.2 |
| Return on Total Assets | (6.3)% | (7.4)% | (8.4)% | 1.2% | (3.1)% | (8.6)% |
| Return on Shareholders' Equity | (13.3)% | (17.4)% | (20.1)% | 2.8% | (6.7)% | (19.2)% |
| Net Gearing Ratio | 52.0% | 57.3% | 57.0% | 55.2% | 52.4% | 54.3% |

VESSEL FLEET LIST

As at 31 May 2022:

Average age of owned vessel fleet - Overall excluding Utility Vessel i.e. AOS Honour*

7.0 Years

| Name of Vessel | Type | Size | Deck Area | Crane Capacity | Year Built / Re-purposed** |
|--|----------------------------------|-----------------|--|------------------------|----------------------------|
| Jack-Up Accommodation Barge | | | | | |
| AOS Maintainer I | DP-1 Jack-Up Accommodation Barge | 85.1m / 260 men | 1200 sqm | Main: 190T Aux: 20T | 2015 |
| Delta 22 | Jack-Up Barge | 46.00m / 92 men | 700 sqm | Main: 45T Aux: 5.4T | 2013** |
| Platform Supply Vessel - DP2 | | | | | |
| Name of Vessel | BHP | Size | Deck Area | Crane Capacity | Year Built |
| AOS Neptune | 6000 | 75.00m / 58 men | 700 sqm | 20T | 2015 |
| Anchor Handling Tug Supply Vessel - DP2 | | | | | |
| Name of Vessel | BHP | Bollard Pull | Deck Area | Crane Capacity | Year Built |
| AOS Victory | 6400 | 80TBP | 360 sqm | 3T | 2014 |
| Recent New-built Vessels | | | | | |
| Name of Vessel | Type | BHP | Deck Space | Crane Capacity | Year Built |
| AOS Valiant | Maintenance Utility Vessel | 2600 | 200 sqm/40 men | 20T @ 4m; 30m Boom | 2018 |
| AOS Valor | Maintenance Utility Vessel | 2600 | 200 sqm/40 men | 20T @ 4m; 30m Boom | 2018 |
| AOS Venture | Maintenance Utility Vessel | 2600 | 200 sqm/34 men | 20T @ 4m; 30m Boom | 2018 |
| AOS Vision | Maintenance Utility Vessel | 2600 | 200 sqm/34 men | 20T @ 4m; 30m Boom | 2018 |
| AOS Eagle | Work Utility Vessel | 2600 | 175 sqm/30 men | 10T @ 3.1m; 18.3m Boom | 2018 |
| AOS Emerald | Shallow Draft AHTS | 4800 | 360 sqm/26 men | 4T @ 9m; 12m Boom | 2018 |
| AOS Sapphire | Shallow Draft AHTS | 4800 | 360 sqm/26 men | 4T @ 9m; 12m Boom | 2018 |
| Anchor Handling Tug Supply Vessel - DP1 | | | | | |
| Name of Vessel | BHP | Bollard Pull | Deck Area | Crane Capacity | Year Built |
| AOS Triumph*** | 5150 | 65TBP | 350 sqm | 3T | 2014 |
| AOS Handler | 5150 | 65TBP | 350 sqm | NA | 2010 |
| AOS Hauler | 5150 | 65TBP | 350 sqm | NA | 2010 |
| AOS Provider | 5150 | 65TBP | 350 sqm | NA | 2010 |
| Anchor Handling Tug - Azimuth Stern Drive | | | | | |
| Name of Vessel | BHP | Bollard Pull | Deck Area | Crane Capacity | Year Built |
| AOS Power | 5500 | 70TBP | 150 sqm | 3T | 2012 |
| Crew Boat | | | | | |
| Name of Vessel | BHP | Size | Deck Area | Crane Capacity | Year Built |
| AOS Swift | 2 x 2400 | 27.00m / 35 men | 100 sqm | 25 knots | 2015 |
| Utility | | | | | |
| Name of Vessel | Type | BHP | Size | Deck Area | Year Built |
| AOS Honour* | Utility | 3500 | 45.00m / 18 men accommodation and seating for 30 | 216 sqm | 2006 |

* AOS Honour sold on 10 June 2022, pending completion (see Company announcement on SGXNet dated 10 June 2022)

** Year re-purposed, with reference to Delta 22

*** Under management with 51% ownership under Investment in Joint Operation

SIGNIFICANT DEVELOPMENT MILESTONES

| Date | Significant development/Milestones | Description | Reference |
|--------|---|---|---|
| Jan-16 | The Company secured a convertible loan of US\$13 million for expansion with proceeds used to partially finance the purchase of liftboat, i.e. AOS Maintainer I. The vessel was delivered and started work since September 2016. | The Company had entered into a convertible loan agreement with SCF-VIII, L.P. ("SCF") pursuant to which SCF had extended to the Company a loan of a principal amount of US\$13 million ("SCF Loan"), to partially fund the cash portion for the Company's purchase of a liftboat, i.e. AOS Maintainer I, and related mobilisation costs. | https://links.sgx.com/FileOpen/ANH_Convertible%20Loan%20Agreement.ashx?App=Announcement&FileID=384878 |
| May-16 | The Company secured US\$236 million long-term charters for 10 vessels with a MENOC. Fulfilment of contracts started since July 2016 with progressive deployment of front runner vessels comprising of owned vessels and charter-in vessels. | The Company was awarded long-term charters for 10 vessels with a combined value of approximately US\$236 million by a MENOC. The Group will supply 5 Maintenance/Work/Utility vessels and 5 Anchor-Handling Tug, Supply and Safety Standby vessels, of which 7 will be new builds. The vessels, on a firm five-year charter with a two-year extension option, will support the MENOC's operations in the Arabian Gulf. | https://links.sgx.com/FileOpen/ANH_Media_Release_Atantic_Navigation_secures_USD236million_long_term_charters_for_10_vessels.ashx?App=Announcement&FileID=404692 |
| Jun-16 | Purchase of and commissioning to build 7 new vessels to support the long-term charters. First delivery of vessel in March 2018 and last of which in December 2018. | The Company signed Shipbuilding Agreements with a shipyard in the People's Republic of China for the supply of 5 Maintenance/Work/Utility vessels and 2 Anchor-Handling Tug, Supply and Safety Standby vessels at a total cost of approximately US\$45 million. The vessels will, upon delivery, be deployed under firm five-year charters to support the operations of a MENOC in the Arabian Gulf. | https://links.sgx.com/FileOpen/Media_Release_Acquisition_of_7_new_vessels.ashx?App=Announcement&FileID=408372 |
| Mar-17 | The Company secured US\$44 million charter for its liftboat, i.e. AOS Maintainer I, with a MENOC. Contract started in June 2017 and had since extended until end June 2019. | The vessel, on a firm one-year charter with two one-year extension options, will support the MENOC's operations in the Arabian Gulf. | https://links.sgx.com/FileOpen/ANHSL_Announcement_Maintainer_I.ashx?App=Announcement&FileID=443163 |
| Apr-17 | The Company received support from one of its principal bankers with the revision of repayment and extension of tenure of term loan revolving credit facilities of US\$46 million until April 2023. | On 11 April 2017, the Company executed agreements to revise the repayment and to extend the tenure of term loans and revolving credit facilities of US\$46 million with Maybank Singapore (the "Loan Facilities"). The Loan Facilities has been extended to an average of 8 years from an average of 4 years previously. The Group's loan principal repayment will be reduced by an aggregate of US\$9 million over the next 3 years. | https://links.sgx.com/FileOpen/ANHSL_Announcement_Refinancing.ashx?App=Announcement&FileID=451549 |
| Apr-17 | The Group and its Korean Consortium partner secured a US\$45.2 million project with a MENOC for the purchase and removal of decommissioned offshore and onshore facilities. Physical aspect of the work execution has concluded and closure of the project is expected to be fully completed by end April 2019. | The Company's subsidiary, Atlantic Ship Management LLC ("ASM"), and Oceanus Co. Ltd. Korea c/o Oceanus Co. Ltd. Abu Dhabi formed a consortium in which ASM had a 49% interest and had on 19 April 2017 been awarded a US\$45.2 million project for the purchase and removal of decommissioned offshore and onshore facilities by a MENOC. ASM's interest in the consortium was subsequently reduced to 40% with the introduction of an additional partner in March 2018. | https://links.sgx.com/FileOpen/ANHSL_Announcement_Arzanah.ashx?App=Announcement&FileID=449871 |
| Mar-18 | The Group secured US\$8.5 million loan from its Middle East partner which is payable over 5 years to partially finance the cash portion and mobilisation cost due for the 5 out of the 7 new vessels. | The Company's wholly-owned subsidiary, Atlantic Maritime Group FZE ("AMG"), had on 28 March 2018 entered into a loan agreement with Mr. Mubarak Abdullah Al-Suwaiket ("Middle East partner"), for the grant of a loan of a principal amount of US\$8.5 million by the Middle East partner to AMG, maturing 365 days after the date of receipt by AMG of the loan amount. AMG had undertaken to repay the loan and the financial charges to the Middle East partner within 5 years commencing on the date on which the loan is received by AMG in 5 instalments. | https://links.sgx.com/FileOpen/ANH%20Announcement.ashx?App=Announcement&FileID=495279 |
| Apr-18 | AMG obtained a 7-year commodity term loan facility of up to US\$29.8 million from its United Arab Emirates banker to finance the acquisition of the 7 new vessels. | AMG had on 3 April 2018 executed a 7-year Term Loan Facility of up to US\$29.8 million (the "Facility") from its United Arab Emirates banker. The Facility will be utilised to finance the acquisition of 7 new vessels. The Company had drawn down US\$20.4 million of the loan from the Facility to pay for the first batch of 5 out of 7 new vessels. | https://links.sgx.com/FileOpen/Announcement%20-%20Term%20Loan%20Facility%20-%20Final.ashx?App=Announcement&FileID=496441 |

SIGNIFICANT DEVELOPMENT MILESTONES

| Date | Significant development/Milestones | Description | Reference |
|--------|---|--|---|
| Jul-18 | Proposed subscription of 262,918,394 new ordinary shares in the share capital of the Company ("Subscription Shares") by Saeed Investment Pte. Ltd. ("Saeed Investment") to raise US\$26 million, for majority 50.2% stake in the enlarged share capital of the Company. | On 15 July 2018, the Company had entered into a conditional share subscription agreement with Saeed Investment ("Subscription Agreement") pursuant to which the Company has agreed to issue and allot an aggregate of 262,918,394 Subscription Shares to the Saeed Investment, and Saeed Investment has agreed to subscribe for the Subscription Shares, at the subscription price of US\$0.09889 per Subscription Share, for an aggregate amount of US\$26 million. | https://links.sgx.com/FileOpen/ANH%20Announcement%20-%20Subscription%20Agreement%20-%20final.ashx?App=Announcement&FileID=516356 |
| Oct-18 | Delivery of the remaining 2 out of 7 new vessels to support the long-term charter contracts with a MENOC. Remaining firm contract duration for the full 10-vessel marine spread is expected to least until end August 2022. | On 18 October 2018, the Company drawn down on the balance of US\$9.4 million of the Facility to pay for the remaining 2 out of 7 new vessels. The Group has taken the delivery of these 2 vessels for mobilisation to the Middle East to support the long-term contracts with the MENOC. | https://links.sgx.com/FileOpen/ANHSL%20Announcement%20NBF%20Loan%20Drawdown%20-%20Final.ashx?App=Announcement&FileID=530817 |
| Dec-18 | Completion of proposed subscription of Subscription Shares by Saeed Investment, which is controlled and helmed by Mr Kum Soh Har, Michael. | On 11 December 2018, 262,918,394 Subscription Shares were allotted and issued to Saeed Investment in accordance with the Subscription Agreement. The Company's total issued and paid-up share capital has increased from 260,593,750 shares to 523,512,144 shares. | https://links.sgx.com/FileOpen/ANH%20Announcement%206%20-%20Completion.ashx?App=Announcement&FileID=537063 |
| Dec-18 | Repayment of outstanding principal and interests of the SCF Loan funded by the new cash-for-equity injection by Saeed Investment. | The Company has, in accordance with the terms of the Subscription Agreement, utilised part of the subscription proceeds amounting to US\$17.2 million to fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 for the SCF Loan. | https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Repayment%20of%20SCF.ashx?App=Announcement&FileID=537951 |
| Dec-18 | Appointment of Mr Kum Soh Har, Michael as the Non-Executive Non-Independent Chairman, with Mr Wong Siew Cheong being re-designated as Executive Director and Chief Executive Officer, along with other Board appointments and resignations. | Completion of renewal of members of Board of Directors as well as strengthening of Management team to meet the challenges of the future. | https://links.sgx.com/1.0.0/corporate-announcements/50HH16YLF16B45F4/b73f917af8d768ffc2683a6f83fd80082c2f355501ccf20c70989dadaa0687e5 |
| Mar-19 | Completion of changes to members of the Board of Directors and the Board Committees culminating with the appointment of Mr Gwee Lian Kheng as Lead Independent Director in March 2019. | Completion of renewal of members of Board of Directors as well as strengthening of Management team to meet the challenges of the future. | https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Board%20composition%20-%20final.ashx?App=Announcement&FileID=545991 |
| May-19 | The Group announced the extension of contract for lift-boat i.e. AOS Maintainer I for one more year with MENOC for a contract which started since July 2017. | On 23 May 2019, the Group announced the extension of contract for lift-boat AOS Maintainer I for second year with the daily charter rates and other conditions remaining unchanged. It also announced that the other lift-boat, i.e. Delta 22, had secured a 6-month firm with 2-month extension option contract with same repeat customer which started on 1st May 2019. | https://links.sgx.com/FileOpen/ANH%20-%20Annct%20-%20Extension%20of%20Maintainer%20I%20and%20Delta%2022%20contracts.ashx?App=Announcement&FileID=560624 |
| Jun-19 | The Group announced the disposal of 15% minority interest in Bravo Shipping and Trading Co. Ltd ("Bravo") which is an investment in joint operation. | On 29 June 2019, the Group disposed of its interest in Bravo which is the owner of vessel AOS Triumph for a total cash consideration of about US\$1.15 million including an ascribed value of US\$6.0 million for the vessel. Apart from FY2015, Bravo has been loss-making (including depreciation) and generating limited cash flow on a declining basis. | https://links.sgx.com/FileOpen/ANH%20-%20Final%20Announcement%20-%20Disposal%20of%20minority%20interest%20in%20BRAVO%20-%20280619.ashx?App=Announcement&FileID=565331 |
| Jul-19 | Resumption of trading of the Company's shares on the SGX Catalist with the restoration of free float of more than 10%. | With the restoration of free float, the Company's shares resumed trading on 5 July 2019 which were suspended since December 2018. The loss of free float was due to the cash-for-equity injection by Saeed Investment to bolster the balance sheet of the Group. | https://links.sgx.com/FileOpen/ANH%20-%20Annct%20-%20Restoration%20and%20resumption%20of%20trading%20040719.ashx?App=Announcement&FileID=567038 |

SIGNIFICANT DEVELOPMENT MILESTONES

| Date | Significant development/Milestones | Description | Reference |
|--------|---|---|---|
| Feb-20 | The Group announced its financial results for FY2019 with improvement in profits. | The Group reported its unaudited financial results on 28 February 2020 with improvement in profit for the year 2019 of US\$2.4 million, with EBITDA generated US\$19.8 million in FY2019 compared to US\$16.3 million in FY2018, or an increase of more than 20%. | https://links.sgx.com/FileOpen/Financial%20Results%20Announcement%20FY2019%20Final.ashx?App=Announcement&FileID=598689 |
| Jul-20 | Following the commencement of the arbitration by claimant with regard to the rescission of a liftboat vessel contract by the Group as announced on September 2018, the Group announced that it had entered into settlement agreement with the claimant. | On 7 July 2020, the arbitration notices had hence been withdrawn by the claimant with the Group has agreed to pay the claimant and the claimant has agreed to accept a total sum of US\$500,000 as full and final settlement in five (5) equal monthly installments, starting from July 2020 which had since been fully repaid. | https://links.sgx.com/1.0.0/corporate-announcements/1NNS55X1FYRO1TPA/8015e29d27f62261b14fa8601165e0bc92f9e73683bff9bd066afbcecc70521fc |
| Mar-21 | The Group announced its financial results for FY2020 with lower revenue and net loss for the year adversely impacted by the ongoing COVID-19 pandemic. | As announced on 31 March 2021, notwithstanding loss for the year of US\$5.5 million (including impairment loss of US\$5.78) million, the Group continue to generate positive EBITDA of US\$13.9 million as well as net cash flows generated by operating activities (i.e. after working capital changes and interest payments) of US\$10.3 million. | https://links.sgx.com/1.0.0/corporate-announcements/SZRG2MINECEMW6KBK/af9db0c96b02758f82b9000eb827a161a5871445ad67a7941392a5b611603552 |
| Jun-21 | The Group had by end May 2021 completed the re-profiling of the secured loan obligations with both of its principal bankers. | In summary, the re-profiling would result in US\$14.1 million in aggregate of principal repayments originally due in 2H2020 and FY2021 to be re-scheduled, and repayable from FY2022 to FY2025. | https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Approval%20from%20SGX-ST%20for%20EOT%20to%20release%20Q12021%20Results%20and%20AGM%20030621.ashx?App=Announcement&FileID=670085 |
| Sep-21 | The Group had accepted an unsolicited offer from Norden Gabon A/S for the sale of 2 vessels, AOS Star and AOS Energy. | On 24 September 2021, an unsolicited offer from an unrelated third party, Norden Gabon A/S based in Denmark via an unrelated third party broker for the sale of two vessels, namely AOS Star and AOS Energy for gross considerations of US\$1,050,000 and US\$900,000 respectively, or US\$1,950,000 in aggregate. | https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Disposal%20of%20AOS%20Star%20and%20AOS%20Energy_final.ashx?App=Announcement&FileID=684729 |
| Mar-22 | The Group announced its financial results for FY2021 with lower revenue and net loss for the year as it continued to be adversely impacted by the ongoing COVID-19 pandemic. | As announced on 1 March 2022, notwithstanding loss for the year of US\$13.2 million (including impairment loss of US\$8.0 million), the Group continue to generate positive EBITDA of US\$8.5 million as well as net cash flows generated by operating activities (i.e. after working capital changes and interest payments) of US\$2.5 million. | https://links.sgx.com/FileOpen/ANH%20-%20FY2021%20SGX%20Financial%20Results%20-%201%20March%202022.ashx?App=Announcement&FileID=705646 |
| Mar-22 | The Group secured charter of firm mid-term duration of 730 operational days with 2 semi-annual extensions of up to 12 months, with call option granted for sale, for its liftboat, i.e. Delta 22. | On 4 March 2022, the Group announced that it secured a contract for its liftboat, i.e. Delta 22 for a firm duration of 730 operational days with 2 semi-annual extensions of up to 12 months with Masirah Oil Limited which is 91.8% indirectly owned by Rex International Holding Limited, with call option granted for the sale of the vessel. | https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Delta%2022%20Time%20Charter%20and%20Purchase%20Option%20Agreement_20220304..ashx?App=Announcement&FileID=706128 |
| Jun-22 | Disposal of utility vessel, i.e. AOS Honour. | Sale of AOS Honour sold pursuant to Sale & Purchase Agreement entered into on 10 June 2022 with unrelated third party, pending completion. | https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Sale%20of%20AOS%20Honour%2010%20June%202022.ashx?App=Announcement&FileID=720498 |
| Jun-22 | The Group secured Loan Refinancing and Loan Re-profiling with its principal bankers respectively. | On 13 June 2022, the Group announced that it had secured Loan Refinancing of US\$9.0 million from its Primary Bank for repayment of certain existing loans of approximately US\$5.7 million with the Relevant Bank and remaining proceeds for working capital purposes. Remaining debt with Relevant Bank is expected to be US\$9.0 million as at 30 June 2022 to be re-profiled for full repayment by original maturity in April 2023. | https://links.sgx.com/1.0.0/corporate-announcements/WG2Q7WLF9513V6NX/f3978258d661a456dee753a100b32a4f7f1abe5844e16cb1816a66ce8a8ae496 |

HSE DESCRIPTION

HEALTH, SAFETY AND ENVIRONMENT (“HSE”)

The safe operation of vessels, safety of its employees (including contractors and all persons working under its control), together with the public, as well as the protection of the environment, are of paramount importance and the overriding responsibilities and considerations in carrying out its diverse marine operations.

The Group maintains strict quality control programs to monitor and control its operational risks. It is a priority that we remain focused on increasing HSE awareness amongst our employees and crew, and on upholding our core values in our daily operational activities. Structured safety meetings are held and safety trainings were regularly organized for them throughout the year.

As an established reputable ship manager, Atlantic Maritime Group FZE (“AMG FZE”) has successfully implemented and maintained an integrated management system in compliance with the latest ISO standards in Quality, Safety and Environment. Our HSE policy that is in line with the requirements of ISO 45001 and ISO 14001 guides us in minimising and mitigating any health and safety issues and the negative environmental impact caused from our day-to-

day operations and ensuring that we are in compliance with all HSE related regulations.

The Stop Work policy of the Group provides the authority with all due responsibilities to all designated employees or contractors to stop an activity if, in his/her opinion or judgment, the activity is deemed to be an unsafe or risky behavior.

During the year 2021, there were no major accidents or incidents reported from fleet under management, where similar to 2020, with zero LTI (i.e. Lost Time Injuries) out of almost 2.83 million total man-hours worked. In addition, there were also no major environmental incidents, oil spills, property damages which occurred during our marine operations. As a result, AMG FZE had received letters of commendation and appreciation from charterers upon completion of the charters or projects.

In view of the ongoing global COVID-19 pandemic, the Group keeps abreast of the latest developments and best practices to adhere to regulations and promulgations of the various governments where it operates as well as maritime regulatory bodies with the implementation of necessary precautionary measures with timely updates via HSE fleet notices and circulars to its crew and employees.



GROUP STRUCTURE



Atlantic Navigation Holdings (Singapore) Limited

**Investment Holding Company
(Singapore)**

100%

Investment Holding Company (BVI)
Atlantic Navigation Holdings Inc.

100%

100%

100%

51% #2

Ship Owners (BVI)
Atlantic Oceana Inc.
Atlantic Offshore Inc.
Atlantic Offshore Services Inc.
Atlantic Navigation Limited
Bimar Offshore Inc.
Crossworld Marine Services Inc.
Lift-Offshore Inc.
Oasis Marine Inc.
Pacific International Offshore Inc.

Ship Chartering, Ship Repair, Maintenance and Fabrication (UAE)
Atlantic Maritime Group FZE

Investment Holding Company (BVI)
Atnav Holdings Inc.

Ship Owner (BVI)
Atlantic Venture Inc.

100%

Ship Owners (BVI)
ATNAV Inc.
ATNAV International Inc.
ATNAV Marine Inc.
ATNAV Maritime Inc.
ATNAV Nautical Inc.
ATNAV Oceanic Inc.
ATNAV Offshore Inc.

Ship Management (UAE)
Atlantic Ship Management LLC

49% #1

Ship Brokerage Services (Ghana)
Atlantic Maritime Ghana Private Limited

90%

#1 This represents the legal interests of the Group in Atlantic Ship Management LLC. The Directors consider Atlantic Ship Management LLC a subsidiary of the Group as the Group has control over the financial and operating policies and activities of this entity.

#2 The Group has 51% interest as investment in joint operation. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or the “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (“**Atlantic**” or the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (collectively, the “**Group**”) to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the latest guidelines, rules and regulations.

The Listing Manual – Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) requires an issuer to describe its corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 which was revised on 6 August 2018 (“**2018 Code**”) in its annual report, as well as disclose any deviation from any provision of the 2018 Code and explain how the practices it had adopted are consistent with the intent of the relevant principle.

This report describes the Company’s corporate governance practices with reference to both the principles and provisions set out in the 2018 Code. The Board confirms that, for the financial year ended 31 December 2021 (“**FY2021**”), the Company has adhered to the principles of the 2018 Code as well as the Catalist Rules, where appropriate, and has generally adhered to the provisions set out in the 2018 Code. Where there are deviations from any provision of the 2018 Code, appropriate disclosures and explanations are provided in accordance to the requirements of the Catalist Rules.

A. BOARD MATTERS

The Board’s Conduct of its Affairs

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

The primary role of the Board is to lead and control the Company’s operations and affairs and to protect and enhance long-term shareholders’ value. The Board establishes the corporate strategic objectives of the Group and oversees the performance of the management of the Group (the “**Management**”). The Board also ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

The principal functions of the Board are as follows:

- reviewing the financial results of the Group, evaluating the adequacy and integrity of the Group’s internal controls and external audit;
- reviewing the performance of the Management and the remuneration packages for the Board and key management personnel;
- identifying principal risks of the Group’s business, ensuring that such risks are assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- monitoring major investments, divestments, acquisition and disposal of assets;
- determining the Group’s values and standards including ethical standards;
- considering sustainability issues including environmental and social factors in the formulation of Group’s strategies; and
- assuming responsibility for corporate governance.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company.

CORPORATE GOVERNANCE REPORT

The Group has adopted internal guidelines for the Management, setting forth matters that require the Board's approval. Matters which are reserved for the Board's decision, include, *inter alia*:

- approving the remuneration packages for the Board and key management personnel;
- approving corporate strategies;
- approving major funding proposals; and
- approving major investments, divestments, acquisition and disposal of assets.

The Company has an established Code of Conduct which are updated accordingly that sets out the principles of business ethics and conduct for the Group and covers significant areas including appropriate business conduct and ethics, safeguarding of confidentiality information and prohibition on insider trading, anti-bribery, corruption and fraud measures, and conflicts of interest and non-competition. All employees of the Group are to uphold these principles and conduct themselves with high standards of integrity that are in compliance with laws and regulations of the jurisdictions in which it operates.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times, the interests of the Company. When an actual, potential and perceived conflict of interest arises, the concerned Director must disclose such interest, recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

To assist in the efficient and effective discharge of its duties and responsibilities, the Board has established the board committees, namely, Audit Committee (“**AC**”), Remuneration Committee (“**RC**”) and Nominating Committee (“**NC**”) (collectively, the “**Board Committees**”). The Board Committees operate within clearly defined terms of reference which sets out the authority and duties, and operating procedures, which are reviewed on a regular basis. The Board acknowledges that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

The Board conducts regular scheduled meetings at least four (4) times a year to review, *inter alia*, the strategic policies of the Group, significant business transactions, performance of the business and approve the release of the quarterly and year-end financial results when required, ad-hoc Board and Board Committees meetings are also held to address significant transactions or issues that may arise. The Company's Constitution allows meetings to be conducted by way of teleconference and videoconference.

Details of Board and Board Committees meetings as well as shareholders' general meeting held during FY2021 and members' attendance are summarised in the table below:

| Meetings | Annual General Meeting for FY2020 | Board | Board Committees | | |
|---|-----------------------------------|----------------|------------------|----------------|----------------|
| | | | Audit | Nominating | Remuneration |
| Total held in FY2021 | 1 | 7 | 4 | 1 | 1 |
| Number of meetings attended | | | | | |
| Mr Kum Soh Har, Michael (“ Mr Kum ”) | 1 | 7 | 4 | 1 [#] | 1 |
| Ms Kum Wan Mei, Gwendolyn (Gan Wanmei) (Alternate Director to Mr Kum) | 1 [#] | 7 [#] | 4 [#] | 1 [#] | 1 [#] |
| Mr Wong Siew Cheong | 1 | 7 | 4 [#] | – | 1 [#] |
| Mr Gwee Lian Kheng | 1 | 7 | 4 | 1 | 1 |
| Mr Wong Chee Meng, Lawrence | 1 | 7 | 4 | 1 | 1 |
| Mr Sam Chee Leong | 1 | 7 | 4 | 1 | 1 [#] |

[#]By invitation

CORPORATE GOVERNANCE REPORT

The Board has independent and separate access to the Management at all times in carrying out its duties. The Management provides the Board with adequate and timely information including Board papers and related materials, and updates on initiatives and developments for the Group's business whenever possible.

For subjects that require the Board's decision, relevant members of the Management are invited to brief the Directors at the Board and Board Committee meetings. Periodic financial reports, budgets, forecasts, and other relevant reports and disclosure documents are provided to the Board, where appropriate, prior to the Board meeting. In respect of budgets, any material variance between the projections and actual results will be explained.

Directors have separate and independent access to the Company Secretary. The Company Secretary or his/her representatives attend all Board meetings and Board Committees meetings to ensure that Board procedures are followed and that applicable rules and regulations, and all governance matters are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board may, either individually or as a group, seek independent professional advice in furtherance of his/her duties, if necessary, at the Company's expense.

The Company has and intends to continue to organise orientation programmes for current and new Directors (if and when required or when appointed) to familiarise them with the Group's operations and business issues as well as the relevant regulations and governance requirements.

Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations. Newly appointed Directors will be provided with background information on the Group's history, business operations and policies. For new appointed Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 406(3)(a) of the Catalist Rules, which was consistent with the 2018 Code, the Company will arrange for the SGX-ST's prescribed training courses ("**Mandatory Training**") organised by the Singapore Institute of Directors ("**SID**") on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. No new Director was appointed during FY2021.

Directors are kept informed on the relevant new laws, regulations, code of corporate governance, financial reporting standards and changing commercial risks, from time to time. Where appropriate, the Company will also fund the Directors' attendance at any training programme. During the period under review, Directors are provided with briefings and updates on (i) the developments in financial reporting and governance standards by the external auditors, Ernst & Young LLP; (ii) the changes in the Catalist Rules and other regulatory requirements by the Continuing Sponsor, SAC Capital Private Limited, and the Company Secretary; and (iii) on changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committees meetings.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this report, the Board consists of five (5) Directors and an Alternate Director, three (3) of whom are independent:

| | |
|--|---|
| Mr Kum Soh Har, Michael | Non-Executive Non-Independent Chairman |
| Ms Kum Wan Mei, Gwendolyn (Gan Wanmei) | Alternate Director to Mr Kum Soh Har, Michael |
| Mr Wong Siew Cheong | Executive Director and Chief Executive Officer (" CEO ") |
| Mr Gwee Lian Kheng | Lead Independent Director |
| Mr Wong Chee Meng, Lawrence | Independent Director |
| Mr Sam Chee Leong | Independent Director |

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The NC reviews the independence of Directors on an annual basis. Each Independent Director is required annually to complete a checklist to confirm his independence. In its deliberation as to the independence of a Director, the NC took into account examples of relationships as set out in the 2018 Code and Rule 406(3)(d) of the Catalist Rules, considered whether a Director had business relationships with the Group, its related corporations, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement with a view to the best interests of the Group.

In accordance to the 2018 Code and the Catalist Rules, the assessment of the independence of the Directors, specific tests of Directors' independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules, it stipulates that a Director will not be considered as independent if he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations in the current or any of the past three financial years.

After taking into account the views of the NC, the Board is satisfied that each Independent Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, the Independent Director's judgement. The Board is of the view that there is a good balance between the Executive and Non-Executive Directors, and a strong and independent element on the Board.

Mr Kum Soh Har, Michael is the Non-Executive Non-Independent Chairman of the Company. In view of the fact that the Chairman is not an Independent Director, with the Board comprising five (5) Directors, three (3) of whom are independent, the composition of the Board complies with the recommendation under the 2018 Code that Independent Directors make up a majority of the Board.

The Board comprises a majority of four (4) Directors (out of a five (5) member Board) who are Non-Executive Directors.

None of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment.

The composition of the Board and its Board Committees are reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience and gender diversity to enable the Management to benefit from a diverse perspective of issues that are brought before the Board, and collectively possesses the necessary core competence in legal, business, investment, and accounting matters and industry knowledge for informed decision-making and effective functioning. Although the Company has not adopted the board diversity policy, the Company has embraced all aspects of diversity in the current Board composition and the Board is the progress of establishing the board diversity policy. With the introduction of Rule 710A of the Catalist Rules effective from 1 January 2022, the Board will endeavour to maintain a board diversity policy and describe such policy accordingly in its annual report for the financial year ending 31 December 2022.

The Board, taking into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and its Board Committees, is of the view that its current size of five (5) Directors and the composition of the Board and its Board Committees are appropriate to meet the Company's objectives and facilitates effective decision making.

The Non-Executive Directors (including Independent Directors) will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and in monitoring the reporting of performance. When necessary, the Non-Executive Directors will have discussions/meetings amongst themselves without the presence of the Management.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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

Mr Kum Soh Har, Michael is currently the Non-Executive Non-Independent Chairman. The Chairman takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the Board and the Company Secretary.

The Chairman, with the assistance of the Company Secretary, schedules and prepares the meeting agenda to enable the Board to discharge its duties responsibly having regard to the Group's operations. The Chairman leads all Board meetings and ensures that Board members receive complete, accurate and timely information to enable them to have full cognisance of the affairs of the Group, and ensuring sufficient allocation of time for thorough discussion of each agenda item (in particular strategic issues). He also promotes a culture of openness and solicits contributions from the Board members to facilitate constructive discussions.

Mr Wong Siew Cheong is the Group's CEO who has full executive responsibility over the business direction and operational decisions on the day-to-day operations and management of the Company. Mr Wong is the founder of the Group and plays a key role in developing the Group's business. Through the Group's performance in these few years, Mr Wong has demonstrated his vision, strong leadership and passion in the Group's business.

The roles of the Chairman and the CEO are separated and distinct, each having his own areas of responsibilities. The Company believes that a clear division of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for constructive decision-making. The Chairman and CEO are not related.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Three (3) out of five (5) of the Board members are Independent Directors and all the Board Committees are chaired by the Independent Directors. In addition, in view that the Non-Executive Chairman is not an Independent Director, the Company has appointed Mr Gwee Lian Kheng as the Lead Independent Director and he is available to shareholders where they have concerns and for which contact through the normal channels of the Non-Executive Non-Independent Chairman, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate. As such, the Board believes that there is a good balance of power and authority within the Board and no individual or small group can dominate the Board's decision-making process.

The Independent Directors led by the Lead Independent Director, discuss and/or meet amongst themselves without the presence of the other Directors where necessary. The Lead Independent Director will also provide feedback to the Non-Executive Non-Independent Chairman after such discussions/meetings.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

As at the date of this report, the NC comprises three (3) members, all of whom, including the Chairman, are Independent Directors. The Chairman of the NC is the Lead Independent Director. The members of the NC are:

| | | |
|-----------------------------|-----------------------------|----------|
| Mr Gwee Lian Kheng | (Lead Independent Director) | Chairman |
| Mr Wong Chee Meng, Lawrence | (Independent Director) | Member |
| Mr Sam Chee Leong | (Independent Director) | Member |

CORPORATE GOVERNANCE REPORT

The NC is governed by its written terms of reference. The principal functions of the NC are:

- (a) to make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board;
- (b) to review, assess and recommend nominee(s) or candidate(s) for appointment or election to the Board, having regard to his/her qualifications, competency, other principal commitments and whether or not he/she is independent and in the case of a re-nomination, his/her contribution and performance;
- (c) to review Board succession plans for Directors, in particular for the CEO and the progressive renewal of the Board;
- (d) to evaluate the performance of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board;
- (e) to determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the 2018 Code is in fact independent, the Company will disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. The NC may at its discretion determine a Director as non-independent even if he has no business or, other relationships with the Company, its related corporation, its substantial shareholders or its officers and provide its views to the Board for the Board's consideration;
- (f) to review training and professional development programmes for the Board; and
- (g) to establish and review the criteria on the determination of the maximum number of directorships of listed companies any Director may hold, and to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations and other principal commitments.

Each Director is required to declare the list of directorships or other principal commitments during the year to enable the ongoing monitoring of the commitment of the Directors to the Company. Aside from taking into account of the number of directorships and other principal commitments of the Directors, the NC also considers the results of the annual evaluation of each Director's effectiveness and the respective Director's conduct at the Board and Board Committees meetings to determine whether the Director is able to discharge his duties diligently. The NC is of the view that the Directors' contributions at the Board and Board Committees meetings, and their time commitment to the affairs of the Company, are adequate and it is not necessary at this stage to put a maximum limit on the number of listed company board representations and other principal commitments of each Director. The NC will continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. Please refer to the section entitled "Board of Directors Profile" of the Annual Report for the listed company directorship and principal commitments of each Director.

The potential new Directors are normally being identified via personal and professional networks. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfill its responsibilities. The NC will evaluate the suitability of the nominee(s) or candidate(s) based on his/her qualifications, experience, commitment and ability to contribute to the Board process and such qualities and attributes that may be required by the Board.

In accordance with the 2018 Code and Rule 720(4) of the Catalist Rules, all Directors shall submit themselves for re-nomination and re-election at least once every three (3) years. Pursuant to Regulation 89 of the Company's Constitution, at least one-third of the Directors are to retire by rotation at every annual general meeting of the Company ("AGM") and a retiring Director is eligible for re-election by the shareholders of the Company at the AGM, provided that all Directors shall retire from office at least once every three (3) years at an AGM of the Company. In addition, Regulation 88 of the Company's Constitution provides that a newly appointed Director can only hold office until the next AGM and then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation. In reviewing the nomination of the retiring Directors, the NC considered the performance and contribution of each of the retiring Directors, having regard not only to their attendance and participation at Board and Board Committees meetings but also their time and attention devoted to the Group's business and affairs.

CORPORATE GOVERNANCE REPORT

The NC has recommended to the Board that Mr Wong Siew Cheong and Mr Gwee Lian Kheng be nominated for re-election at the Company's forthcoming AGM. In making the recommendation, the NC has considered each of the said Directors' overall contribution and performance. The Board has accepted the recommendation of the NC. Each member of the NC and the Board shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC and the Board in respect of the assessment of their own performance or re-nomination as Director.

Mr Wong Siew Cheong will, upon re-election as a Director, remain as Executive Director and CEO of the Company. Mr Gwee Lian Kheng will, upon re-election as a Director, remain as Lead Independent Director of the Company, and the Chairman of AC and NC, and a member of the RC.

Key information regarding the Directors is provided in the section entitled "Board of Directors" of the Annual Report. In addition, pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election is disclosed as below to be read in conjunction with the information in the section entitled "Board of Directors" of the Annual Report:

| Name of Directors | Wong Siew Cheong | Gwee Lian Kheng |
|---|---|---|
| Date of Appointment | 31 July 2012 | 4 March 2019 |
| Date of last re-election | 25 June 2020 | 26 April 2019 |
| Age | 69 | 81 |
| Country of principal residence | United Arab Emirates | Singapore |
| The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process) | The NC, having considered Mr Wong Siew Cheong's contribution and performance, has recommended his re-appointment as the Executive Director and Chief Executive Officer of the Company. The recommendation was approved by the Board of Directors. | The NC, having considered Mr Gwee Lian Kheng's contribution and performance, has recommended his re-appointment as the Lead Independent Director of the Company. The recommendation was approved by the Board of Directors. |
| Whether appointment is executive, and if so, the area of responsibility | Executive Mr Wong Siew Cheong is responsible for the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group. | Non-Executive |
| Job title | Executive Director and Chief Executive Officer | Lead Independent Director, Chairman of the AC and the NC, and a member of the RC |
| Professional qualifications | Bachelor of Mechanical Engineering from the University of Singapore | Registered Accountant (Fellow) of Institute of Singapore Chartered Accountants Fellow of the Association of Chartered Certified Accountants (UK) Fellow of the Chartered Institute of Management Accountants (UK) Bachelor of Accountancy (Honours) from the University of Singapore |

CORPORATE GOVERNANCE REPORT

| Name of Directors | Wong Siew Cheong | Gwee Lian Kheng |
|--|--|---|
| Working experience and occupation(s) during the past 10 years | Mr Wong Siew Cheong founded the Atlantic Group in 1997 and was appointed as Executive Chairman and Chief Executive Officer of the Group on 31 July 2012 | December 1973 – January 2019: Group CEO of UOL Group Limited |
| Shareholding interest in the listed issuer and its subsidiaries | <u>The Company</u> Direct interest – 166,599,000 Ordinary Shares Deemed interest – 33,375,000 Ordinary Shares <u>Subsidiaries of the Group</u> Nil | <u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Spouse of Madam Chong Mee Chin, a substantial shareholder of the Company. | None. For completeness, Mr Gwee has been appointed as an independent director of M&L Manager Pte. Ltd., an entity ultimately controlled by the controlling shareholder of the Company, Mr Kum Soh Har, Michael and his associates, at a nominal fee. Mr Gwee has provided his confirmation to the Board that he is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, his judgement. |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer | Yes | Yes |

CORPORATE GOVERNANCE REPORT

| Name of Directors | Wong Siew Cheong | Gwee Lian Kheng |
|---|--|--|
| <p>Other Principal Commitments* including Directorships</p> <p><i>*Exclude the occupation(s) as disclosed in the section entitled "Board of Directors" of the Annual Report</i></p> | <p><u>Past (for the last 5 years)</u> <u>Directorships</u></p> <ul style="list-style-type: none"> - Astra Offshore Sdn. Bhd. - Bravo Shipping and Trading Co. Ltd <p><u>Other principal commitments</u> Nil</p> <p><u>Present</u> <u>Directorships</u></p> <ul style="list-style-type: none"> - Atlantic Offshore Services LLC - Atlantic Marine Services LLC - Atlantic Navigation Holdings Inc. - Atlantic Maritime Group FZE - Atlantic Oceana Inc. - Atlantic Offshore Inc. - Atlantic Offshore Services Inc. - Atlantic Navigation Limited - Bimar Offshore Inc. - Crossworld Marine Services Inc. - Lift-Offshore Inc. - Oasis Marine Inc. - Pacific International Offshore Inc. - Atnav Holdings Inc. - ATNAV Inc. - ATNAV International Inc. - ATNAV Marine Inc. - ATNAV Maritime Inc. - ATNAV Nautical Inc. - ATNAV Oceanic Inc. - ATNAV Offshore Inc. - Atlantic Ship Management LLC - Atlantic Maritime Ghana Private Limited - Atlantic Venture Inc. - Trend Steel Construction and Engineering Co. Ltd <p><u>Other principal commitments</u> Nil</p> | <p><u>Past (for the last 5 years)</u> <u>Directorships</u></p> <ul style="list-style-type: none"> - Tianjin UOL Xiwang Real Estate Development Co., Ltd. - Pan Pacific Shared Services Centre Pte. Ltd. - Singapore Land Limited - UOL Equity Investments Pte Ltd - UOL Treasury Services Pte. Ltd. - Pan Pacific Hospitality Holdings Pte. Ltd. - Success Venture Investment (Jersey) Limited - Secure Venture Investments Limited - Pan Pacific Hotels Group Limited - Parkroyal Pickering Hotel Pte. Ltd. - Pan Pacific Hotels and Resorts Pte. Ltd. - Suzhou Wugong Hotel Co Limited - Westlake International Company Limited - Yangon Hotel Limited - Garden Plaza Company Limited - Hotel Investments (Hanoi) Pte. Ltd. - Success City Pty Limited - Success Venture Investments (Australia) Ltd - Success Venture Pty Limited - OUB Centre Limited - Marina Centre Holdings Private Limited - Hotel Marina City Private Limited - Aquamarina Hotel Private Limited - Marina Bay Hotel Pte Ltd - Pilkon Development Company Limited - Plaza Hotel Company Limited - City Square Hotel Co., Ltd. - UOL Group Limited - United Industrial Corporation Limited <p><u>Other principal commitments</u> Nil</p> <p><u>Present</u> <u>Directorships</u></p> <ul style="list-style-type: none"> - Bamboo Foundation Limited - M&L Manager Pte. Ltd. <p><u>Other principal commitments</u> Nil</p> |

The retiring Directors had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Board Performance

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

A formal Board performance evaluation, led by the NC, is conducted annually by means of a confidential questionnaire designed to assess the state of affairs of corporate governance matters in the Company, including the performance of each individual Board Committee. The areas of evaluation for Board performance include Board composition, Board information, Board process, Board accountability, communication with and review of top management and standards of conduct. The key areas of evaluation for Board Committee performance include committee composition and committee process.

The NC is of the view that it is more appropriate and effective to evaluate the performance of the Board as a whole, bearing in mind that each member of the Board contributes in different ways to the success of the Company and Board decisions are made collectively. The evaluation is separately completed by each Director to elicit his individual input, collated, analysed and discussed with the NC and the Board with comparatives from the previous year. Recommendations to further enhance the effectiveness of the Board and the various Board Committees are implemented, as appropriate. The NC had conducted a performance evaluation of the Board and the Board Committees for FY2021, and areas highlighted by the Directors in the evaluation were further deliberated on to improve corporate governance of the Group.

In addition, the NC, in considering the re-appointment of any Director, evaluates the performance of the Director separately, including the Director's contribution at the Board and Board Committees meetings, and his/her time commitment to the affairs of the Company. Each member of the NC shall abstain from deliberating and voting on any resolutions in respect of the assessment of his performance or re-appointment as Director.

No external facilitator had been engaged by the Board for this purpose.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

As at the date of this report, the RC comprises three (3) members, all of whom, including the Chairman, are Independent Directors. The members of the RC are:

| | | |
|-----------------------------|--|----------|
| Mr Wong Chee Meng, Lawrence | (Independent Director) | Chairman |
| Mr Gwee Lian Kheng | (Lead Independent Director) | Member |
| Mr Kum Soh Har, Michael | (Non-Executive Non-Independent Chairman) | Member |

The RC is governed by its written terms of reference, which sets out its responsibilities:

- (a) to review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment for each Director and key management personnel including but not limited to senior executives reporting directly to the CEO or employees related to the Executive Director and controlling shareholders of the Group, if any;
- (b) to review and submit its recommendations for endorsement by the entire Board, share option schemes, share award plans or any long-term incentive schemes which may be set up from time to time, in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith; and

CORPORATE GOVERNANCE REPORT

- (c) as part of its review, the RC shall ensure that:
- i. all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits-in-kind are covered;
 - ii. the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and key management personnel's performance;
 - iii. the remuneration package of employees related to Executive Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility; and
 - iv. the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. The RC benchmarks the remuneration of all Directors against peer companies in the sector. The RC has not engaged external professional remuneration consultant in FY2021. When necessary, the RC would seek independent professional advice on remuneration matters at the expense of the Company.

Level and Mix of Remuneration

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

In setting remuneration packages, the RC considers the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of each individual Director.

The RC recognises that the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company. The Company links the remuneration paid to the Executive Directors and key management personnel to the Company's and each individual's performance, based on an annual appraisal and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees.

The Executive Director, Non-Executive Non-Independent Chairman and the Alternate Director to the Non-Executive Non-Independent Chairman do not receive Directors' fees. The remuneration for the Executive Director and the key management personnel comprise a basic salary component, a variable component and an annual bonus, based on the performance of the Group as well as their individual performance.

Annual reviews of the remuneration of the Executive Director and key management personnel are carried out by the RC to ensure that their remuneration is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

The Independent Directors receive Directors' fees in accordance with their representation and contributions on the Board and various Board Committees, taking into account factors such as effort and time spent, as well as the general corporate responsibilities, risks and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval at the Company's AGM.

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At an extraordinary general meeting of the Company held on 29 April 2015, the Company adopted the new Atlantic 2015 Employee Share Option Scheme (the “**Atlantic 2015 ESOS**”), Atlantic 2015 Performance Share Plan (the “**Atlantic 2015 PSP**”) and the Atlantic 2015 Restricted Share Plan (the “**Atlantic 2015 RSP**”) (collectively, the “**2015 Schemes**”) in substitution of the Atlantic Employee Share Option Scheme (the “**Atlantic 2008 ESOS**”), the Atlantic Performance Share Plan (the “**Atlantic 2008 PSP**”) and the Atlantic Restricted Share Plan (the “**Atlantic 2008 RSP**”) which were terminated. The details of the new 2015 Schemes are set out in the circular to shareholders of the Company dated 14 April 2015 in relation to the proposed adoption of the 2015 Schemes.

No share options and share awards have been granted under the 2015 Schemes in FY2021 and no outstanding share options in FY2021.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Director and the key management personnel owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Director and key management personnel in the event of such breach of fiduciary duties. The RC will review such contractual provision as and when necessary.

Disclosure on Remuneration

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

The level and mix of each Director’s remuneration for FY2021 are as follows:

| US\$'000 | Directors’ fees | Salary ¹ | Bonus | Other benefits ² | Total |
|--|-----------------|---------------------|-------|-----------------------------|-------|
| Mr Kum Soh Har, Michael | – | – | – | – | – |
| Ms Kum Wan Mei, Gwendolyn (Gan Wanmei) (Alternate Director to Mr Kum Soh Har, Michael) | – | – | – | – | – |
| Mr Wong Siew Cheong | – | 488.5 | – | – | 488.5 |
| Mr Gwee Lian Kheng | 39.4 | – | – | – | 39.4 |
| Mr Wong Chee Meng, Lawrence | 37.1 | – | – | – | 37.1 |
| Mr Sam Chee Leong | 34.1 | – | – | – | 34.1 |

As at the date of this report, with the CEO covering the duties of the Chief Operating Officer in the interim period, the Group only has four (4) key management personnel who are not Directors or the CEO.

On the basis of fostering a strong team cohesiveness and contribution within the Group, the disclosure relating to the key management personnel of the Group will be in bands of S\$250,000 and in percentage terms for FY2021. The Board is of the opinion that such disclosure presentation provides sufficient overview of the remuneration of key management personnel, considering the confidentiality and industry competitive nature of remuneration matters and thus may not be in the interests of the Group to disclose detailed information.

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For FY2021, the aggregate remuneration paid to all the key management personnel (excluding the CEO who is an Executive Director whose remuneration is disclosed above) of the Group amounted to approximately S\$1,404,000 or US\$1,040,000 (based on year end exchange rate of US\$1.00 : S\$1.35). The details of remuneration of the key management personnel of the Group are as follows:

| US\$'000 | Salary ¹ (%) | Bonus (%) | Other benefits ² (%) | Total (%) |
|--|----------------------------|--------------|---------------------------------------|--------------|
| Between S\$250,000 and S\$500,000 | | | | |
| Mr. Hsu Chong Pin <i>Chief Financial Officer ("CFO")</i> | 100 | – | – | 100 |
| Mr. Mohammad Reza Sadeghi <i>Project Director</i> | 100 | – | – | 100 |
| Mr. Clive Opperman <i>Operations Manager</i> | 100 | – | – | 100 |
| Mr. Massimo Brebbia <i>Vice President, Offshore & Subsea Services</i> | 100 | – | – | 100 |

Notes:

¹ Includes contractual short term employee benefits and allowances.

² Fair value of grant of equity-settled share options.

There is no employee of the Group (excluding the CEO) who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or substantial shareholders of the Company, and whose remuneration exceeded S\$100,000 during FY2021.

In developing long-term incentive schemes, the Company's main objectives are to provide its employees an opportunity to participate in the equity of the Company and to enhance its competitive edge in attracting, recruiting and retaining talented key management personnel and employees. In line with these objectives, the Group has adopted the Atlantic 2015 ESOS, the Atlantic 2015 PSP and the Atlantic 2015 RSP.

The Company believes that these long-term incentive schemes will align the interests of its employees with those of its shareholders.

There is no termination, retirement or post-employment benefits that are granted to the Directors and the key management personnel.

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

The Group has established a Risk Management Committee comprising of relevant senior management of the Group, and at its direction, adopted an enterprise risk management framework and register to identify, manage and monitor the business and operating risks impacting the Group on an on-going basis. Until a dedicated chief risk officer or its equivalent is appointed commensurating with the size and complexities of the operations of the Group, the risk management framework and register is currently overseen by the CEO and the CFO and supported by various heads of divisions or business units such as Operations, Finance, IT and Administration. During the financial year, these departments were involved in identifying and evaluating risks from the bottom up, and these risks were then reviewed in consultation with the senior management of the Group to provide a top down perspective as well.

CORPORATE GOVERNANCE REPORT

All significant matters will be reported to the AC and the Board for further discussion. The AC and the Board also work with the internal and external auditors on their recommendations and institutes and executes relevant controls with a view to managing business risks.

The Group's financial risk management is discussed under Note 34 to the Financial Statements in the Annual Report.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but it notes that all internal control systems contain inherent limitations and no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

The adequacy and effectiveness of these controls is subject to review by the internal auditors and is monitored by the AC. In addition, the external auditors also review the accounting systems and internal controls to assist them in expressing an opinion on the financial statements of the Group as a whole. Significant non-compliance in internal controls, together with recommendations for improvement, is reported to the AC. Copies of these reports are also issued to the relevant department for follow-up action. The AC reviewed the adequacy and effectiveness of the Group's key internal controls that address the Group's financial, operational, compliance and information technology controls, and risk management systems, with the assistance of the internal and external auditors and the Management, who provide regular reports during the year to the AC in addition to briefings and updates at the AC meetings.

The Board had received written confirmations from the CEO and the CFO, that (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that there are adequate and effective controls in place within the Group addressing financial, operational, compliance and information technology controls, and risk management policies and systems to meet the needs of the Group in its current business environment.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's system of internal controls and risk management policies and systems.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC performs its functions in accordance with Section 201B(5) of the Companies Act 1967 and the requirements of the Catalist Rules.

As at the date of this report, the AC comprises four (4) members, all of whom are non-executive and three (3) of whom, including the Chairman, are independent. The members are:

| | | |
|-----------------------------|--|----------|
| Mr Gwee Lian Kheng | (Lead Independent Director) | Chairman |
| Mr Wong Chee Meng, Lawrence | (Independent Director) | Member |
| Mr Sam Chee Leong | (Independent Director) | Member |
| Mr Kum Soh Har, Michael | (Non-Executive Non-Independent Chairman) | Member |

The AC members have numerous years of experience in senior management positions and have sufficient financial management expertise to discharge their responsibilities. The Board is of the view that the AC has sufficient financial management expertise and experience to discharge the AC's functions.

CORPORATE GOVERNANCE REPORT

None of the AC members (a) was a former partner or director of the Company's existing auditing firm within a period of two years commencing on the date of their ceasing to be a partner or director of the auditing firm; and (b) have any financial interest in the auditing firm.

The AC meets at least four (4) times a year and as and when deemed appropriate to carry out its functions.

The AC assists the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and in developing and maintaining effective systems of risk management and internal control.

The AC is governed by its written terms of reference. The authorities and principal functions of the AC are as follows:

- (a) to review and monitor significant financial reporting issues and judgement to ensure the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards used by the Company and the Group; and any announcements relating to the Company's financial performance, where the external auditors in their review or audit of the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company;
- (b) reviewing and assisting the Board to improve the quality of future interim financial statements or financial updates;
- (c) to review the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) to review, at the end of the audit cycle, the audit representation letters and the contents of the external auditors' management letter, and meet with the internal auditors and external auditors without the presence of the Management;
- (e) to review and report to the Board at least annually on the adequacy and effectiveness of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems;
- (f) to review, monitor, assess and evaluate the role and effectiveness of the internal audit function in the overall context of the Company's risk management policies and systems;
- (g) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- (h) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;
- (i) in connection with the terms of engagement to the external auditors, to make recommendations to the Board on the selection, appointment, re-appointment, and resignation of the external auditors based upon a thorough assessment of the external auditors' functioning, and approve the remuneration and terms of engagement of the external auditors. The proposal should be submitted to the general meeting of shareholders for approval when there is a change of external auditors;
- (j) monitor and assess the external auditors' independence and keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence or objectivity is not impaired;
- (k) to review interested person transactions falling within the scope of the Catalist Rules;
- (l) to undertake such other reviews and projects as may be requested by the Board; and
- (m) to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

The AC has put in place a whistleblowing policy whereby employees and external parties may, in confidence, report possible improprieties which may cause financial or non-financial loss of the Group. The AC is responsible for oversight and monitoring of whistleblowing policy. Whistle blowers could call and/or email to the Executive Director and CEO or the Chairman of the AC, as the case may be, directly and in confidence, and his/her identity is kept confidential and he/she is protected from reprisals within the limit of the law. The recipient of the whistleblowing report shall maintain a record of all complaints received together with the actions taken and shall present such record to the AC at the AC meetings. The whistleblowing policy of the Group is made available to stakeholders upon their request through the email addresses (ir@amguae.net and corp@amguae.net). No such whistleblowing report was received for FY2021.

The AC has full access to and co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has been given resources to enable the AC to discharge its functions properly. The internal and external auditors have direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.

The AC meets with the external auditors and the internal auditors separately, at least once a year, without the presence of the Management to review any matter that might be raised.

The aggregate audit fees paid and payable to the external auditors, Ernst & Young LLP and its affiliates amounted to US\$118,000 in aggregate. Non-audit services provided by the Company's external auditors for the period under review amounted to approximately US\$3,000. The AC conducts an annual review of all non-audit services, which was mainly for tax services and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditors.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointments of its external auditors. Having satisfied as to the foregoing and that Rule 712 of the Catalist Rules has been complied with, the AC has recommended the re-appointment of Ernst & Young LLP as external auditors at the forthcoming AGM.

In addition to the activities undertaken to fulfill its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, Catalist Rules and other codes and regulations which could have an impact on the Group's business and financial statements.

With respect to the Independent Auditor's Report for FY2021, in line with the recommendations by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and the SGX-ST, the AC can play an important role to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("**KAM**"). The AC has considered the KAM presented by the external auditor together with management on page 43 of the Independent Auditor's Report. The AC reviewed the KAM and concurred and agreed with the external auditor and management on their assessment, judgements and estimates on the significant matter reported by the external auditor.

The Group believes and recognises the need to put in place a robust and effective system of internal controls. The Company's internal audit function is outsourced to RSM UAE, a member firm of RSM International. RSM UAE reports directly to the Chairman of the AC. The main objective of the internal audit function is to assist the Group in evaluating and testing the effectiveness of internal controls and to reduce the risk that the Group might not achieve its business objectives. The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

RSM UAE is staffed with professionals with relevant qualifications and experience. The Engagement Team for this engagement comprises a Partner, a Director and supported by a Manager with at least two junior staff. The Partner has more than 26 years of relevant experience whilst the Director has approximately 17 years of relevant experience. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC at the beginning of the financial year for approval prior to the commencement of the internal audit work. In addition, the internal auditor may be involved in ad-hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concern.

CORPORATE GOVERNANCE REPORT

The AC reviews the independency, adequately resourced and effectiveness of the internal audit function on an annual basis and is satisfied with its independency, adequacy and effectiveness.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Furthermore, the Company continually reviews and updates such governance arrangement.

Shareholders are informed of changes in the Company's businesses that are likely to materially affect the value or trading of the Company's shares.

The Company's principal form of dialogue with shareholders takes place at general meetings. Notices of general meetings are dispatched to shareholders, together with the annual report and/or circulars within the time notice period as prescribed by the relevant regulations. Where necessary, additional explanatory notes will be provided for relevant resolutions which are to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. The Company strives to hold general meetings at venues which are accessible to shareholders.

At general meetings of the Company, shareholders are given the opportunity to participate effectively in and vote at general meetings. Shareholders are informed of the rules, including voting procedures, that govern general meetings. In accordance with the Constitution of the Company, shareholders may appoint not more than two (2) proxies to attend and vote at the general meetings in their absence. Further, the Company allows corporations which provide nominee or custodial services to appoint more than two (2) proxies. On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. All shareholders are allowed to vote in person or by proxy.

Resolutions on each distinct issue are tabled separately at general meetings. The Company shall avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.

In view of the ongoing COVID-19 situation, the Company's upcoming AGM in respect of FY2021 ("**2021 AGM**") will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements ("**Alternative Arrangements**") relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast), submission of questions to the Company in advance of the meeting, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place. The Company will respond to these submitted questions and publish its responses on the SGX's website and the Company's corporate website on or before 25 June 2022 (in accordance with the guidelines in which questions must be responded forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms).

The Company Secretary prepares minutes of general meetings relating to the agenda of the meetings, and makes these minutes, subsequently approved by the Board, available to shareholders during office hours. Minutes of general meetings shall only include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board, the Management, the external auditors and other relevant professionals. The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by the 2018 Code. There are potential adverse implications, including commercial and legal implications, for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting). The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may

CORPORATE GOVERNANCE REPORT

exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

However, the Company will, in accordance to the checklist for the conduct of AGM amid evolving COVID-19 situation, publish the minutes of the upcoming AGM in respect of FY2021 via the Company's website at <http://www.atlanticnavigation.com> and SGXNet within one month from the date of the said AGM.

All Directors, Management, Company Secretary, external auditors and the Company's continuing sponsor were present at the 2021 AGM. Save for the 2021 AGM, there were no other general meetings of the Company held during FY2021.

For greater transparency, the Company has instituted poll voting and all resolutions are put to vote by poll at its AGMs. Announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will also be made on the same day.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of shareholders' identities through the web are not compromised.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flows generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. For FY2021, the Board has not declared or recommended any dividend in view of the operational and financial requirements of the Group.

Engagement with Shareholders

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

The Company is committed to regular and proactive communication with its shareholders. It is the Board's policy that the shareholders be informed of the major developments that impact the Group. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Information is communicated to shareholders on a timely basis through:

- (a) SGXNet announcements and press releases;
- (b) annual reports that are prepared and issued to all shareholders;
- (c) quarterly and annual financial statements containing a summary of the financial information and affairs of the Group for the period; and
- (d) the Group's website at <https://www.atlanticnavigation.com/>.

General meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or inputs and address shareholders' concerns at general meetings.

CORPORATE GOVERNANCE REPORT

In view of the present scale and limited queries from the public, the Company does not have an investor policy or protocol in place nor a dedicated investor relations team. However, the investor relations efforts of the Company are overseen by the CFO with dedicated email addresses (ir@amguae.net and corp@amguae.net) available on the Company's website where the emails and requests from the public will be attended to. The Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act 1967. The Company will assess the need to establish a dedicated investor relations team when the scale, complexity and the demand for such services deem it necessary.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company recognises the vitality on stakeholders' engagement for the Company's long-term sustainability. The Company engages with key stakeholders to align the Company's sustainable approach with their expectations.

To further enhance the communication with stakeholders including investors, the Company's website <http://www.atlanticnavigation.com> allows the public to access information on the Group directly with dedicated email addresses (ir@amguae.net and corp@amguae.net) available on the Company's website where the emails and requests from the public will be attended to.

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

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. They are namely, customers, employees, management, shareholders, creditors, suppliers, community, government/regulatory bodies, and competitors. The Group has also undertaken a process to determine the economic, environmental, social and governance issues, which important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

The engagement with material stakeholder groups, including key areas of focus and engagement channels, has been disclosed in the Sustainability Report for FY2021. The Sustainability Report for FY2021 has been issued together with the Annual Report to keep stakeholders informed on the Group's business and operations.

Dealing in Securities

In compliance with Rule 1204(19) of the Catalist Rules, the Company has in place a policy prohibiting share dealings by officers of the Company for the period of two (2) weeks prior to the announcement of the Company's quarterly results and one (1) month prior to the announcement of the full year results, as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees who are in possession of unpublished material price- or trade-sensitive information of the Group should not deal in the Company's securities on short term considerations. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid/payable to the Sponsor, SAC Capital Private Limited, for FY2021.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions

The Company has established review and approval procedures to ensure that interested person transactions entered into by the Group are conducted on normal terms and are not prejudicial to the interests of shareholders. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The AC has reviewed the rationale for and terms of the Group's interested person transactions and is of the view that the interested person transactions are entered on normal terms and are not prejudicial to the interests of shareholders.

No general mandate has been obtained from shareholders in respect of interested person transactions for FY2021. The aggregate value of interested person transactions entered into during FY2021 as required for disclosure pursuant to Rule 1204(17) of the Catalyst Rules is as follows:

| Name of Interested Person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules) | Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (excluding transactions less than S\$100,000) |
|---|------------------------|--|--|
| Wong Siew Cheong - Interests on shareholder loan | Note 1 | US\$223,007 (Approximately S\$301,506) | - |
| Kum Soh Har, Michael - Interests on shareholder loan | Note 2 | US\$91,250 (Approximately S\$123,370) | - |

Notes:

- (1) As at 31 December 2021, Mr Wong Siew Cheong, the Executive Director and CEO, had provided an aggregate of US\$7.3 million loan to the Group (the "**Loan**") where the Loan is unsecured, interest-bearing at an interest rate of 3.0% per annum, and advances of US\$1.5 million which is unsecured, non-interest bearing, both sums to be settled in cash.
- (2) As at 31 December 2021, Mr Kum Soh Har, Michael, the Non-Executive Non-Independent Chairman, had provided an aggregate of US\$3.0 million shareholder advance (the "**Advance**") through Saeed Investment Pte. Ltd., the Controlling Shareholder of the Company, to the Group where the Advance is unsecured, interest-bearing at an interest rate of 3.0% per annum, and further advance of US\$0.8 million which is unsecured and non-interest bearing, both sums to be settled in cash.

Material Contracts

Save for the agreements relating to the shareholder advances of US\$3.0 million in aggregate dated 13 March 2019 and 18 April 2019, and extension agreements both dated 28 December 2020 to extend both maturity dates to 31 December 2023 entered into between Mr Kum Soh Har, Michael, the Non-Executive Non-Independent Chairman through Saeed Investment Pte. Ltd. and the Company, details of which are disclosed in the "Interested Person Transactions" section above and Note 24 to the Financial Statements, the Company and its subsidiaries did not enter into any material contracts (including loans) involving the interests of any Directors or controlling shareholders, which are either still subsisting as at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) 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 as the Group is expected to be able to generate sufficient cash flows from its operations, augmented by the support from its principal bankers as well as potential sale of vessels.

2. Directors

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

| | |
|--------------------------|---|
| Kum Soh Har, Michael | Non-Executive Non-Independent Chairman |
| Kum Wan Mei, Gwendolyn | Alternative Director for Kum Soh Har, Michael |
| Wong Siew Cheong | Executive Director and CEO |
| Gwee Lian Kheng | Lead Independent Director |
| Wong Chee Meng, Lawrence | Independent Director |
| Sam Chee Leong | Independent Director |

Pursuant to Rule 720(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and in accordance with Regulation 89 of the Company's Constitution, Mr Wong Siew Cheong and Mr Gwee Lian Kheng will retire at the forthcoming Annual General Meeting (“**AGM**”) and, being eligible, will offer themselves for re-election.

3. Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures

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

| Name of director | Direct interest | | Deemed interest | |
|---------------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| Ordinary shares of the Company | | | | |
| Kum Soh Har, Michael | – | – | 262,918,394 | 262,918,394 |
| Wong Siew Cheong | 166,599,000 | 166,599,000 | 33,375,000 | 33,375,000 |

By virtue of Section 164(15)(a) of the Singapore Companies Act 1967, Mr Wong Siew Cheong is deemed to have an interest in the 33,375,000 shares of the Company held by his spouse, Madam Chong Mee Chin.

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Kum Soh Har, Michael and his spouse, Madam Ong Bee Yong, Lynda are deemed to have an interest in the 262,918,394 shares of the Company held through Saeed Investment Pte. Ltd.

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

5. Share plans

In developing long-term incentive schemes, the Company's main objectives are to provide its employees an opportunity to participate in the equity of the Company and to enhance its competitive edge in attracting, recruiting and retaining talented key senior management and employees.

In line with these objectives, the Company had adopted, which were approved by the shareholders of the Company at the Extraordinary General Meeting held on 18 November 2008, the Atlantic Employee Share Option Scheme ("**Atlantic 2008 ESOS**") (previously known as Fastube ESOS), Atlantic Performance Share Plan ("**Atlantic 2008 PSP**") (previously known as Fastube PSP) and Atlantic Restricted Share Plan ("**Atlantic 2008 RSP**") (previously known as Fastube RSP) (collectively, the "**2008 Schemes**").

On 29 April 2015, the Company has terminated the 2008 Schemes and no further options or awards shall be offered by the Company under the 2008 Schemes. On the same day, the Company has also adopted the Atlantic 2015 Employee Share Option Scheme ("**Atlantic 2015 ESOS**"), Atlantic 2015 Performance Share Plan ("**Atlantic 2015 PSP**") and Atlantic 2015 Restricted Share Plan ("**Atlantic 2015 RSP**") (collectively, the "**2015 Schemes**") which were approved by the shareholders of the Company to substitute the 2008 Schemes.

DIRECTORS' STATEMENT

5. Share plans (continued)

Atlantic 2008 ESOS and Atlantic 2015 ESOS ("Atlantic ESOS")

On 30 January 2014, the Company granted 4,050,000 share options under the Atlantic 2008 ESOS. 2,025,000 share options are exercisable between 30 January 2015 and 29 January 2019, and the remaining 2,025,000 share options are exercisable between 30 January 2016 and 29 January 2019, at the exercise price of S\$0.34 if the vesting conditions are met. The termination of the Atlantic 2008 ESOS shall not affect the outstanding share options granted and accepted but remain unexercised (whether fully or partially) at the termination of this Atlantic 2008 ESOS. None of the share options under the Atlantic 2008 ESOS were exercised during the financial year and any unexercised share options had expired on 29 January 2019.

Under the Atlantic 2015 ESOS, the number of additional ordinary shares to be issued pursuant to Atlantic 2015 ESOS shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company but subject to the aggregate number of shares available under the 2015 Schemes not exceeding 15% of total number of issued shares (excluding treasury shares and subsidiary holdings), from time to time.

On 12 May 2015, the Company granted 750,000 share options under the Atlantic 2015 ESOS to Mr Wong Siew Cheong. 375,000 share options are exercisable between 12 May 2016 and 11 May 2020, and the remaining 375,000 share options are exercisable between 12 May 2017 and 11 May 2020, at the exercise price of S\$0.43 if the vesting conditions are met.

None of the share options under the Atlantic 2015 ESOS were exercised during the financial year and any unexercised share options had expired on 11 May 2020.

Atlantic 2015 PSP

Under the Atlantic 2015 PSP, the number of additional ordinary shares to be issued pursuant to the Atlantic PSP shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company but subject to the aggregate number of shares available under the 2015 Schemes not exceeding 15% of total number of issued shares (excluding treasury shares and subsidiary holdings), from time to time.

No performance shares have been granted under the Atlantic PSP during the financial year ended 31 December 2021.

Atlantic 2015 RSP

Under the Atlantic 2015 RSP, the number of additional ordinary shares to be issued pursuant to the Atlantic 2015 RSP shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company but subject to the aggregate number of shares available under the 2015 Schemes not exceeding 15% of total number of issued shares (excluding treasury shares and subsidiary holdings), from time to time.

No share awards have been granted under the Atlantic RSP during the financial year ended 31 December 2021.

At the date of this report, the committee which administers the Atlantic ESOS, Atlantic PSP and Atlantic RSP is the Remuneration Committee and currently comprises Mr Wong Chee Meng, Lawrence, Mr Gwee Lian Kheng and Mr Kum Soh Har, Michael.

Except as disclosed above, since the commencement of the employee share option plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates
- No participant has received 5% or more of the total options available under the plans
- No options have been granted to directors and employees of the Company and its subsidiaries
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been granted at a discount

DIRECTORS' STATEMENT

6. Audit committee

The members of the Audit Committee (“AC”) at the date of this report are:

| | |
|-----------------------------------|--|
| Gwee Lian Kheng (Chairman) | Lead Independent Director |
| Wong Chee Meng, Lawrence (Member) | Independent Director |
| Sam Chee Leong (Member) | Independent Director |
| Kum Soh Har, Michael (Member) | Non-Executive Non-Independent Chairman |

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor’s evaluation of the adequacy of the Company’s system of internal accounting controls and the assistance given by the Group and the Company’s management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the independent auditor’s report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company’s material internal controls, including financial, operational, compliance and information technology controls and risk management systems via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Catalist Rules

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

The AC convened five meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company’s management, at least once a year.

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

The AC has nominated Ernst & Young LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Wong Siew Cheong
Director

Kum Soh Har, Michael
Director

14 June 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the statement of financial position of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flow of the Group for the year then ended, and notes to the financial statements, including a summary of significant account policies.

In our opinion, the accompanying financial statements of the Group, and 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)) 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 2021 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.

Material Uncertainty Related to Going Concern

The Group recorded a net loss of US\$13,248,000 for the year ended 31 December 2021 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by US\$55,406,000 and US\$13,291,000 respectively. The Group's loans and borrowings significantly exceeded the cash and bank balances as at 31 December 2021.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. As stated in Note 2.1 to the financial statements, the Group's and the Company's ability to continue as a going concern is dependent on their ability to generate sufficient cash flows from their operations, and manage the Group's liquidity position through the support of their principal bankers and potential sale of assets, if required, to meet their financial obligations as and when they fall due.

The Group's actions to manage its liquidity position after the balance sheet date are disclosed in Note 37 to the financial statements. If the Group and Company is unable to generate sufficient cash flows from their operations, the Group and Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

Key Audit Matter

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

We have fulfilled the 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.

Carrying value of vessels

The Group owns vessels with a carrying value of US\$138,400,000 as at 31 December 2021. This approximates 90.2% of the Group's total assets. The impairment test was conducted by comparing the carrying amount of the vessels to their respective recoverable amount which is the higher of its fair value less costs of disposal and its value in use. As stated in Note 11 to the financial statements, the Group recorded impairment charge of US\$8,028,000 during the financial year ended 31 December 2021.

Management has assessed the recoverable amounts of vessels based on its fair value less costs of disposal of which the fair value of vessels is determined by independent professional valuers. The valuation technique involved various underlying key assumptions used by the external independent valuers. Due to the high level of management judgement involved, heightened estimation uncertainty in estimating the fair value of vessels and the significance of the carrying amount of the vessels, we determined this as a key audit matter.

Our audit procedures, amongst others, in assessing the appropriateness of the recoverable amounts determined by management included:

- Obtained an understanding of management's process for identifying impairment indicators;
- Reviewed the basis of management's assessment of the estimated useful lives and residual values of the vessels;
- Evaluated the competence, capabilities and objectivity of the external valuer engaged by the management;
- Analysed the methodologies and key valuation parameters adopted by the external valuer;
- Involved our internal valuation specialist to assist us in our assessment of the external valuer's methodologies and reasonableness of the key valuation parameters taking into consideration the specification of the vessels and the industry outlook in which the Group operates in.

We also assessed the adequacy of the relevant disclosures in the financial statements. The management's conclusion on the impairment test and the related disclosures are included in Note 3.2 *Key sources of estimation uncertainty (b) Impairment of non-financial assets* and Note 11 *Property, vessels and equipment* to the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

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

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 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 Wong Yew Chung.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

14 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

(Amounts expressed in United States Dollars)

| | Note | 2021 US\$'000 | 2020 US\$'000 |
|--|------|------------------|------------------|
| Revenue | 4 | 43,814 | 64,394 |
| Cost of services | | (37,843) | (50,329) |
| Gross profit | | 5,971 | 14,065 |
| Other items of income | | | |
| Finance income | 5 | – | 1 |
| Other income | 6 | 390 | 535 |
| Other items of expense | | | |
| Marketing and distribution expenses | | (8) | (9) |
| Administrative expenses | | (6,085) | (7,764) |
| Finance costs | 5 | (4,100) | (4,851) |
| Other expenses | 7 | (1,052) | – |
| Impairment loss on property, vessels and equipment | 11 | (8,028) | (5,780) |
| Withholding tax expense | | (336) | (1,650) |
| Loss before tax | 8 | (13,248) | (5,453) |
| Income tax expense | 9 | – | – |
| Loss for the year attributable to owners of the Company | | <u>(13,248)</u> | <u>(5,453)</u> |
| Loss per share attributable to owners of the Company (US\$ cents) | | | |
| Basic | 10 | (2.53) | (1.04) |
| Diluted | 10 | <u>(2.53)</u> | <u>(1.04)</u> |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

(Amounts expressed in United States Dollars)

| | 2021 US\$'000 | 2020 US\$'000 |
|--|-------------------------|-------------------------|
| Loss for the year | (13,248) | (5,453) |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss | | |
| Net fair value changes on cash flow hedges | 600 | (454) |
| Other comprehensive income for the year, net of tax | 600 | (454) |
| Total comprehensive income for the year | <u>(12,648)</u> | <u>(5,907)</u> |
| Attributable to: | | |
| Owners of the Company | <u>(12,648)</u> | <u>(5,907)</u> |
| Total comprehensive income for the year attributable to owners of the Company | <u>(12,648)</u> | <u>(5,907)</u> |

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

BALANCE SHEETS

As at 31 December 2021

(Amounts expressed in United States Dollars)

| | Note | Group | | Company | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, vessels and equipment | 11 | 138,539 | 155,232 | – | – |
| Right-of-use assets | 12 | 20 | 85 | – | – |
| Intangible assets | 13 | 164 | 183 | 141 | 141 |
| Investment in subsidiaries | 14 | – | – | 67,770 | 67,770 |
| Advances, deposits and other receivables | 17 | – | – | 24,471 | 35,050 |
| Prepayments | | – | 382 | – | – |
| | | <u>138,723</u> | <u>155,882</u> | <u>92,382</u> | <u>102,961</u> |
| Current assets | | | | | |
| Inventories | 16 | 700 | 288 | – | – |
| Advances, deposits and other receivables | 17 | 1,854 | 1,826 | 3,728 | 5,449 |
| Prepayments | | 306 | 767 | 14 | – |
| Trade receivables | 18 | 11,171 | 13,790 | 1,976 | 3,311 |
| Cash and bank balances | 19 | 520 | 886 | 37 | 41 |
| Restricted cash | 19 | 90 | 94 | – | – |
| | | <u>14,641</u> | <u>17,651</u> | <u>5,755</u> | <u>8,801</u> |
| Total assets | | <u>153,364</u> | <u>173,533</u> | <u>98,137</u> | <u>111,762</u> |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Loans and borrowings | 20 | 52,682 | 55,387 | 18,004 | 20,087 |
| Trade payables | 21 | 8,972 | 13,022 | – | 1,760 |
| Accruals and other payables | 22 | 5,574 | 5,810 | 292 | 490 |
| Other non-financial liabilities | 23 | 130 | 349 | – | – |
| Amount due to shareholders | 24 | 2,689 | 960 | 750 | – |
| Lease liabilities | 12 | – | 72 | – | – |
| | | <u>70,047</u> | <u>75,600</u> | <u>19,046</u> | <u>22,337</u> |
| Net current liabilities | | <u>(55,406)</u> | <u>(57,949)</u> | <u>(13,291)</u> | <u>(13,536)</u> |
| Non-current liabilities | | | | | |
| Provisions | 25 | 754 | 639 | – | – |
| Amount due to shareholders | 24 | 11,370 | 11,361 | 11,370 | 11,361 |
| Derivatives | 29 | 943 | 1,543 | – | – |
| Loans and borrowings | 20 | 1,248 | 3,316 | – | – |
| | | <u>14,315</u> | <u>16,859</u> | <u>11,370</u> | <u>11,361</u> |
| Total liabilities | | <u>84,362</u> | <u>92,459</u> | <u>30,416</u> | <u>33,698</u> |
| Net assets | | <u>69,002</u> | <u>81,074</u> | <u>67,721</u> | <u>78,064</u> |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 26 | 38,307 | 38,307 | 111,471 | 111,471 |
| Other reserves | 27 | 5,720 | 4,544 | 6,036 | 5,460 |
| Retained earnings/(accumulated losses) | | 24,975 | 38,223 | (49,786) | (38,867) |
| Total equity | | <u>69,002</u> | <u>81,074</u> | <u>67,721</u> | <u>78,064</u> |
| Total equity and liabilities | | <u>153,364</u> | <u>173,533</u> | <u>98,137</u> | <u>111,762</u> |

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

(Amounts expressed in United States Dollars)

| Group | Attributable to owners of the Company | | | |
|---|---------------------------------------|--|--|----------------------------------|
| | Equity, total US\$'000 | Share capital (Note 26) US\$'000 | Other reserves (Note 27) US\$'000 | Retained earnings US\$'000 |
| Balance at 1 January 2021 | 81,074 | 38,307 | 4,544 | 38,223 |
| Loss for the year | (13,248) | – | – | (13,248) |
| <u>Other comprehensive income</u> | | | | |
| Net fair value changes on cash flow hedges | 600 | – | 600 | – |
| Total comprehensive income for the year | (12,648) | – | 600 | (13,248) |
| <u>Transaction with owners of the Company directly recognised in equity</u> | | | | |
| Fair value adjustment of shareholders' loans (Note 27) | 576 | – | 576 | – |
| Balance at 31 December 2021 | 69,002 | 38,307 | 5,720 | 24,975 |
| Balance at 1 January 2020 | 85,952 | 38,307 | 3,969 | 43,676 |
| Loss for the year | (5,453) | – | – | (5,453) |
| <u>Other comprehensive income</u> | | | | |
| Net fair value changes on cash flow hedges | (454) | – | (454) | – |
| Total comprehensive income for the year | (5,907) | – | (454) | (5,453) |
| <u>Transaction with owners of the Company directly recognised in equity</u> | | | | |
| Interest on shareholders' loans waived off (Note 27) | 1,029 | – | 1,029 | – |
| Balance at 31 December 2020 | 81,074 | 38,307 | 4,544 | 38,223 |

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

(Amounts expressed in United States Dollars)

| Company | Attributable to owners of the Company | | | |
|---|---------------------------------------|--|--|-----------------------------------|
| | Equity, Total US\$'000 | Share capital (Note 26) US\$'000 | Other reserves (Note 27) US\$'000 | Accumulated losses US\$'000 |
| Balance at 1 January 2021 | 78,064 | 111,471 | 5,460 | (38,867) |
| Loss for the year, representing total comprehensive income for the year | (10,919) | – | – | (10,919) |
| <u>Transaction with owners of the Company directly recognised in equity</u> | | | | |
| Fair value adjustment of shareholders' loans (Note 27) | 576 | – | 576 | – |
| Balance at 31 December 2021 | 67,721 | 111,471 | 6,036 | (49,786) |
| Balance at 1 January 2020 | 83,050 | 111,471 | 4,431 | (32,852) |
| Loss for the year, representing total comprehensive income for the year | (6,015) | – | – | (6,015) |
| <u>Transaction with owners of the Company directly recognised in equity</u> | | | | |
| Interest on shareholders' loans waived off (Note 27) | 1,029 | – | 1,029 | – |
| Balance at 31 December 2020 | 78,064 | 111,471 | 5,460 | (38,867) |

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

(Amounts expressed in United States Dollars)

| | Note | 2021 US\$'000 | 2020 US\$'000 |
|---|------|------------------|------------------|
| Operating activities | | | |
| Loss before tax | | (13,248) | (5,453) |
| Adjustments for: | | | |
| Net loss/(gain) on disposal of property, vessels and equipment | 6,7 | 1,052 | (31) |
| Interest income | 5 | – | (1) |
| Depreciation of property, vessels and equipment | 8,11 | 8,507 | 8,651 |
| Amortisation of intangible assets | 13 | 19 | 19 |
| Depreciation of right-of-use assets | 8,12 | 65 | 65 |
| Other receivables written off | | – | 78 |
| Allowance for doubtful trade debts, net | 8,18 | 188 | 466 |
| Allowance for amount due from a joint operation (non-trade) | 8 | – | 1,590 |
| Finance costs | 5 | 4,100 | 4,851 |
| Provisions | 25 | 210 | 144 |
| Impairment loss on property, vessels and equipment | 11 | 8,028 | 5,780 |
| Total adjustments | | 22,169 | 21,612 |
| Operating cash flows before changes in working capital | | 8,921 | 16,159 |
| Changes in working capital: | | | |
| (Increase)/decrease in inventories | | (412) | 323 |
| Decrease in trade receivables | | 2,431 | 6,324 |
| Increase in advances, deposits and other receivables | | (28) | (746) |
| (Increase)/decrease in prepayments | | (130) | 30 |
| Decrease in trade payables | | (4,206) | (6,953) |
| Increase/(decrease) in accruals and other payables | | 283 | (536) |
| Decrease in provisions | | (95) | (58) |
| (Decrease)/increase in other non-financial liabilities | | (219) | 292 |
| Total changes in working capital | | (2,376) | (1,324) |
| Cash generated from operations | | 6,545 | 14,835 |
| Interest received | | – | 1 |
| Interest paid | | (4,034) | (4,554) |
| Net cash flows generated from operating activities | | 2,511 | 10,282 |
| Investing activities | | | |
| Purchase of property, vessels and equipment | 11 | (1,715) | (1,354) |
| Proceeds from disposal of property, vessels and equipment | | 1,950 | 52 |
| Addition to intangible assets | 13 | – | (52) |
| Net cash flows generated from/(used in) investing activities | | 235 | (1,354) |
| Financing activities | | | |
| Proceeds from shareholders' advance | 20 | 1,729 | 142 |
| Proceeds from loans and borrowings | 20 | – | 81 |
| Repayment of loans and borrowings | 20 | (6,394) | (10,957) |
| Repayment of principal portion of lease liabilities | | (72) | (78) |
| Decrease in bank deposits pledged and restricted cash | | 4 | 504 |
| Net cash flows used in financing activities | | (4,733) | (10,308) |
| Net decrease in cash and cash equivalents | | (1,987) | (1,380) |
| Cash and cash equivalents at 1 January | | 45 | 1,425 |
| Cash and cash equivalents at 31 December | 19 | (1,942) | 45 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. Corporate information

Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”) is a limited liability company incorporated in Singapore and is listed on the Catalist board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The former name of the Company is Fastube Limited, and upon the completion of a reverse acquisition on 31 July 2012, the Company’s name has changed to Atlantic Navigation Holdings (Singapore) Limited.

The immediate and ultimate holding company is Saeed Investment Pte. Ltd., which is incorporated in Singapore. The change in control took place when the Company issued new shares to Saeed Investment Pte. Ltd. resulting in approximately 50.2% stake in the Company pursuant to the cash-for-equity subscription agreement which was completed in December 2018.

The registered office of the Company is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712. The principal place of business of the Group is located at Plot No. HD-02, P. O. Box 6653, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The principal activity of the Company is that of 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 presentation

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

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

The financial statements are presented in United States Dollars (“**USD**” or “**US\$**”) and all values are rounded to the nearest thousand (US\$’000), except when otherwise indicated.

Going concern uncertainty

For the financial year ended 31 December 2021, the Group incurred a net loss of US\$13,248,000 (2020: net loss of US\$5,453,000) which includes impairment charges recognised on vessels of US\$8,028,000 (2020: US\$5,780,000) and net loss on disposal of vessels of US\$1,052,000 (2020: Nil). As at 31 December 2021, the Group has reported a net current liabilities position of US\$55,406,000 (2020: US\$57,949,000) and net assets position of US\$69,002,000 (2020: US\$81,074,000). The Company has reported a net current liabilities position of US\$13,291,000 (2020: net current liabilities position of US\$13,536,000) and net assets position of US\$67,721,000 (2020: US\$78,064,000) as at 31 December 2021.

As disclosed in Note 11, the Group had vessels, including capitalised drydocking costs, with a carrying value of US\$138,400,000 as at 31 December 2021 (31 December 2020: US\$155,074,000) that have been pledged with the financial institutions to secure the Group’s bank loans. The Group’s financial performance continued to be affected by the challenging global market conditions mainly due to the COVID-19 pandemic over the course of the year 2021. While the Group had re-profiled certain portions of its secured loan obligations by end May 2021, it was unable to fulfil certain commercial requirements with one of its two principal banks (the “**Relevant bank**”) and did not comply with certain principal repayments with the Relevant bank. Accordingly, the secured loans from both banks continued to be classified as current liabilities as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.1 Basis of presentation (continued)

Subsequent to the year end, following progress updates from the Group and further discussions, the Relevant Bank has consented to the Group's request to refinance or repay the outstanding secured loans from the sale proceeds by 30 June 2022. The total secured loan outstanding with the Relevant Bank was US\$18,003,000 which are secured by mortgages of vessels with aggregate carrying values US\$64,943,000, or Loan-to-Value of 27.7% as at 31 December 2021. The Relevant Bank meanwhile continues to render financial support for the operations of the Group.

The Group had prepared the financial statements on a going concern basis in view of the following main supporting factors:

- The Group had on 10 June 2022 accepted a revised binding Facilities Letter from its Primary Bank mainly for the provision of a new 30-month term loan of US\$9.0 million with use of proceeds mainly for the repayment of certain existing loans of approximately US\$5.7 million to the Relevant Bank and the remaining proceeds for working capital purposes. The remaining debt with the Relevant Bank is expected to be US\$9.0 million as at 30 June 2022 to be re-profiled for full repayment by the original maturity in April 2023. The Group is in the process of finalising the loan documentation and administrative processes which are expected to be completed by 31 August 2022 (please see Note 37 to the financial statements for more details);
- The expected cash flows from operations in an improving offshore market condition in the Middle East; and
- The Group is contemplating to sell certain vessel(s), if required, to complement its cash flows.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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:

| Descriptions | Effective for annual periods beginning on or after |
|--|--|
| Amendments to SFRS(I) 16 <i>Leases</i> : COVID-19 Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| Amendments to SFRS(I) 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment</i> : Proceeds before Intended Use | 1 January 2022 |
| Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to SFRS(I)s 2018-2020 | 1 January 2022 |
| Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates | 1 January 2023 |
| Amendments to SFRS(I) 1-12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Date to be determined |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations

(a) *Reverse acquisition undertaken by the Company (the “Reverse Acquisition”)*

On 13 March 2011, the Company had entered into a sale and purchase agreement with the then-controlling shareholders of the Company (the “Purchasers”) to dispose of the Company’s then-existing subsidiaries and its existing business to the Purchasers (the “Disposal”). The Disposal was subsequently completed on 31 July 2012 and pursuant to the Disposal, the Company became a non-trading shell company.

On 31 July 2012, the Company completed the acquisition of the entire issued and paid-up capital of Atlantic Navigation Holdings Inc. (“ANH Inc.”) and its subsidiaries (collectively, the “Atlantic Group”) (the “Acquisition”). The Acquisition resulted in a Reverse Takeover (“RTO”) of the Company.

The Acquisition has been accounted for as a RTO and the legal subsidiaries, the Atlantic Group, is regarded as the acquirer and the Company, previously known as Fastube Limited (“Fastube”) before completion on 31 July 2012, is regarded as the acquiree for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of the Atlantic Group’s financial statements.

The purchase consideration was satisfied by the allotment and issuance of 228,125,000 new shares in the capital of the Company on 31 July 2012.

The shares in the Company were consolidated on 31 July 2012 on the basis of one share for every 10 shares held by shareholders (“Share Consolidation”). The number of consolidated shares to which shareholders are entitled arising from the Share Consolidation were rounded down to the nearest whole consolidated share, and any fractions of consolidated shares arising from the Share Consolidation were disregarded.

The acquisition of the Atlantic Group has been accounted for in the consolidated financial statements as a reverse acquisition involving a non-trading shell company. This transaction has been accounted for in the consolidated financial statements as a share-based transaction as described in FRS 102 *Share-based Payment* where the Atlantic Group was deemed to have issued shares in exchange for the net assets/liabilities in the Company together with the listing status of the Company. The cost of acquisition is determined using the fair value of the issued equity of the Company before the acquisition, being 12,500,000 consolidated shares at the market price at the date of acquisition. The listing status did not qualify for recognition as an intangible asset, and accordingly, the cost of the reverse acquisition (net of assets/liabilities acquired) had been expensed off in the consolidated statement of comprehensive income for the financial year ended 31 December 2012.

Since such consolidated financial statements represent a continuation of the financial statements of the Atlantic Group:

- (a) the assets and liabilities of the Atlantic Group are recognised and measured in the balance sheet of the Group at their pre-acquisition carrying amounts;
- (b) the assets and liabilities of the Company are recognised and measured in the consolidated balance sheet at their acquisition-date fair values;
- (c) the accumulated profits and other equity balances recognised in the consolidated financial statements are the accumulated profits and other equity balances of the Atlantic Group immediately before the reverse acquisition; and
- (d) the amount recognised as issued equity instruments in the consolidated financial statements is determined by adding to the issued equity of the Atlantic Group immediately before the reverse acquisition to the costs of the reverse acquisition. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the reverse acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(a) *Reverse acquisition undertaken by the Company (the "Reverse Acquisition") (continued)*

At Company level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. Therefore, in the Company's separate financial statements, the investment in the legal subsidiaries (the Atlantic Group) is accounted for at cost less accumulated impairment losses, if any, in the Company's balance sheet.

(b) *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.

(c) *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 SFRS(I).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.5 Foreign currency

The financial statements are presented in United States 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 currency 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.

(b) Consolidated financial statements

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

2.6 Property, vessels and equipment

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

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

| | |
|-------------------------|----------------|
| Vessels | 15 to 25 years |
| Dry docking | 5 years |
| Machinery and equipment | 3 to 5 years |
| Motor vehicles | 3 to 5 years |
| Office equipment | 3 to 5 years |

Capital work-in-progress is not depreciated as it is not yet available for use.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.6 *Property, vessels and equipment (continued)*

Dry docking refers to major inspections and overhauls which are required at regular intervals of 5 years over the useful life of the vessels to allow the continued use of the vessels. When major inspection and overhaul is performed, its cost is recognised in the carrying amount of the vessels as a replacement if the following recognition criteria are met:

- (i) It is probable that future economic benefits associated with the asset will flow to the entity; and
- (ii) The cost of the asset to the entity can be measured reliably.

Any remaining carrying amount of the cost of the previous inspection is derecognised.

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

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

2.7 *Intangible asset*

Intangible asset acquired separately is measured initially at cost. Following initial acquisition, intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of intangible asset "Club membership" is assessed as indefinite while software/licenses estimated to have definite useful lives and are amortised from the month the software/license is acquired, made available for use or extended support cost is incurred, using the straight-line method over a period of 3 years.

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

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

Club membership

Club membership acquired is measured initially at cost less any accumulated impairment loss.

Software

Software is measured at cost less accumulated amortisation and impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when 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.

Impairment losses of continuing operations are recognised in profit or loss.

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.

2.9 Subsidiaries

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

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

2.10 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint operations

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) 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.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments (continued)*

(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

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) *Offsetting of financial instruments*

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

2.12 *Derivative financial instruments and hedging*

The Group uses derivative financial instruments such as interest rate swap contracts to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the profit and loss. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.12 *Derivative financial instruments and hedging (continued)*

Cash flow hedges

Hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve, while the ineffective portion is recognised in the profit or loss.

Amounts taken to the fair value reserve are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the hedged item is a non-financial asset or liability, the amounts taken to the fair value reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedged future cashflows are no longer expected to occur, amounts previously recognised in fair value reserve are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value reserve remain in other comprehensive income until the future cash flows occur, if the hedged future cash flows are still expected to occur.

2.13 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

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 the timing of the default (a lifetime ECL).

The Group applies a simplified approach in measuring ECLs for these financial assets and therefore 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 to be in default when contractual payment 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 and bank overdrafts that form an integral part of the Group's cash management.

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 on a 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

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

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.

2.18 Employee benefits

(a) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees in accordance with the United Arab Emirates ("UAE") Labour Law. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and re-measurement of the liability are recognised in profit or loss.

(b) Employees' end of service benefits

The Group makes provision for end of service benefits in accordance with the UAE Labour Law. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of entitlement.

(c) Employees share option plans

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

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.18 *Employee benefits (continued)*

(c) *Employees share option plans (continued)*

Vesting and non-vesting conditions

Vesting conditions are conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity under a share-based payment arrangement.

Vesting conditions are limited to two types:

- Service condition – a vesting condition that requires counterparty to complete a specified period of service which services are provided to the entity; and
- Performance condition – a vesting condition that requires
 - (a) the counterparty to complete a specified period of service (i.e., a service condition); the service requirement can be explicit or implicit and
 - (b) specified performance target(s) to be met while the counterparty is rendering the required service.

Any condition that is neither a service condition nor a performance condition would be regarded as a non-vesting condition.

Non-vesting conditions are to be taken into account when estimating the fair value of the equity instruments granted.

2.19 *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.

(a) *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 to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *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, as follows:

Land : 3 years

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. Refer to accounting policies in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.19 Leases (continued)

(a) *As lessee (continued)*

(ii) 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 (unless they are incurred to produce inventories) 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.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. 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.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for operating lease income (time charter income) is set out in Note 2.20(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.20 Revenue

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

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

(a) Marine logistics services

Marine logistics services consist of services provided for time charter.

Revenue arising from chartering of vessels is calculated on a time apportionment basis in accordance with the terms and conditions of the charter agreement. Charter income is deferred to the extent that conditions necessary for its realisation have yet to be fulfilled.

Ancillary time charter revenue is recognised over time on a straight-line basis over the charter period, and the corresponding cost are charged to profit or loss using the same basis.

(b) Ship repair, fabrication and other related marine services

Revenue from the provision of ship repairs, fabrication and other marine related services are recognised when the performance obligations under the contracts are satisfied.

(c) Interest income

Interest income is recognised using the effective interest method.

2.21 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 authority. 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 taxable temporary differences, except:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.21 Taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

(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 in the balance sheet.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their 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 Group 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.23 Share capital and share issuance expenses

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

2.24 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.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, 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. 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 Judgments made in applying accounting policies

(a) *Proportionate consolidation of investment in a joint operation*

The Group formed Atlantic Venture Inc. ("AVI") to acquire a vessel and provide charter services with 51% equity interests. The Group has equal representation on the board of directors and unanimous consent is required from both the Group and the third-party partner for all major operational decisions. Both the Group and the third-party partner, in accordance with their respective participating equity interests, would have the rights to the assets and obligations to the liabilities of AVI. Based on these facts and circumstances, management concluded that the Group has joint control over AVI and, therefore, recognised its share of each of the assets and the liabilities in respect of its interest in the joint operation in its financial statements.

(b) *Leases – Determining the lease term of contracts with renewal and termination options*

The application of SFRS(I) 16 requires the Group to make judgements that affect the valuation of the lease liabilities and right-of-use assets. These include: determining contracts in scope of SFRS(I) 16 and determining the contract term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Significant accounting estimates and judgments (continued)

3.1 Judgments made in applying accounting policies (continued)

(b) Leases – Determining the lease term of contracts with renewal and termination options (continued)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by the 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 lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if 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 renew or to terminate.

3.2 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) Residual values and useful lives of vessels and machinery and equipment

The Group reviews the residual values and useful lives of vessels and machinery and equipment at the end of each reporting period in accordance with the accounting policy stated in Note 2.6. The cost of the vessels and machinery and equipment is depreciated on a straight-line basis over the vessels and machinery and equipment's estimated useful lives. Management estimates the useful lives of vessels to be within 15 to 25 years and machinery and equipment to be within 3 to 10 years.

Changes in the expected level of usage and technological developments could impact the economic useful lives of the vessels and machinery and equipment; therefore, future depreciation charges could be revised. The carrying amount of the Group's vessels, machinery and equipment as at 31 December 2021 was US\$138,430,000 (2020: US\$155,106,000). A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately US\$849,000 (2020: US\$747,000) variance in the Group's loss before tax.

(b) Impairment of non-financial assets

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 of disposal and its value in use. At least at each year end, the Group assesses whether there is any indication that its vessels may be impaired. If such indicator exists, the Group estimates the recoverable amount of the vessel.

The Group engages independent professional valuation expert to perform valuations of the recoverable amount of its vessels based on fair value less costs of disposal.

The impairment charge for the financial year was US\$8,028,000 (2020: US\$5,780,000). If the fair value less costs of disposal decrease by 10% from the fair value based on valuation reports, the impairment charges will increase by US\$11,235,000 (2020: US\$9,393,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Significant accounting estimates and judgments (continued)

3.2 Key sources of estimation uncertainty (continued)

(c) *Provision for expected credit losses on trade receivables*

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 34(a).

The carrying amount of trade receivables as at 31 December 2021 was US\$11,171,000 (2020: US\$13,790,000).

4. Revenue

| | Group | |
|--|---------------|---------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Disaggregation of revenue | | |
| <u>Type of services</u> | | |
| Time charter - lease revenue | 22,354 | 42,732 |
| Other ancillary time charter revenue | 19,558 | 20,183 |
| Ship repair, fabrication and other related marine services | 1,902 | 1,479 |
| | <u>43,814</u> | <u>64,394</u> |

The Group accounts for the lease of vessels and time charter under SFRS(I) 16 *Leases* as lease revenue. Time charter comprises of lease of vessels and provision of other ancillary services. Other ancillary services include provision of crew and other services under the time charter contracts. The Group separates the lease and non-lease components of time charter by allocating the transaction price based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on cost plus approach where management determined the cost for the leases of vessels and services and apply a margin based on the Group's business pricing strategies and practices.

Refer to Note 36 for revenue disclosure by operating business segments and geographical locations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Finance income and costs

| | Group | |
|---|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| <i>Finance income:</i> | | |
| Interest income from bank balance | – | 1 |
| <i>Finance costs:</i> | | |
| Interest expense on bank loans | 3,508 | 4,208 |
| Interest expense on loans from shareholders | 585 | 630 |
| Interest expense on lease liabilities | 7 | 13 |
| | <u>4,100</u> | <u>4,851</u> |

6. Other income

| | Group | |
|---|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Accounts payable written off | 330 | 178 |
| Miscellaneous income | 60 | 1 |
| Insurance claim in relation to vessels | – | 325 |
| Gain from disposal of property, vessels and equipment | – | 31 |
| | <u>390</u> | <u>535</u> |

7. Other expenses

| | Group | |
|---|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Loss on disposal of property, vessels and equipment | <u>1,052</u> | <u>–</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Loss before tax

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

| | Note | Group | |
|---|------|------------------|------------------|
| | | 2021 US\$'000 | 2020 US\$'000 |
| Audit fees paid to: | | | |
| - Auditors of the Company | | 61 | 61 |
| - Other auditors | | 57 | 54 |
| Non-audit fees paid to: | | | |
| - Auditors of the Company | | 3 | 3 |
| Depreciation of property, vessels and equipment | 11 | 8,507 | 8,651 |
| Depreciation of right-of-use assets | 12 | 65 | 65 |
| Employee benefits expense ⁽¹⁾ | 28 | 17,925 | 19,570 |
| Allowance for doubtful trade debts, net | 18 | 188 | 466 |
| Allowance for amount due from a joint operation (non-trade) | 17 | – | 1,590 |
| Advances, deposits and other receivables written off | | – | 78 |
| Short term operating lease expense | 12 | 587 | 7,904 |
| Inventories recognised as an expense in cost of services | 16 | 1 | 27 |

⁽¹⁾ Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 28 and Note 30(b).

9. Income tax expense

Major components of income tax expense

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

| | Group | |
|---|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Loss for the year: | (13,248) | (5,453) |
| Current income tax | | |
| - Income tax | – | – |
| Income tax expense recognised in profit or loss | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Income tax expense (continued)

Relationship between income tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

| | Group | |
|---|-------------------------|-------------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Loss before tax | (13,248) | (5,453) |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | – | – |
| Income tax expense recognised in profit or loss | – | – |

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Company is subject to tax at the applicable rate in accordance with the relevant tax laws and regulations in Singapore. The Company's subsidiaries are either incorporated in British Virgin Islands ("BVI") or UAE (Note 14). The BVI incorporated subsidiaries are incorporated under the International Business Companies Act of the BVI and accordingly, are exempted from payment of BVI income taxes. According to the relevant UAE laws, the UAE incorporated subsidiaries are not required to pay UAE income taxes.

10. Loss per share

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

Diluted loss per share is calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December 2021 and 2020:

| | Group | |
|---|------------------------------|------------------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Loss for the year attributable to owners of the Company used in the computation of basic and diluted loss per share | (13,248) | (5,453) |
| | No. of shares '000 | No. of shares '000 |
| Weighted average number of ordinary shares for basic and diluted loss per share computation | 523,512 | 523,512 |
| Basic loss per share (US\$ cents) | (2.53) | (1.04) |
| Diluted loss per share (US\$ cents) | (2.53) | (1.04) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Property, vessels and equipment

| Group | Vessels US\$'000 | Dry docking US\$'000 | Machinery and equipment US\$'000 | Motor vehicles US\$'000 | Office equipment US\$'000 | Capital work-in- progress US\$'000 | Total US\$'000 |
|---|---------------------|----------------------------|---|-------------------------------|---------------------------------|---|-------------------|
| Cost: | | | | | | | |
| At 1 January 2020 | 224,139 | 7,002 | 210 | 235 | 194 | – | 231,780 |
| Additions | – | 876 | – | 96 | – | 382 | 1,354 |
| Disposals | – | – | (19) | (157) | – | – | (176) |
| At 31 December 2020 and 1 January 2021 | 224,139 | 7,878 | 191 | 174 | 194 | 382 | 232,958 |
| Additions | – | 973 | – | – | – | 1,715 | 2,688 |
| Disposals | (5,426) | (570) | – | – | – | – | (5,996) |
| Reclassifications | – | 2,061 | – | – | – | (2,061) | – |
| At 31 December 2021 | 218,713 | 10,342 | 191 | 174 | 194 | 36 | 229,650 |
| Accumulated depreciation and impairment: | | | | | | | |
| At 1 January 2020 | 60,176 | 2,735 | 169 | 189 | 181 | – | 63,450 |
| Depreciation for the year | 7,471 | 1,163 | 3 | 13 | 1 | – | 8,651 |
| Impairment Loss | 5,780 | – | – | – | – | – | 5,780 |
| Disposals | – | – | (14) | (141) | – | – | (155) |
| At 31 December 2020 and 1 January 2021 | 73,427 | 3,898 | 158 | 61 | 182 | – | 77,726 |
| Depreciation for the year | 6,801 | 1,687 | 3 | 16 | – | – | 8,507 |
| Impairment Loss | 8,028 | – | – | – | – | – | 8,028 |
| Disposals | (2,990) | (160) | – | – | – | – | (3,150) |
| At 31 December 2021 | 85,266 | 5,425 | 161 | 77 | 182 | – | 91,111 |
| Net carrying amount: | | | | | | | |
| At 31 December 2020 | 150,712 | 3,980 | 33 | 113 | 12 | 382 | 155,232 |
| At 31 December 2021 | 133,447 | 4,917 | 30 | 97 | 12 | 36 | 138,539 |

Assets pledged as security

Vessels, including capitalised dry docking costs, with a carrying value of US\$138,400,000 (2020: US\$155,073,000) were pledged to secure bank loans (Note 20).

Capital work-in-progress

Capital work-in-progress includes costs incurred for the dry docking of vessels. The Group capitalises all such costs as capital work-in-progress, up to the date of completion. Such costs are transferred from capital work-in-progress to the appropriate asset category upon completion, and are depreciated over their estimated useful lives from the date of such completion.

Impairment of assets

In the financial year ended 31 December 2021, in view of the uncertainties due to the rapidly evolving COVID-19 pandemic as well as the volatility of oil prices and their impacts, a subsidiary of the Group, Atlantic Navigation Holdings Inc., carried out a review of the recoverable amount of its vessels. An impairment loss of US\$8,028,000 (2020: US\$5,780,000) representing the write-down of these vessels to the recoverable amount was recognised in profit or loss for the financial year ended 31 December 2021. The recoverable amount of the vessels was determined based on the valuation report from an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. Right-of-use assets

Group as a lessee

The Group has lease contracts for various items of land used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of vessels with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

(i) Right-of-use assets

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

| | Land lease | |
|---------------------------|-------------------|-------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| As at 1 January | 85 | 150 |
| Depreciation for the year | (65) | (65) |
| As at 31 December | 20 | 85 |

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities during the period:

| | 2021 | 2020 |
|-----------------------|-------------|-------------|
| | US\$'000 | US\$'000 |
| At 1 January | 72 | 150 |
| Accretion of interest | 7 | 13 |
| Payments | (79) | (91) |
| At 31 December | – | 72 |

Classified as:

| | | |
|---------|---|----|
| Current | – | 72 |
|---------|---|----|

The maturity analysis of lease liabilities is disclosed in Note 34(b).

(iii) Statement of comprehensive income

The following items have been included in arriving at loss before taxation:

| | 2021 | 2020 |
|---|-------------|-------------|
| | US\$'000 | US\$'000 |
| Depreciation of right-of-use assets | 65 | 65 |
| Interest expense on lease liabilities | 7 | 13 |
| Short term operating lease expenses | 587 | 7,904 |
| Total amount recognised in profit or loss | 659 | 7,982 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. Right-of-use assets (continued)

(iv) Others

The Group has lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the Group's business needs. Management exercises judgement in determining whether these termination options are reasonably certain to be exercised (Note 3.1(b)).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of termination options that are not included in the lease term:

| 2021 | Within five years | More than five years | Total |
|---|------------------------------|---------------------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 |
| Potential future rental payments not included in the lease term | 425 | 850 | 1,275 |

| 2020 | Within five years | More than five years | Total |
|---|------------------------------|---------------------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 |
| Potential future rental payments not included in the lease term | 425 | 850 | 1,275 |

13. Intangible assets

| Group | Software | Club membership | Total |
|--|-----------------|----------------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 |
| Cost: | | | |
| At 1 January 2020 | 11 | 141 | 152 |
| Additions | 52 | – | 52 |
| At 31 December 2020, 1 January 2021 and 31 December 2021 | 63 | 141 | 204 |
| Accumulated amortisation: | | | |
| At 1 January 2020 | 2 | – | 2 |
| Additions | 19 | – | 19 |
| At 31 December 2020 and 1 January 2021 | 21 | – | 21 |
| Additions | 19 | – | 19 |
| At 31 December 2021 | 40 | – | 40 |
| Net carrying amount: | | | |
| At 31 December 2020 | 42 | 141 | 183 |
| At 31 December 2021 | 23 | 141 | 164 |

The club membership with lifetime tenure is assessed as having an indefinite useful life and not amortised.

| | Company | |
|-----------------|----------------|-------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Club membership | 141 | 141 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Investment in subsidiaries

| | Company | |
|---------------------------------|----------------|-------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Unquoted equity shares, at cost | 67,770 | 67,770 |

The Group has the following significant investment in subsidiaries:

| Name | Country of incorporation | Principal activities | Proportion (%) of ownership interest | |
|--|---------------------------------|--|---|-------------|
| | | | 2021 | 2020 |
| | | | % | % |
| <i>Held by the Company:</i> | | | | |
| ⁽²⁾ Atlantic Navigation Holdings Inc. | BVI | Investment holding | 100 | 100 |
| <i>Held by Atlantic Navigation Holdings Inc.:</i> | | | | |
| ⁽¹⁾ Atlantic Maritime Group FZE | UAE | Commercial and administrative manager of the Group's marine logistics services business and provider of ship repair, fabrication and other marine services | 100 | 100 |
| ⁽²⁾ Atlantic Oceana Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Atlantic Offshore Services Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Bimar Offshore Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Atlantic Offshore Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Crossworld Marine Services Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Oasis Marine Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Pacific International Offshore Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Atlantic Navigation Limited | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Lift-Offshore Inc | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ Atnav Holdings Inc. | BVI | Investment holding | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Investment in subsidiaries (continued)

| Name | Country of incorporation | Principal activities | Proportion (%) of ownership interest | |
|--|--------------------------|------------------------------------|--------------------------------------|-----------|
| | | | 2021 % | 2020 % |
| Held by Atnav Holdings Inc.: | | | | |
| ⁽²⁾ ATNAV Nautical Inc. | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ ATNAV Maritime Inc. | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ ATNAV International Inc. | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ ATNAV Oceanic Inc. | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ ATNAV Marine Inc. | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ ATNAV Inc. | BVI | Ship owner | 100 | 100 |
| ⁽²⁾ ATNAV Offshore Inc. | BVI | Ship owner | 100 | 100 |
| Held by Atlantic Maritime Group FZE: | | | | |
| ⁽¹⁾ Atlantic Ship Management LLC | UAE | Ship management | 49 # | 49 # |
| ⁽²⁾ Atlantic Maritime Ghana Private Limited | Ghana | Ship brokerage services (inactive) | 90 | 90 |

⁽¹⁾ Audited by member firms of EY Global in the respective countries.

⁽²⁾ These entities are not required to be audited under the laws of the country of incorporation.

This represents the legal interests of the Group in Atlantic Ship Management LLC. Atlantic Ship Management LLC is considered a wholly-owned subsidiary of the Group as the Directors have assessed and concluded that the Group has full control over the financial and operating policies and activities of this entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. Investment in a joint operation

The Group has 51% interest in the ownership and voting rights in Atlantic Ventures Inc (“AVI”), that is held through a subsidiary, Atlantic Navigation Holdings Inc. AVI is incorporated in the BVI.

As disclosed in Note 3.1(a), the Group jointly controls the joint operation with a third-party partner under contractual agreement that require unanimous consent for all major operational and administrative decisions over the relevant activities.

Details of the joint operation as at 31 December 2021 and 31 December 2020 are as follows:

| Name of Company | Country of incorporation | Principal activities | Proportion (%) of ownership interest | |
|--|--------------------------|---|--------------------------------------|-----------|
| | | | 2021 % | 2020 % |
| Held by Atlantic Navigation Holdings Inc. | | | | |
| ⁽¹⁾ Atlantic Ventures Inc. | BVI | Buying, owning, chartering and selling of vessels | 51 | 51 |

⁽¹⁾ This entity is not required to be audited under the laws of the country of incorporation.

The Group has recognised its share of revenue and expenses, and assets and liabilities in respect of its interest in the joint operation.

16. Inventories

| | Group | |
|--|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Balance sheet: | | |
| Fuel and other materials | 700 | 288 |
| Consolidated statement of comprehensive income: | | |
| Inventories recognised as an expense in cost of services | 1 | 27 |

During the financial years ended 31 December 2021 and 2020, there have been no inventory written off or allowance for inventory obsolescence.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. Advances, deposits and other receivables

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| Current: | | | | |
| Sundry debtors | 330 | 75 | – | – |
| Deposits | 206 | 207 | – | – |
| Advances to staff | – | 27 | – | – |
| Advances to suppliers | 535 | 403 | – | – |
| Amounts due from a joint operation (non-trade) | 783 | 1,114 | – | – |
| Amounts due from a subsidiary (non-trade) | – | – | 3,728 | 5,449 |
| | 1,854 | 1,826 | 3,728 | 5,449 |
| Non-current: | | | | |
| Amounts due from a subsidiary (non-trade) | – | – | 24,471 | 35,050 |
| | 1,854 | 1,826 | 28,199 | 40,499 |

Advances paid to suppliers

Advances paid to suppliers relates to advance payment made to suppliers for purchases of goods and services.

Amounts due from a joint operation (non-trade)

Amounts due from a joint operation are unsecured, non-interest bearing, and are to be settled in cash.

During the financial year ended 31 December 2021, the Group recorded an allowance for amount due from a joint operation (non-trade) of US\$Nil (2020: US\$1,590,000).

Amounts due from a subsidiary (non-trade)

Amounts due from a subsidiary are unsecured, non-interest bearing, and are to be settled in cash.

During the financial year ended 31 December 2021, the Company recorded an allowance for amount due from a subsidiary (non-trade) of US\$10,579,000 (2020: US\$5,780,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Trade receivables

| | Group | | Company | |
|--|-------------|----------|-------------|----------|
| | 31 December | | 31 December | |
| | 2021 | 2020 | 2021 | 2020 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Trade receivables (current) | | | | |
| Trade receivables | 9,910 | 8,379 | 1,976 | 3,311 |
| Retention receivable | 1,223 | 5,135 | – | – |
| Unbilled receivables | 38 | 276 | – | – |
| | 11,171 | 13,790 | 1,976 | 3,311 |
| Add: | | | | |
| – Advances, deposits and other receivables (current and non-current) (Note 17) | 1,319 | 1,423 | 28,199 | 40,499 |
| – Cash and bank balances (Note 19) | 520 | 886 | 37 | 41 |
| – Restricted cash (Note 19) | 90 | 94 | – | – |
| Total financial assets carried at amortised cost | 13,100 | 16,193 | 30,212 | 43,851 |

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

| | Group | |
|----------------------|----------|----------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Arab Emirates Dirham | 116 | 497 |
| Saudi Riyals | 2,068 | 1,899 |
| Omani Rial | 192 | – |
| | 2,376 | 2,396 |

Retention receivables

Retention receivables represent the retention of 10% of the invoice amounts from one of the debtors. The amount is repayable in cash to the Group upon tax clearance from the Saudi Arabian tax authorities generally within 12 months.

Unbilled receivables

Unbilled receivables relate to the Group's right to consideration for charter hire earned but not yet billed at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Trade receivables (continued)

Significant changes in unbilled receivables and retention receivables are explained as follows:

| | 2021 US\$'000 | 2020 US\$'000 |
|--|------------------|------------------|
| Unbilled receivables reclassified to trade receivables | 5,411 | 11,330 |
| Charter revenue earned but not yet billed | 1,261 | 5,411 |

Expected credit losses

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

| | Group | |
|---|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Movement in allowance accounts: | | |
| At 1 January | 1,841 | 1,375 |
| Charge for the year (Note 8) | 188 | 669 |
| Trade receivables written off during the year | (1,138) | – |
| Trade receivables written back during the year (Note 8) | – | (203) |
| At 31 December | 891 | 1,841 |

Receivables subject to offsetting arrangements

The Group provides ship repair and other services to and charters vessels from various ship owners. There is no arrangement to settle the amount due to or from each other on a net basis but have the right to set off when mutually agreed between both parties.

The Group's trade receivables and trade payables that are off-set are as follows:

| | 31 December 2021 US\$'000 | | |
|-------------------|------------------------------|---|--|
| Description | Gross carrying amounts | Gross amounts offset in the balance sheet | Net amounts in the balance sheet |
| Trade receivables | 2,909 | (2,909) | – |
| Trade payables | 6,064 | (2,909) | 3,155 |

| | 31 December 2020 US\$'000 | | |
|-------------------|------------------------------|---|--|
| Description | Gross carrying amounts | Gross amounts offset in the balance sheet | Net amounts in the balance sheet |
| Trade receivables | 2,150 | (2,150) | – |
| Trade payables | 5,695 | (2,150) | 3,545 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. Cash and bank balances Bank deposits pledged Restricted cash

| | Group | | Company | |
|------------------------|----------|----------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cash and bank balances | 520 | 886 | 37 | 41 |
| Restricted cash | 90 | 94 | – | – |
| | 610 | 980 | 37 | 41 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2021 for the Group and the Company were 0.67% (2020: 0.13%).

Restricted cash is held by a bank for performance guarantees issued. These balances are not available for general use and can only be made available on the maturity of guarantee tenor.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

| | Group | | Company | |
|----------------------|----------|----------|----------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Arab Emirates Dirham | 154 | 316 | – | – |
| Saudi Riyal | 3 | 225 | – | – |
| Singapore Dollar | 4 | 5 | 4 | 5 |
| | 161 | 546 | 4 | 5 |

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

| | Group | |
|---------------------------|----------|----------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Cash and bank balances | 520 | 886 |
| Bank overdrafts (Note 20) | (2,462) | (841) |
| Cash and cash equivalents | (1,942) | 45 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Loans and borrowings

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| Current: | | | | |
| Bank loan | | | | |
| - USD loan at 1-month LIBOR + 4.00% pa ⁽¹⁾ | 13,982 | 14,303 | 14,038 | 14,345 |
| - USD loan 1-month LIBOR + 4.00% pa ⁽²⁾ | 175 | 1,951 | 175 | 1,951 |
| - USD revolving loan at 1-month cost of funds + 3.50% pa ⁽³⁾ | 2,971 | 2,971 | 2,971 | 2,971 |
| - USD loan at 1-month LIBOR + 4.00% pa ⁽⁴⁾ | 820 | 820 | 820 | 820 |
| - USD loan at LIBOR + 3.75% p.a. ⁽⁵⁾ | – | 428 | – | – |
| Bank overdrafts ⁽⁶⁾ | 2,462 | 841 | – | – |
| USD loan at 10% per annum ⁽⁷⁾ | – | 1,302 | – | – |
| - USD loan at 3-month LIBOR + 4.5% p.a. ⁽⁸⁾ | 19,009 | 23,377 | – | – |
| - USD loan at 1-month LIBOR + 4% p.a. ⁽⁹⁾ | 7,572 | 9,371 | – | – |
| ADCB Car Loan ⁽¹⁰⁾ | 23 | 23 | – | – |
| - USD loan at 1-month LIBOR + 5% p.a. minimum 5.5% ⁽¹¹⁾ | 5,668 | – | – | – |
| | 52,682 | 55,387 | 18,004 | 20,087 |
| Non-current: | | | | |
| Bank loan | | | | |
| - USD loan at 10% per annum ⁽⁷⁾ | 1,218 | 3,266 | – | – |
| - ADCB Car Loan ⁽¹⁰⁾ | 30 | 50 | – | – |
| | 1,248 | 3,316 | – | – |
| Total loans and borrowings | 53,930 | 58,703 | 18,004 | 20,087 |

As disclosed in Note 2, the Group's and Company's non-repayment of scheduled principal repayments to one of its two lender banks triggered a technical default of its loan arrangements. Accordingly, the amounts relating to these loan arrangements have been presented as current liabilities on the consolidated statement of financial position as at 31 December 2021 and 31 December 2020 as the Group and Company does not have the unconditional right to defer settlement of the term loans.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Loans and borrowings (continued)

- (1) This facility was availed in January 2016 bearing interest at 3-month LIBOR + 3.50% per annum and was repayable over 5 years in 20 equal quarterly instalments with the last instalment due in April 2021. Pursuant to the request of the Company, the bank has rescheduled the payment terms of this loan with effect from April 2017 and extended the tenure from 20 quarterly instalments to 72 monthly instalments on the revised interest rate at 4.00% per annum above one (1) month USD LIBOR with last instalment due in March 2023. The securities provided for this loan comprise:
- Mortgage over certain vessel (Note 11)
 - Assignment of earnings/charter proceeds, insurances and requisition compensation of mortgaged vessel
 - Assignment of all rights, title and interests of mortgaged vessel's charters
 - Bank deposits pledged in a retention account ^(a)
 - The loan includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 50 million as well as maintaining aggregate financing outstanding under existing facilities with the bank to below 75% of the aggregate value of the vessels under the loan.
- (2) This facility was availed in June 2014 bearing interest at 3-month LIBOR + 3.50% per annum and is repayable over 4 years in 16 equal quarterly instalments with the last instalment due in June 2018. Pursuant to the request of the Company, the bank has rescheduled the payment terms of this loan with effect from April 2017 and extended the tenure from 16 quarterly instalments to 72 monthly instalments on the revised interest rate at 4.00% per annum above one (1) month USD LIBOR with last instalment due in March 2023. The securities provided for this loan comprise:
- Mortgage over certain vessels (Note 11)
 - Assignment of earnings/charter proceeds and requisition compensation of mortgaged vessels
 - Assignment of all rights, title and interests of mortgaged vessel's charters
 - Bank deposits pledged in a retention account ^(a)
 - The loan includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 50 million as well as maintain aggregate financing outstanding under existing facilities with the bank to below 75% of the aggregate value of the vessels under the loan.
- (3) This facility is a revolving loan facility availed in August 2014 and repayable on demand. The effective interest rates for this facility had ranged from 3.98% to 4.08% per annum. Pursuant to the request of the Company, the bank has rescheduled the payment terms of this loan with effect from April 2017 and amended the revolving facility to a monthly step down for a tenure of six years (72 monthly instalments) on the revised interest rate at 3.50% per annum above one (1) month USD LIBOR with last instalment due in March 2023. The securities provided for this loan comprise:
- Mortgage over certain vessel (Note 11)
 - Assignment of earnings/charter proceeds and requisition compensation of mortgaged vessel
 - Assignment of all rights, title and interests of mortgaged vessel's charters
 - The loan includes a financial covenant which require the Group to maintain Tangible Net Worth of at least USD 50 million as well as maintain aggregate financing outstanding under existing facilities with the bank to below 75% of the aggregate value of the vessels under the loan.
- (4) This facility was availed in December 2015 bearing interest at 3-month LIBOR + 3.50% per annum and is repayable over 4 years in 16 equal quarterly instalments with the last instalment due in December 2019. Pursuant to the request of the Company, the bank has rescheduled the payment terms of this loan with effect from April 2017 and extended the tenure from 20 quarterly instalments to 72 monthly instalments on the interest rate at 4.00% per annum above one (1) month USD LIBOR with last instalment due on in March 2023. The securities provided for this loan comprise:
- Mortgage over certain vessels (Note 11)
 - Assignment of earnings/charter proceeds and requisition compensation of mortgaged vessels
 - Assignment of all rights, title and interests of mortgaged vessel's charters
 - Bank deposits pledged in a retention account ^(a)
 - The loan includes financial covenants which require the Group to maintain Tangible Net Worth of at least USD 50 million as well as maintain aggregate financing outstanding under existing facilities with the bank to below 75% of the aggregate value of the vessels under the loan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Loans and borrowings (continued)

⁽⁵⁾ This loan carried interest at LIBOR + 3.75% per annum and is repayable over 5 years in 20 equal quarterly instalments with the last instalment due in August 2020. The securities provided for this loan comprised:

- Mortgage over certain vessels (Note 11)
- Assignment of earnings, insurances and requisition compensation of mortgaged vessels
- Assignment of all rights, title and interests of mortgaged vessels' charters
- Corporate guarantee by a subsidiary of the Group
- Bank deposits pledged in a retention account
- The loan includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 50 million

Even though there are underlying physical assets or trading transactions with profit-sharing elements in these financing arrangements, to comply with Islamic financing requirements, the economic substance is largely comparable to that of conventional loan facilities.

Accordingly, the accounting treatment for these Islamic term financing arrangements will be the same as that of conventional loan financing arrangements. The sales proceeds and profit margins will be classified as principal of the loans outstanding and interest expense respectively, supported with appropriate explanatory disclosures.

The Group has fully settled the loan in November 2021.

⁽⁶⁾ Bank overdrafts are denominated in AED, bear interest at 1-month EIBOR + 5% per annum with minimum rate of 5.5% per year. The facility is for the purpose of working capital requirement and is required to be settled once a year.

⁽⁷⁾ This is a long-term loan availed from a private establishment in 28 March 2018, repayable in five (5) yearly instalments. The long-term loan carried interest rates at 10.00% per annum. The securities provided for this loan comprise:

- Corporate guarantee by the Company and certain subsidiaries of the Group
- Mortgage over certain vessels (Note 11)

⁽⁸⁾ This loan carried interest at 3-month LIBOR + 4.5% per annum and is repayable in 28 equal quarterly instalments over a period of seven (7) years commencing at the end of 6 months moratorium period from 3 January 2018 with the last instalment due in October 2025. The securities provided for this loan comprised:

- Mortgage over certain vessels (Note 11)
- Assignment of earnings, insurances and requisition compensation of mortgaged vessels
- Assignment of all rights, title and interests of mortgaged vessels' charters
- Corporate guarantee by the Company and certain subsidiaries of the Group
- Bank deposits pledged in a retention account
- Pledge over the shares of the Group's subsidiaries owning the vessel(s) mortgaged
- The loan includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 80 million.

⁽⁹⁾ This loan carried interest at 1-month LIBOR + 4% per annum and is repayable in 59 equal monthly instalments and a final instalment of 20% balloon payment together with interest over a period of five (5) years commencing at the end of 6 months moratorium period from 7 June 2020 with the last instalment due in May 2025. The securities provided for this loan comprised:

- Mortgage over certain vessels (Note 11)
- Assignment of earnings, insurances and requisition compensation of mortgaged vessels
- Assignment of all rights, title and interests of mortgaged vessels' charters
- Corporate guarantee by the Company and certain subsidiaries of the Group
- Bank deposits pledged in a retention account
- Pledge over the shares of the Group's subsidiaries owning the vessel(s) mortgaged
- The loan includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 80 million. Adjusted leverage ratio for the Group not to exceed 1.75:1 and maintain Loan to Value (LTV) of 65% or below at all the times during the tenor of the loan.

⁽¹⁰⁾ This loan carried interest 7.45% per annum and is repayable in 48 equal monthly instalments commencing from July 2020 with the last instalment due in June 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Loans and borrowings (continued)

⁽¹¹⁾ This loan carried interest at 1-month LIBOR + 5% per annum with minimum rate of 5.5% per annum and is repayable in 36 equal monthly instalments over a period of three (3) years commencing at the end of 6 months moratorium period from July 2022 with the last instalment due in June 2025. The securities provided for this loan comprised:

- Mortgage over certain vessels (Note 11)
- Assignment of earnings, insurances and requisition compensation of mortgaged vessels
- Assignment of all rights, title and interests of mortgaged vessels' charters
- Corporate guarantee by the Company and certain subsidiaries of the Group
- Bank deposits pledged in a retention account
- Pledge over the shares of the Group's subsidiaries owning the vessel(s) mortgaged
- The loan includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 80 million. Adjusted leverage ratio for the Group not to exceed 1.75:1 and maintain Loan to Value (LTV) of 65% or below at all the times during the tenor of the loan.

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

| | 2020 | Cash flows, net | Non-cash changes | | 2021 |
|--------------------------------------|----------|--------------------|--------------------------|----------|----------|
| | | | Accretion of interest | Others | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Bank loans | | | | | |
| - Current | 54,546 | (6,394) | - | 2,068 | 50,220 |
| - Non-current | 3,316 | - | - | (2,068) | 1,248 |
| Lease liabilities (Note 12) | 72 | (79) | 7 | - | - |
| Amount due to shareholders (Note 24) | | | | | |
| - Current | 960 | 1,729 | - | - | 2,689 |
| - Non-current | 11,361 | - | 585 | (576) | 11,370 |
| Total | 70,255 | (4,744) | 592 | (576) | 65,527 |

| | 2019 | Cash flows, net | Non-cash changes | | 2020 |
|--------------------------------------|----------|--------------------|--------------------------|----------|----------|
| | | | Accretion of interest | Others | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Bank loans | | | | | |
| - Current | 16,012 | (10,957) | - | 49,491 | 54,546 |
| - Non-current | 52,726 | 81 | - | (49,491) | 3,316 |
| Lease liabilities (Note 12) | 150 | (91) | 13 | - | 72 |
| Amount due to shareholders (Note 24) | | | | | |
| - Current | 3,818 | 142 | 183 | (3,183) | 960 |
| - Non-current | 8,622 | - | 447 | 2,292 | 11,361 |
| Total | 81,328 | (10,825) | 643 | (891) | 70,255 |

The "others" column relates to reclassification of non-current portion of loans and borrowings due to passage of time and rescheduling of payment terms, and waiver of interest on loans from shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. Trade payables

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| Trade payables (current) | | | | |
| Trade payables | 4,567 | 7,804 | – | – |
| Retention payables | 1,981 | 1,910 | – | – |
| Accruals for direct expenses | 2,424 | 3,308 | – | 1,760 |
| | 8,972 | 13,022 | – | 1,760 |
| <i>Add:</i> | | | | |
| - Accruals and other payables (Note 22) | 5,574 | 5,810 | 292 | 490 |
| - Amount due to shareholders (current and non-current) (Note 24) | 14,059 | 12,321 | 12,120 | 11,361 |
| - Lease liabilities (current and non-current) (Note 12) | – | 72 | – | – |
| - Loan and borrowings (Current and non-current) (Note 20) | 53,930 | 58,703 | 18,004 | 20,087 |
| Total financial liabilities carried at amortised cost | 82,535 | 89,928 | 30,416 | 33,698 |

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days' terms.

Retention payables

Retention payables represent the retention of 10% of the invoice amount to one of the creditors. The amount is repayable in cash to the creditor generally within 12 months.

Trade payables denominated in foreign currencies at 31 December are as follows:

| | Group | |
|----------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Arab Emirates Dirham | 3,720 | 1,950 |
| Saudi Riyal | 147 | 443 |
| Qatari Riyal | 5 | 74 |
| Omani Riyal | 1 | 46 |
| Hong Kong Dollar | 4 | – |
| Indian Rupees | 4 | – |
| | 3,881 | 2,513 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Accruals and other payables

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| Other payables | 25 | 73 | 25 | 73 |
| Accrued operating expenses | 3,842 | 4,514 | – | – |
| Amounts due to a related company (non-trade) | 1,599 | 1,114 | 159 | 308 |
| Amounts due to directors | 108 | 109 | 108 | 109 |
| | 5,574 | 5,810 | 292 | 490 |

Amounts due to a related company (non-trade) / Amounts due to directors

These amounts are unsecured, non-interest bearing, and are to be settled in cash. The amounts due to directors are in relation to independent directors' remuneration.

23. Other non-financial liabilities

| | Group | |
|-------------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Advances from customers | 130 | 349 |

Advances from customers pertain to advanced consideration received from customers for services the Group has yet to provide on the balance sheet date.

24. Amount due to shareholders

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| Current: | | | | |
| Short term loans due to a shareholder ⁽¹⁾ | 2,689 | 960 | 750 | – |
| Non-current: | | | | |
| Loans due to a shareholder ⁽²⁾ | 6,923 | 7,332 | 6,923 | 7,332 |
| Accrued interest on loans due to a shareholder ⁽²⁾ | 1,284 | 869 | 1,284 | 869 |
| Advances from a shareholder ⁽³⁾ | 2,833 | 3,000 | 2,833 | 3,000 |
| Accrued interest on advance from a shareholder ⁽³⁾ | 330 | 160 | 330 | 160 |
| | 11,370 | 11,361 | 11,370 | 11,361 |

(1) Short term loans due to a shareholder are unsecured and non-interest bearing and are to be settled in cash.

(2) Loans due to a shareholder is unsecured and to be settled in cash. During the financial year ended 31 December 2021, there was a change in interest rate on the loans due to a shareholder from 6.0% per annum to 3.0% per annum. As at the date of change in interest rate, the loans due to a shareholder was recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 6.0% per annum. The loans due to a shareholder together with accrued interest mature on 31 December 2023.

(3) Advances from a shareholder is unsecured and is to be settled in cash. During the financial year ended 31 December 2021, there was a change in interest rate on the advances from a shareholder from 6.0% per annum to 3.0% per annum. As at the date of change in interest rate, the advances from a shareholder was recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 6.0% per annum. The shareholder advances together with accrued interest mature on 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Provisions

| | Group | |
|---|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 |
| Employees' end of service benefits | | |
| At 1 January | 639 | 553 |
| Provision made (Note 28) | 210 | 144 |
| Provision utilised | (95) | (58) |
| At 31 December | 754 | 639 |

The Group makes provision for employees' end of service benefits ("EOSB") in order to meet the minimum benefits required to be paid to qualified employees, as required under the Federal Law No. 8 of 1980 Regulating Labour Relations (the "**Labour Law**") of the UAE. The EOSB for the qualified employees is calculated as follows:

- a. 21 days salary for each of the first five years using last drawn salary; and
- b. 30 days salary for each additional year using last drawn salary, provided that total EOSB amount should not exceed 2 years of salaries.

26. Share capital

| | Group | | Company | |
|--|--|-----------------------|--|------------------------|
| | No. of shares ('000) ⁽¹⁾ | US\$'000 | No. of shares ('000) ⁽¹⁾ | US\$'000 |
| Issued and fully paid ordinary shares: | | | | |
| At 1 January 2020, 1 January 2021 and 31 December 2021 | 523,512 | 38,307 ⁽²⁾ | 523,512 | 111,471 ⁽²⁾ |

⁽¹⁾ The equity structure (i.e., the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the reverse acquisition.

⁽²⁾ The amount recognised as issued equity instruments in the consolidated financial statements is determined by adding to the issued equity of Atlantic Navigation Holdings Inc. and its subsidiaries immediately before the reverse acquisition the costs of the reverse acquisition.

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

The Company has employee share option plans under which options to subscribe for the Company's ordinary shares have been granted to certain employees of the Group and directors of the Company. These share options have expired on 11 May 2020 and there are no outstanding share options as at 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Other reserves

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2021 US\$'000 | 2020 US\$'000 | 2021 US\$'000 | 2020 US\$'000 |
| Merger reserve (a) | 259 | 259 | – | – |
| Employee share option reserve (b) | 373 | 373 | 373 | 373 |
| Equity component of convertible loan instrument (c) | 4,058 | 4,058 | 4,058 | 4,058 |
| Fair value reserve (d) | (575) | (1,175) | – | – |
| Capital reserve (e) | 1,605 | 1,029 | 1,650 | 1,029 |
| | <u>5,720</u> | <u>4,544</u> | <u>6,036</u> | <u>5,460</u> |

(a) **Merger reserve**

This represents the difference between the consideration paid and the paid-in capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method.

(b) **Employee share option reserve**

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(c) **Equity component of convertible loan instrument**

This represents the residual amount of convertible loan instrument after deducting the fair value of the liability component. This amount is presented net of transaction costs arising from the convertible loan instrument.

(d) **Fair value reserve**

Fair value reserve represents the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

(e) **Capital reserve**

Capital reserve of US\$1,605,000 represents the 50% of cumulative interest on loans from shareholders of the Company of US\$1,029,000 waived off during the financial year ended 31 December 2021 and fair value adjustment of US\$576,000 arising from change of interest rate from 6.0% per annum to 3.0% per annum, being the difference between the carrying amount of loans received from shareholders and the fair value of these loans recognised in capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. Employee benefits

| | Note | Group | |
|------------------------------------|------|------------------|------------------|
| | | 2021 US\$'000 | 2020 US\$'000 |
| Wages, salaries and bonuses | | 17,774 | 19,426 |
| Employees' end of service benefits | 25 | 151 | 144 |
| | | <u>17,925</u> | <u>19,570</u> |

29. Derivatives

| | Group | | | |
|--------------------|---|---|---|---|
| | 2021 Contract/ Notional Amount US\$'000 | 2021 Fair value - liabilities US\$'000 | 2020 Contract/ Notional Amount US\$'000 | 2020 Fair value - liabilities US\$'000 |
| Interest rate swap | 15,973 | (943) | 19,966 | (1,543) |

The fair value of interest rate swap as shown above is determined with reference to marked-to-market values provided by counterparties.

Hedge accounting has been applied for interest rate swap that is assessed by the Group to be highly effective hedges.

The Group determines the economic relationship between the loans and borrowings and the derivative by matching the critical terms of the hedging instrument with the terms of the hedged item. The hedge ratio (the ratio between notional amount of the derivative financial instrument to the amount of the loans and borrowings being hedged) is determined to be 1:1.

Under the terms of the interest rate swap, the Group pays a fixed rate interest of 3.50% (2020: 2.95% - 3.50%) per annum and receives floating interest at 3-month LIBOR plus margin. The interest rate swap matures on 3 October 2025. The Group uses the interest rate swap to hedge against the exposure to variability in cash flows from related borrowings which are pegged to US Dollar LIBOR.

The hedge is classified as cash flow hedges and the fair value changes of the interest rate swap is recognised in in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Related party transactions

(a) *Sale and purchase of goods and services*

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

| | Group | |
|---|----------|----------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Payment to director-related company for services rendered | 65 | 65 |
| Interests on shareholders loans and advances | 314 | 630 |

(b) *Compensation of key management personnel*

| | Group | |
|-----------------------------------|--------------|--------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Short-term employee benefits | 1,210 | 984 |
| Others | 429 | 335 |
| | <u>1,639</u> | <u>1,319</u> |
| <i>Comprises amounts paid to:</i> | | |
| Directors of the Company | 599 | 603 |
| Other key management personnel | 1,040 | 716 |
| | <u>1,639</u> | <u>1,319</u> |

(c) *Commitments with related parties*

On 1 January 2011, Atlantic Maritime Group FZE entered into agreements with Atlantic Offshore Services LLC and Atlantic Marine Services LLC for administrative and ship management services provided by the above two director-related companies in return for management fees. The agreements remain in effect until terminated by notice.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Commitments

Operating lease commitments – as lessor

Operating lease commitments relate to vessels. These committed lease contracts have different terms and terminate at various dates and do not take into account extension options. While these committed lease contracts may still be cancelled, those clauses in these committed lease contracts are contained in vast majority of such contracts in the offshore industry as common features especially with large national oil companies.

On the basis and subject to the explanation above, future minimum rental receivables under such committed operating leases but cancellable (Non-cancellable: Nil) from the end of the reporting period are as follows:

| | Group | |
|---|---------------|---------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Not later than one year | 13,917 | 13,910 |
| Later than one year but not later than five years | 1,107 | 7,912 |
| | <u>15,024</u> | <u>21,822</u> |

There was no contingent rent component included under the above committed leases relating to lease out arrangements for vessels owned by the Group as at the end of the reporting period.

32. Contingent liabilities

The Group had been working on the cancellation of, and had on, 8 March 2017, received a Notice of Rescission from the ship builder, for a ship building contract of a self-propelled self-elevating lift boat committed under a shipbuilding agreement entered in the financial year ended 2014 which was expected to be delivered in first half of the financial year ended 2017. As at 31 December 2016, the Group had written off US\$5,340,000 relating to deposit and capitalisation of interest cost.

Arbitration in relation to the dispute on the Notice of Rescission with the shipbuilder as the claimant, had commenced in August 2018 and the Group has previously made a provision of US\$500,000 in the financial statements in FY2018.

On 7 July 2020, the matter has been resolved with the Group having agreed to pay a total sum of US\$500,000 as full and final settlement in 5 equal monthly instalments starting from July 2020. As at 31 December 2021, the settlement sum of US\$500,000 has been paid in full by the Group.

In relation to the Group's 51% interest in Atlantic Venture Inc. ("AVI"), with the repayment of 49% share of the final loan instalment by the other co-guarantor (the "Co-Guarantor") of US\$432,000 in October 2021 pursuant to the final judgment in favour of the mortgagee bank, the debt secured against a vessel as at 31 December 2021 had been fully repaid. The Co-Guarantor had then served its claim on AVI on 3 November 2021 relating to this payment and costs awarded to the mortgagee bank. AVI had consented to judgement on 18 February 2022 and the Co-Guarantor had demanded payment in aggregate of US\$440,000 from AVI on 28 February 2022.

As disclosed in the Company's 3Q2021 financial results announcement dated 14 November 2021, while the Co-Guarantor had on 8 November 2021 withdrawn the appeal on the favourable judgment on claim of US\$510,000 which was paid to the Company on 29 June 2021, the Co-Guarantor had also commenced a claim on AVI for the payment made to the Company as the co-guarantor and costs on 23 January 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

| | Quoted prices in active markets for identical instruments (Level 1) US\$'000 | Significant other observable inputs (Level 2) US\$'000 | Significant unobservable inputs (Level 3) US\$'000 | Total US\$'000 |
|--|--|---|--|-------------------|
| Group | | | | |
| 2021 | | | | |
| Financial liabilities | | | | |
| Derivative financial instruments (Note 29) | | | | |
| – Interest rate swap | – | 943 | – | 943 |
| | – | 943 | – | 943 |
| 2020 | | | | |
| Financial liabilities | | | | |
| Derivative financial instruments (Note 29) | | | | |
| – Interest rate swap | – | 1,543 | – | 1,543 |
| | – | 1,543 | – | 1,543 |

There have been no transfers between fair value measurement levels during the financial years ended 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. Fair value of assets and liabilities (continued)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy.

Derivatives (Note 29)

Derivatives are carried at level 2 of the fair value hierarchy and are valued using valuation techniques with market observable inputs. The most frequent applied valuation techniques include swap models, using present value calculation. The models incorporate various inputs including credit quality of counterparties and interest rate curves.

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances (Note 19), Bank deposits pledged (Note 19), Loans and borrowings (Note 20), Advances, deposits and other receivables (Note 17), Trade receivables (Note 18), Trade payables (Note 21), Accruals and other payables (Note 22), Lease liabilities (Note 12) and Amount due to shareholders (Note 24).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or the interest on the loans approximate the prevailing market interest rate.

34. 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 and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Director. The audit committee provides independent oversight on the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 365 days when they fall due, which are derived based on the Group's historical information.

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

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

The Group also determines that there is a significant increase in credit risk if a debtor is more than 180 days past due in making contractual payment.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance with days past due. The loss allowance provision as at 31 December 2021 and 31 December 2020 is determined as follows. The expected credit losses below also incorporate forward looking information such as forecast of oil prices.

Summarised below is the information about the credit risk exposure on the Group's and the Company's trade receivables (excluding unbilled trade receivables and retention receivables) using provision matrix.

| Group | Total | Current | < 90 days | 90 to 150 days | > 150 days |
|--------------------------|----------|----------|-----------|----------------|------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 2021 | | | | | |
| Gross carrying amount | 10,801 | 6,860 | 3,035 | 223 | 683 |
| Loss allowance provision | (891) | – | – | (208) | (683) |
| | 9,910 | 6,860 | 3,035 | 15 | – |
| 2020 | | | | | |
| Gross carrying amount | 10,220 | 5,943 | 1,699 | 784 | 1,794 |
| Loss allowance provision | (1,841) | – | – | (47) | (1,794) |
| | 8,379 | 5,943 | 1,699 | 737 | – |
| Company | Total | Current | < 90 days | 90 to 150 days | > 150 days |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 2021 | | | | | |
| Gross carrying amount | 1,976 | 748 | 1,228 | – | – |
| | 1,976 | 748 | 1,228 | – | – |
| 2020 | | | | | |
| Gross carrying amount | 3,311 | 2,404 | 907 | – | – |
| | 3,311 | 2,404 | 907 | – | – |

In addition to the provision matrix, the Group also provides allowance for expected credit loss for trade receivables due from debtors that were in significant financial difficulties and had defaulted on payments.

Information regarding loss allowance movement of trade receivables is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

- (ii) Amounts due from related companies at amortised cost

The Group computes expected credit loss for non-trade amounts and amounts due from related companies using the probability of default approach. In determining this ECL, the Group considers event such as significant adverse changes in financial conditions and changes in the operating results of the related companies and determined that significant increase in credit risk occur when there are changes in the risk that the specific related company will default on the payment.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the amount due from related companies excluding trade receivables is as follows:

| Category | Definition of category | Basis for recognition of expected credit loss provision | Basis for calculating interest revenue |
|-----------|--|---|---|
| Grade I | Related companies have a low risk of default and ability to meet contractual cash flows. | 12-month expected credit losses | Gross carrying amount |
| Grade II | Loans for which there is a significant increase in credit risk. | Lifetime expected credit losses | Gross carrying amount |
| Grade III | Interest and/or principal repayments are 365 days past due and management assessed that there is no reasonable expectation of recovery | Lifetime expected credit losses | Amortised cost of carrying amount (net of credit allowance) |

The Group provides for lifetime expected credit loss for amount due from related companies using the probability of default approach. In determining ECL, the Group considers events such as significant adverse changes in financial conditions and determined that significant increase in credit risk occur when there are changes in the risk that the specific debtors will default on the payments. Based on the Group's assessment, the amount of the allowance on these balances is insignificant.

Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

(iii) Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and Company's trade receivables including retention receivables and unbilled receivables is as follows:

| Group | 2021 | | 2020 | |
|----------------------|---------------|------------|---------------|------------|
| | US\$'000 | % of total | US\$'000 | % of total |
| By country: | | | | |
| United Arab Emirates | 2,500 | 22 | 1,210 | 9 |
| Other GCC countries | 8,321 | 75 | 12,114 | 88 |
| China | 7 | —* | 35 | —* |
| Singapore | 325 | 3 | 427 | 3 |
| Other countries | 18 | —* | 4 | —* |
| | <u>11,171</u> | <u>100</u> | <u>13,790</u> | <u>100</u> |

| Company | 2021 | | 2020 | |
|---------------------|--------------|------------|--------------|------------|
| | US\$'000 | % of total | US\$'000 | % of total |
| By country: | | | | |
| Other GCC countries | <u>1,976</u> | <u>100</u> | <u>3,311</u> | <u>100</u> |

* Less than 1%

(iii) Credit risk concentration profile (continued)

At the end of the reporting period, approximately 95% (2020: 90%) of the Group's trade receivables were due from 5 major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies 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 Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with various banks. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting period, approximately 98% (2020: 94%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

| | Note | One year or less US\$'000 | One to five years US\$'000 | Over five years US\$'000 | Total US\$'000 |
|---|------|---------------------------------|----------------------------------|--------------------------------|-------------------|
| Group | | | | | |
| 2021 | | | | | |
| Financial assets | | | | | |
| Trade receivables | 18 | 11,171 | – | – | 11,171 |
| Advances, deposits and other receivables | 17 | 1,319 | – | – | 1,319 |
| Cash and bank balances | 19 | 520 | – | – | 520 |
| Restricted cash | 19 | 90 | – | – | 90 |
| Total undiscounted financial assets | | 13,100 | – | – | 13,100 |
| Financial liabilities | | | | | |
| Trade payables | 21 | 8,972 | – | – | 8,972 |
| Accruals and other payables | 22 | 5,574 | – | – | 5,574 |
| Amount due to shareholders | 24 | 2,689 | 12,566 | – | 15,255 |
| Loans and borrowings | 20 | 52,685 | 1,426 | – | 54,111 |
| Total undiscounted financial liabilities | | 69,920 | 13,992 | – | 83,912 |
| Total net undiscounted financial liabilities | | 56,820 | 13,992 | – | 70,812 |
| Group | | | | | |
| 2020 | | | | | |
| Financial assets | | | | | |
| Trade receivables | 18 | 13,790 | – | – | 13,790 |
| Advances, deposits and other receivables | 17 | 1,423 | – | – | 1,423 |
| Cash and bank balances | 19 | 886 | – | – | 886 |
| Restricted cash | 19 | 94 | – | – | 94 |
| Total undiscounted financial assets | | 16,193 | – | – | 16,193 |
| Financial liabilities | | | | | |
| Trade payables | 21 | 13,022 | – | – | 13,022 |
| Accruals and other payables | 22 | 5,810 | – | – | 5,810 |
| Amount due to shareholders | 24 | 960 | 11,981 | – | 12,941 |
| Lease liabilities | 12 | 78 | – | – | 78 |
| Loans and borrowings | 20 | 56,130 | 3,728 | – | 59,858 |
| Total undiscounted financial liabilities | | 76,000 | 15,709 | – | 91,709 |
| Total net undiscounted financial liabilities | | 59,807 | 15,709 | – | 75,516 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

| | Note | One year or less US\$'000 | One to five years US\$'000 | Over five years US\$'000 | Total US\$'000 |
|--|------|---------------------------------|----------------------------------|--------------------------------|-------------------|
| Company | | | | | |
| 2021 | | | | | |
| Financial assets | | | | | |
| Trade receivables | 18 | 1,976 | – | – | 1,976 |
| Advances, deposits and other receivables | 17 | 3,728 | 24,471 | – | 28,199 |
| Cash and bank balances | 19 | 37 | – | – | 37 |
| Total undiscounted financial assets | | 5,741 | 24,471 | – | 30,212 |
| Financial liabilities | | | | | |
| Trade payables | 21 | – | – | – | – |
| Accruals and other payables | 22 | 292 | – | – | 292 |
| Amount due to shareholders | 24 | 750 | 12,566 | – | 13,316 |
| Loans and borrowings | 20 | 17,947 | – | – | 17,947 |
| Total undiscounted financial liabilities | | 18,989 | 12,566 | – | 31,555 |
| Total net undiscounted financial (liabilities)/assets | | (13,248) | 11,905 | – | (1,343) |

| | Note | One year or less US\$'000 | One to five years US\$'000 | Over five years US\$'000 | Total US\$'000 |
|--|------|---------------------------------|----------------------------------|--------------------------------|-------------------|
| Company | | | | | |
| 2020 | | | | | |
| Financial assets | | | | | |
| Trade receivables | 18 | 3,311 | – | – | 3,311 |
| Advances, deposits and other receivables | 17 | 5,449 | 35,050 | – | 40,499 |
| Cash and bank balances | 19 | 41 | – | – | 41 |
| Total undiscounted financial assets | | 8,801 | 35,050 | – | 43,851 |
| Financial liabilities | | | | | |
| Trade payables | 21 | 1,760 | – | – | 1,760 |
| Accruals and other payables | 22 | 490 | – | – | 490 |
| Amount due to shareholders | 24 | – | 11,981 | – | 11,981 |
| Loans and borrowings | 20 | 20,087 | – | – | 20,087 |
| Total undiscounted financial liabilities | | 22,337 | 11,981 | – | 34,318 |
| Total net undiscounted financial (liabilities)/assets | | (13,536) | 23,069 | – | 9,533 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management objectives and policies (continued)

(c) *Interest rate risk*

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if LIBOR interest rates had been 50 (2020: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax (2020: loss before tax) would have been US\$264,000 lower/higher (2020: US\$267,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

35. Capital management

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

The Group is in compliance with the capital requirements imposed by the bankers in respect of the banking facilities granted for the financial years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and bank balances (in aggregate). Capital refers to equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Capital management (continued)

| | Note | Group | |
|--|------|------------------|------------------|
| | | 2021 US\$'000 | 2020 US\$'000 |
| Trade payables | 21 | 8,972 | 13,022 |
| Accruals and other payables | 22 | 5,574 | 5,810 |
| Other non-financial liabilities | 23 | 130 | 349 |
| Amount due to shareholders | 24 | 14,059 | 12,321 |
| Lease liabilities | 12 | – | 72 |
| Loans and borrowings | 20 | 53,930 | 58,703 |
| Less: Cash and bank balances (in aggregate) | 19 | (610) | (980) |
| Net debt | | 82,055 | 89,297 |
| Equity attributable to owners of the Company | | 69,002 | 81,074 |
| Capital and net debt | | 151,057 | 170,371 |
| Gearing ratio | | 54.3% | 52.4% |

36. Segment information

For management purposes, the Group is organised into business units based on services provided, and has two reportable operating segments as follows:

Marine logistics services

The marine logistics services segment provides vessel chartering and chandlery services to external customers.

Ship repair, fabrication and other marine services

The ship repair, fabrication and other marine services segment provides repairs and maintenance of marine equipment, engines, heavy machines and related marine services.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) are managed on a group basis and are allocated to operating segments where appropriate.

The chief operating decision maker reviews the results of the segment using segment gross profit. Segment assets, liabilities and other expenses are not disclosed as they are not regularly provided to the chief operating decision maker.

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For the financial year ended 31 December 2021

36. Segment information (continued)

| | Marine logistics services | | Ship repair, fabrication and other marine services | | Adjustments/ Eliminations | | Per consolidated financial statements | |
|-------------------------------------|---------------------------|----------|--|----------|---------------------------|----------|---------------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | | | | |
| External customers | 41,912 | 62,915 | 1,902 | 1,479 | - | - | 43,814 | 64,394 |
| Results: | | | | | | | | |
| Segment gross profit | 4,598 | 13,062 | 1,313 | 938 | 60 | 65 | 5,971 | 14,065 |
| Finance income | - | - | - | - | - | 1 | - | 1 |
| Other income | 390 | 535 | - | - | - | - | 390 | 535 |
| Marketing and distribution expenses | - | (7) | (8) | (2) | - | - | (8) | (9) |
| Administrative expenses | (4,885) | (6,709) | (800) | (754) | (400) | (301) | (6,085) | (7,764) |
| Other expenses | (1,052) | 5,780 | - | - | - | (5,780) | (1,052) | - |
| Impairment on vessels | (8,028) | (5,780) | - | - | - | - | (8,028) | (5,780) |
| Finance costs | (4,100) | (4,851) | - | - | - | - | (4,100) | (4,851) |
| Withholding tax | (336) | (1,650) | - | - | - | - | (336) | (1,650) |
| Segment (loss)/profit before tax | (13,413) | 380 | 505 | 182 | (340) | (6,015) | (13,248) | (5,453) |
| Income tax expense | - | - | - | - | - | - | - | - |
| (Loss)/profit for the year | (13,413) | 380 | 505 | 182 | (340) | (6,015) | (13,248) | (5,453) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. Segment information (continued)

| | |
|-------|---|
| Notes | Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements |
| A | The adjustment pertains to unallocated interest income. |
| B | The adjustment pertains to unallocated corporate expenses. |
| C | The adjustment pertains to impairment loss on receivables from subsidiaries held by the Company. |
| D | The adjustment pertains to impairment loss on receivables from subsidiaries held by the Company. |

| | Group | |
|--------------------------------|--------------|--------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Unallocated corporate expenses | (400) | (301) |
| Unallocated interest income | – | 1 |
| | <u>(400)</u> | <u>(300)</u> |

Geographical information

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

| | Group | |
|----------------------|---------------|---------------|
| | 2021 | 2020 |
| | US\$'000 | US\$'000 |
| Saudi Arabia | 18,744 | 42,082 |
| Qatar | 10,544 | 8,560 |
| Oman | 4,072 | 4,488 |
| Singapore | 2,990 | 3,045 |
| United Arab Emirates | 4,185 | 5,749 |
| Sudan | 1,510 | – |
| Malta | 1,243 | 240 |
| Others | 526 | 230 |
| Total Revenue | <u>43,814</u> | <u>64,394</u> |

The Group's non-current assets are located in the UAE.

Information about major customers

Revenue from two major customers amounted to approximately US\$29,187,000 (2020: US\$50,673,000), from the Marine logistics services segment. Revenue from two major customers amounted to approximately US\$426,000 (2020: US\$690,000), from the ship repair, fabrication and other marine services segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. Events occurring after the reporting period

The Group had on 4 March 2022 secured a contract for its liftboat, i.e. Delta-22, for a firm duration of 730 operational days with 2 semi-annual extensions of up to 12 months for a contract value of US\$11.7 million with call option granted exercisable after 2 years for the sale at an exercise price of US\$3.25 million. For more details, please refer to the Company's announcement on SGXNet on 4 March 2022.

The Group had on 10 June 2022 entered into the Sale & Purchase Agreement with an unrelated third party for the sale of AOS Honour for US\$1.0 million as Consideration which is pending completion. For more details, please see the Company's announcement on SGXNet dated 10 June 2022.

The Group had received and subsequently on 10 June 2022 accepted a revised binding Facilities Letter from the Primary Bank mainly for the provision of a new 30-month term loan of US\$9.0 million repayable from July 2022 to December 2024 primarily for the repayment of certain existing loans of approximately US\$5.7 million to the Relevant Bank and the remaining proceeds for working capital purposes. Following the proposed repayment to the Relevant Bank from the refinancing as well as cash flow from operations, the remaining debt with the Relevant Bank is expected to be US\$9.0 million as at 30 June 2022 to be re-profiled for full repayment by the original maturity in April 2023. The Relevant Bank had on 13 June 2022 communicated to the Group that it is in-principle agreeable to the loan re-profiling subject to loan documentation. The Group is in the process of finalising the loan documentation and administrative processes on the Loan Refinancing and the Loan Re-profiling with the Primary Bank and Relevant Bank respectively which are expected to be completed by 31 August 2022. For more details, please see the Company's announcement on SGXNet dated 13 June 2022.

38. Authorisation of financial statements for issue

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

STATISTICS OF SHAREHOLDINGS

As at 23 May 2022

| | | |
|--|---|-----------------------------|
| NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS) | : | 523,512,144 |
| CLASS OF SHARES | : | ORDINARY SHARES |
| VOTING RIGHTS (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS) | : | ONE VOTE PER ORDINARY SHARE |

The Company does not have any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 100 - 1,000 | 88 | 29.33 | 50,177 | 0.01 |
| 1,001 - 10,000 | 77 | 25.67 | 304,899 | 0.06 |
| 10,001 - 1,000,000 | 121 | 40.33 | 18,056,100 | 3.45 |
| 1,000,001 and above | 14 | 4.67 | 505,100,968 | 96.48 |
| Total | 300 | 100.00 | 523,512,144 | 100.00 |

SUBSTANTIAL SHAREHOLDERS' INFORMATION

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | | Deemed Interest | |
|---|-----------------|-------|-----------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Saeed Investment Pte. Ltd. ⁽¹⁾ | – | – | 262,918,394 | 50.22 |
| Kum Soh Har, Michael ⁽²⁾ | – | – | 262,918,394 | 50.22 |
| Ong Bee Yong, Lynda ⁽²⁾ | – | – | 262,918,394 | 50.22 |
| Wong Siew Cheong ⁽³⁾ | 166,599,000 | 31.82 | 33,375,000 | 6.38 |
| Chong Mee Chin ⁽³⁾ | – | – | 33,375,000 | 6.38 |

Notes:

- (1) Saeed Investment Pte. Ltd. is deemed to be interested in 262,918,394 shares in the capital of the Company through HSBC (Singapore) Nominees Pte Ltd.
- (2) Mr Kum Soh Har, Michael and Madam Ong Bee Yong, Lynda are deemed interested in 262,918,394 shares in the capital of the Company which are held by Saeed Investment Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 of Singapore.
- (3) Mr Wong Siew Cheong is deemed to be interested in 33,375,000 shares in the capital of the Company which are held by his spouse, Madam Chong Mee Chin. Madam Chong Mee Chin is deemed to be interested in the 33,375,000 shares held through DBS Nominees (Private) Limited.

STATISTICS OF SHAREHOLDINGS

As at 23 May 2022

TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | Number of Shares | % |
|-----|------------------------------------|--------------------|--------------|
| 1. | HSBC (SINGAPORE) NOMINEES PTE LTD | 262,918,394 | 50.22 |
| 2. | WONG SIEW CHEONG | 166,599,000 | 31.82 |
| 3. | DBS NOMINEES (PRIVATE) LIMITED | 35,853,200 | 6.85 |
| 4. | UOB KAY HIAN PRIVATE LIMITED | 11,319,600 | 2.16 |
| 5. | WONG SIEW CHONG | 8,000,000 | 1.53 |
| 6. | MOHAMMAD REZA SADEGHI | 6,750,000 | 1.29 |
| 7. | THONG KWOK KHEONG | 3,300,000 | 0.63 |
| 8. | KUAH BOON WEE | 2,000,000 | 0.38 |
| 9. | WONG SEK PUN | 1,699,000 | 0.32 |
| 10. | MAYBANK KIM ENG SECURITIES PTE LTD | 1,633,600 | 0.31 |
| 11. | SOH SAI KIANG | 1,484,374 | 0.28 |
| 12. | PHILLIP SECURITIES PTE LTD | 1,273,400 | 0.24 |
| 13. | YAO HSIAO TUNG | 1,205,000 | 0.23 |
| 14. | LEE TAT KWONG (LI DAGUANG) | 1,065,400 | 0.20 |
| 15. | NEO KOK CHING | 910,400 | 0.17 |
| 16. | DB NOMINEES (SINGAPORE) PTE LTD | 815,000 | 0.16 |
| 17. | TAN BAN SER | 785,000 | 0.15 |
| 18. | YAP HOON HONG | 784,000 | 0.15 |
| 19. | CHONG SER PHENG | 780,000 | 0.15 |
| 20. | ANG HOCK CHWEI | 758,000 | 0.14 |
| | TOTAL | 509,933,368 | 97.38 |

RULE 723 OF THE CATALIST RULES – FREE FLOAT

Based on information available and to the best knowledge of the Company, as at 23 May 2022, approximately 10.05% of the ordinary shares (excluding treasury shares and subsidiary holdings) of the Company are held by the public. The Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Atlantic Navigation Holdings (Singapore) Limited (the “Company”) will be held on Wednesday, 29 June 2022 at 1:00 p.m. via electronic means, for the following purposes:-

ORDINARY BUSINESSES

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Wong Siew Cheong as a Director of the Company, who is retiring in accordance with Regulation 89 of the Company’s Constitution.
[See Explanatory Note (i)] **(Resolution 2)**
3. To re-elect Mr Gwee Lian Kheng as a Director of the Company, who is retiring in accordance with Regulation 89 of the Company’s Constitution.
[See Explanatory Note (ii)] **(Resolution 3)**
4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESSES

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

6. To approve the payment of Directors’ fees of S\$146,000 for the year ended 31 December 2021. (2020: S\$146,000)
[See Explanatory Note (iii)] **(Resolution 5)**
7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Act”) and Rule 806 of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual - Section B: Rules of Catalist (the “Catalist Rules”)**
“THAT pursuant to Section 161 of the Act and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:-
 - I (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that may or would require shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

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

provided always that:-

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to the shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:-
- (i) new shares arising from the conversion or exercise of any convertible securities;
- (ii) (where applicable) new shares arising from exercising share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (iii) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with sub-paragraph (b)(i) or sub-paragraph (b)(ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note (iv)]

(Resolution 6)

8. Authority to issue shares under the Atlantic 2015 Employees Share Option Scheme

“THAT pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Atlantic 2015 Employees Share Option Scheme (the “**Atlantic 2015 ESOS**”), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP (as defined herein) and Atlantic 2015 RSP (as defined herein) shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note (v)]

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to issue shares under the Atlantic 2015 Performance Share Plan

“THAT pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Atlantic 2015 Performance Share Plan (the “**Atlantic 2015 PSP**”), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Atlantic 2015 PSP, Atlantic 2015 ESOS and Atlantic 2015 RSP (as defined herein) shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note (vi)]

(Resolution 8)

10. Authority to issue shares under the Atlantic 2015 Restricted Share Plan

“THAT pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Atlantic 2015 Restricted Share Plan (the “**Atlantic 2015 RSP**”), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Atlantic 2015 RSP, Atlantic 2015 ESOS and Atlantic 2015 PSP shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note (vii)]

(Resolution 9)

BY ORDER OF THE BOARD

SIAU KUEI LIAN
Company Secretary

Singapore, 14 June 2022

Explanatory Notes:-

- (i) Mr Wong Siew Cheong, if re-elected as a Director of the Company, will remain as the Executive Director and Chief Executive Officer of the Company, and will be considered non-independent for the purpose of Rule 704(7) of the Catalist Rules. Please refer to Corporate Governance Report on page 23 to page 25 in the Annual Report for the detailed information as required pursuant to Rule 720(5) of the Catalist Rules.
- (ii) Mr Gwee Lian Kheng, if re-elected as a Director of the Company, will remain as the Lead Independent Director of the Company, the Chairman of the Audit Committee and the Nominating Committee, and a member of the Remuneration Committee, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Gwee Lian Kheng and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Please refer to Corporate Governance Report on page 23 to page 25 in the Annual Report for the detailed information as required pursuant to Rule 720(5) of the Catalist Rules.
- (iii) Pursuant to the Constitution of the Company, Directors' fees have to be approved by shareholders in a general meeting under Special Business.

NOTICE OF ANNUAL GENERAL MEETING

- (iv) The ordinary resolution 6 set out in item 7 above, if passed, will empower the Directors of the Company from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro-rata* basis to existing shareholders of the Company.
- (v) The ordinary resolution 7 set out in item 8 above, if passed, will empower the Directors of the Company, from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Atlantic 2015 ESOS provided that the aggregate additional shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP do not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (vi) The ordinary resolution 8 set out in item 9 above, if passed, will empower the Directors of the Company, from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Atlantic 2015 PSP provided that the aggregate additional shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP do not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (vii) The ordinary resolution 9 set out in item 10 above, if passed, will empower the Directors of the Company, from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Atlantic 2015 RSP provided that the aggregate additional shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP do not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:-

1. The Annual General Meeting of the Company (the “**Meeting**”) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Documents relating to the business of the Meeting, which comprise the Company’s annual report for the financial year ended 31 December 2021 as well as this Notice and the accompanying proxy form for the Meeting will be sent to Shareholders solely by electronic means via publication on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company’s website at the URL <http://www.atlanticnavigation.com>. Printed copies of these documents will NOT be sent to Shareholders.
2. To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the Meeting in person. Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which, the appointment of Chairman of the Meeting as proxy for that Resolution will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted (a) by post to the Company’s share registrar office, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or (b) by email to AGM.TeamE@boardroomlimited.com, in either case, by 1:00 p.m. on 27 June 2022, being not less than 48 hours before the time appointed for holding the Meeting.
5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

NOTICE OF ANNUAL GENERAL MEETING

6. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme (“**CPF Investors**”) or the Supplementary Retirement Scheme (“**SRS Investors**”), and who wish to appoint the Chairman of the Meeting as their proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the Meeting (i.e. by 5:00 p.m. on 17 June 2022).

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Annual General Meeting of the Company via a “live” audio-visual webcast or a “live” audio-only stream (the “**Live AGM Webcast**”), or (c) submitting any question prior to the Annual General Meeting of the Company, in accordance with the procedures set out in a separate announcement dated 14 June 2022 entitled “Important Notice to Shareholders regarding the Company’s Annual General Meeting to be held on 29 June 2022”, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the following purposes:

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

The member’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

*This notice has been reviewed by the Company’s sponsor (“**Sponsor**”), SAC Capital Private Limited. This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.*

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)
(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting of the Company (the "Meeting") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting at the Meeting.
3. Alternative arrangements relating to attendance at the Meeting via electronic means, submission of questions in advance of the Meeting, addressing of substantial and relevant questions before or at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Notice of Annual General Meeting dated 14 June 2022.
4. CPF Investors and SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their CPF Agent Banks and SRS Operators, respectively, by 5:00 p.m. on 17 June 2022.

I/We*, _____ (Name) _____ (NRIC/Passport No./Company Registration No.)

of _____ (Address)

being a member/members* of Atlantic Navigation Holdings (Singapore) Limited (the "Company"), hereby appoint the Chairman of the Annual General Meeting of the Company (the "Meeting") as my/our* proxy to attend and vote for me/us* on my/our* behalf at the Meeting to be held on Wednesday, 29 June 2022 at 1:00 p.m. via electronic means, and at any adjournment thereof.

I/We* direct the Chairman of the Meeting, being my/our* proxy, to vote for or against, or to abstain from voting on the Resolutions to be proposed at the Meeting as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of Chairman of the Meeting as proxy for that Resolution will be treated as invalid.**

| No. | Resolutions relating to: | Number of votes For** | Number of votes Against** | Number of votes Abstain** |
|----------------------------|---|-----------------------|---------------------------|---------------------------|
| Ordinary Businesses | | | | |
| 1 | Adoption of the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021 together with the Auditors' Report thereon | | | |
| 2 | Re-election of Mr Wong Siew Cheong as a Director of the Company | | | |
| 3 | Re-election of Mr Gwee Lian Kheng as a Director of the Company | | | |
| 4 | Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company | | | |
| Special Businesses | | | | |
| 5 | Approval of Directors' fees amounting to S\$146,000 for the financial year ended 31 December 2021 (2020: S\$146,000) | | | |
| 6 | Authority to issue and allot new shares | | | |
| 7 | Authority to issue shares under the Atlantic 2015 Employees Share Option Scheme | | | |
| 8 | Authority to issue shares under the Atlantic 2015 Performance Share Plan | | | |
| 9 | Authority to issue shares under the Atlantic 2015 Restricted Share Plan | | | |

*Delete where inapplicable.

**If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2022

Total number of shares held

Signature of Shareholder(s)
and/or Common Seal of Corporate Shareholder



Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as a proxy shall be deemed to relate to all the Shares held by you.
2. **To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the Meeting in person. Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.** A member of the Company (other than a Relevant Intermediary*) entitled to participate and vote at a meeting of the Company must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting. Specific instructions must be given as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted (a) by post to the Company's share registrar office, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or (b) by email to AGM.TeamE@boardroomlimited.com, in either case, by 1:00 p.m. on 27 June 2022 being not less than 48 hours before the time appointed for holding the Meeting.
5. The instrument appointing the Chairman of the Meeting as the proxy must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme ("**CPF Investors**") or the Supplementary Retirement Scheme ("**SRS Investors**"), and who wish to appoint the Chairman of the Meeting as a proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the Meeting (i.e. by 5:00 p.m. on 17 June 2022).

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as a proxy, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 June 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kum Soh Har, Michael
Non-Executive Non-Independent Chairman

Kum Wan Mei, Gwendolyn (Gan Wanmei)
Alternate Director to Kum Soh Har, Michael

Wong Siew Cheong, Bill
Executive Director and CEO

Gwee Lian Kheng
Lead Independent Director

Wong Chee Meng, Lawrence
Independent Director

Sam Chee Leong
Independent Director

COMPANY SECRETARY

Siau Kuei Lian

REGISTERED OFFICE

30 Cecil Street #19-08 Prudential Tower
Singapore 049712
Tel: +65 6812 1611
Fax +65 6812 1601

BUSINESS OFFICE AND PRINCIPAL PLACE OF BUSINESS

Atlantic Maritime Group FZE

Plot No. HD-02
P.O. Box 6653
Hamriyah Free Zone
Sharjah
United Arab Emirates
Tel: +971 6 5263577
Fax: +971 6 5260292

Atlantic Ship Management LLC

P.O. Box 37288 Abu Dhabi
Unit 205, Al Salam Street
Al Salam HQ Building
Abu Dhabi
United Arab Emirates
Tel: +971 2 4453838
Fax: +971 2 4453837

AUDIT COMMITTEE

Gwee Lian Kheng (*Chairman*)
Wong Chee Meng, Lawrence
Sam Chee Leong
Kum Soh Har, Michael

NOMINATING COMMITTEE

Gwee Lian Kheng (*Chairman*)
Wong Chee Meng, Lawrence
Sam Chee Leong

RENUMERATION COMMITTEE

Wong Chee Meng, Lawrence (*Chairman*)
Gwee Lian Kheng
Kum Soh Har, Michael

ATLANTIC EMPLOYEE NEW SHARE SCHEME COMMITTEE

Wong Chee Meng, Lawrence (*Chairman*)
Gwee Lian Kheng
Kum Soh Har, Michael

KEY EXECUTIVES

Hsu Chong Pin
Chief Financial Officer

Mohammad Reza Sadeghi
Project Director

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue #14-07 Keppel Bay Tower
Singapore 098632

AUDITOR

Ernst & Young LLP

One Raffles Quay, North Tower, Level 18
Singapore 048583
Partner-in-Charge: Wong Yew Chung
(*Date of Appointment: Since financial year ended 31 December 2018*)

PRINCIPAL BANKERS

Malayan Banking Berhad
National Bank Of Fujairah PJSC
United Overseas Bank Limited

SPONSOR

SAC Capital Private Limited

1 Robinson Road #21-00 AIA Tower
Singapore 048542



Atlantic Navigation Holdings (Singapore) Limited

Unique Entity Number (UEN): 200411055E
30 Cecil Street, #19-08 Prudential Tower, Singapore 049712
Tel: +65 6812 1611 Fax: +65 6812 1601