TURNING THE TIDE

WITH RESILIENCE

Pacific Radiance

ANNUAL REPORT

2022

CONTENTS

CORPORATE *PROFILE*

Pacific Radiance Ltd. ("PRL" or the "Company") is an operator and manager of offshore vessels as well as a provider of offshore support services. The Company and its subsidiaries (collectively, the "Group") strive to be relevant to clients' needs, to be reliable in service delivery and execution, and to be responsive to industry trends.

Over the years, the Group has established a strong foothold across Asia as well as across emerging oil and gas markets in Middle East, Africa and Latin America. Helmed by a highly experienced management team and well supported by a network of reliable partners, the Group enjoys access to many markets protected by cabotage restrictions.

Established in 2006, PRL is listed on the mainboard of the Singapore Exchange since 2013 and is a well-recognised brand in the sector today. Strategically located in the maritime hub of Singapore, the Group operates a 33,000 square metres state-of-the-art shipyard with over 180 metres of water frontage, featuring two 6,000 DWT dry docks as well as facilities for equipment fabrication, testing and maintenance.

REINFORCING STRENGTH

CHAIRMAN'S STATEMENT

DEAR FELLOW SHAREHOLDERS,

The global economy began the year 2022 in fundamentally good form. Then, came Russia- Ukraine war. Humanitarian issues were profound, and so were the effects on the global economy. Major economic and geopolitical forces impacted the global economy on many fronts. Prices spiked for gold, crude oil, and natural gas and stock markets shuddered. Inflation soared to multidecade highs, prompting rapid monetary policy tightening and squeezing household budgets, just as COVID-19-pandemic-related fiscal support from governments waned. Energy markets took center stage, emphasising the urgent need for energy security, decarbonisation and the opportunities in clean energy.

Despite these volatile conditions, the resurgence of energy prices has brought about positive momentum for the offshore support vessel ("OSV") industry in FY2022. Globally, rates and utilisation have risen, and fewer OSVs remained in layup. The global utilisation of OSVs saw an increase to around 70% in the year. After more than seven years of depressed conditions characterised by many vessels chasing few jobs at dismal rates, the mood of the market is now considerably more upbeat.

We finished FY2022 on a more optimistic note. The Group recorded a revenue from continuing operations of US$29.9 million, and gross profit of US$13.8 million. The Group's adjusted EBITDA excluding asset impairment, non-recurring restructuring expenses and other non-recurring expenses was positive at US$5.2 million.

TURNING THE TIDE WITH RESILIENCE

FY2022 was also a milestone year for the Group in its restructuring journey. With the restructuring behind us, our immediate strategic focus will center around executing a seamless transition to a full-fledged ship management business. We remain focused on extracting the maximum return from our core expertise, riding on the recovery in oil and gas sector, whilst continuing to diversify and grow our presence as a ship manager and offshore wind sector.

During the year, the Group rolled out a marine enterprise resource planning system to streamline the end-to-end workflow for all core functions to support the Group's plan to solidify its foothold in the ship management space. The new system creates a focused and coordinated workflow across the entire value chain that spans the chartering, crewing, operations, technical, procurement, finance, as well as the quality, health, safety and environment departments. With greater process and cost efficiencies, the Group will stand in good stead to scale up its ship management activities. We will continue to refine our integrated service model with the goal of further embedding our services with each of our clients.

The asset-light integrated service model allows us to continue leveraging on our skills and expertise developed over the past decades working on our vessels and shipyard businesses to deliver integrated solutions for our clients across our key target markets.

NEAR-TERM PRIORITY IN A TUMULTUOUS WORLD

Whilst the impact of the pandemic has subsided, economists are now warning of a world teetering on the edge of the global recession and risks of economic and trade fragmentation due to rising geopolitical contestation.

The ongoing troubles across United States, China and Europe continue to weigh down market sentiment. Overall risks are elevated as the world continue to grapple with the impact of the Russia-Ukraine war and the slowdown in economic activity as central banks ramp up efforts to quell inflation through tighter monetary policies. With these known uncertainties on our risk radar, it is without a doubt that we now navigate in a significantly more treacherous global environment.

That said, not all are gloom and doom. For ship managers, the recent positive uptick in activity in the OSV industry comes as a major reprieve for those who have been fortunate enough to survive the crisis. The near-term priority for us would be to remain disciplined on capital and operational fronts as we work with OSV owners to reactivate and manage their vessels, as well as hire and train new crew in a tight labour market.

LIFTING THE GREEN AMBITION

The extreme climate events that are unfolding before us have heightened the need for an urgent transformation of the energy sector.

Although it is expected that oil and gas will remain a fundamental component of the Group's business strategy in the near term, the Group has set its sight on diversifying its earnings base into the green and renewable energy sector that has seen exponential growth in the recent years.

In this regard, the Group is well-placed to tap on new growth opportunities to service this sector with its highly transferable core expertise to the offshore wind industry. During FY2022, the Group made inroads into the offshore wind industry with a joint venture investment in an offshore wind entity. Leveraging on this platform the Group hopes to capture more earnings-accretive projects in the offshore wind space and grow this segment as part of its longer-term strategy.

CORPORATE GOVERNANCE

The Group's corporate governance practices are guided by the revised Code of Corporate Governance that was issued by the regulators in August 2018. We have adopted key aspects of the Code and these practices are detailed in the Corporate Governance section of this Annual Report.

SUSTAINABILITY REPORTING

As a business, the Group is fully committed towards sustainable corporate practices. Our sustainability efforts are evident on various fronts, including incorporating environmental causes into our operations, integrating our staff needs into our planning, and contributing towards our local communities. In November 2022, the audit committee was renamed as the Audit and Sustainability Committee to better reflect the committee's critical role and responsibility in overseeing sustainability strategies and issues.

This year marks the first year of publication of the the Group's sustainability report using the SGX ESGenome disclosure platform. The Group welcomes the initiative by MAS and SGX to simplify, standardise and improve corporate disclosures, as well as enhance stakeholder access and use of consistent and comparable ESG data. The Group has published its FY2022 Sustainability Report with reference to the Global Reporting Initiative (GRI) and complies with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations as well as the sustainability reporting guidelines of SGX. The report is published on SGXNet and the Company website.

IN APPRECIATION

On behalf of the Board, I would like to extend my heartfelt appreciation to our staff and management. I am immensely proud of our company, and our people who kept everything running over the last few years despite the harshest of market conditions. As we lay the path towards building our brand as a ship manager, I would like to thank our customers, shareholders and business partners, both past and present, for the patience and trust given to the Group. Whilst the current environment presents a different set of risks and opportunities, we are confident that the resilience that we have built up over the past years will allow the Group to overcome any challenges ahead.

In this regard, as we capture opportunities in the upward momentum of the industry, we must continue to implement an appropriate level of control measures, protocols and procedures to safely continue our operations and at the same time safeguard the health and wellbeing of our people and the wider community.

"With the restructuring behind us, our immediate strategic focus will centre around executing a seamless transition to a full-fledged ship management business."

BOARD OF DIRECTORS & EXECUTIVE OFFICERS

MR. PANG YOKE MIN
Executive Chairman

Mr. Pang Yoke Min was named the Group's Executive Chairman in January 2013, after having served as its principal adviser in 2012. Mr. Pang was also the Group's Non-Executive Director from January 2007 to December 2011 and was last re-elected as a Director of the Company on 29 April 2021. He transformed the Group into a major provider of offshore and marine services and currently retains responsibility for the overall strategic direction of the Group.

A veteran of the offshore oil and gas industry with more than 30 years of experience, Mr. Pang co-founded Jaya Holdings Limited in 1981 and was its managing director until 2006.

Mr. Pang was formerly a non-independent and non-executive director of GYP Properties Limited (formerly known as Global Yellow Pages Limited) which was listed on Singapore Exchange. He was a member of the nominations, audit and remuneration committees at GYP Properties Limited.

Mr. Pang graduated with a Diploma in Business Administration from the Institute of Business Administration in Australia.

MR. PANG WEI MENG
Executive Director
Chief Commercial Officer

Mr. Pang Wei Meng was appointed as one of the Group's Executive Directors in November 2006 and was last re-elected as a Director of the Company on 29 April 2021. He was appointed the Acting Chief Commercial Officer on 1 January 2020 and heads the Group's Offshore Support Services and Subsea business divisions as well as oversaw their day-to-day operations. Further, he has the primary responsibility of dealing with new clients for the chartering of vessels. He was re-designated the Group's Chief Commercial Officer on 1 April 2023 and is responsible for chartering, ship management and operations of the Group's Offshore Support Services.

Mr Pang played a key role in the Group's formative years, during which his responsibilities included marketing, business development and finance.

Mr. Pang graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic and a Bachelor of Commerce in Finance and Accounting from the University of New South Wales, Australia.

MR. LAU BOON HWEE
Executive Director
Chief Technical and Shipyard Officer

Mr. Lau Boon Hwee was appointed as one of the Group's Executive Directors on 28 October 2013 and was last re-elected as a Director of the Company on 25 June 2020. He is responsible for the Group's newbuild projects and oversees the technical and service aspects of the Group's operations. He was instrumental in the development and construction of the Group's new shipyard that successfully commenced operations in August 2016.

Mr. Lau is a veteran in the offshore marine industry with more than 30 years of experience. Prior to joining the Group, he worked in various Singapore shipyards, including Asian Shipbuilding Industries Pte. Ltd. and Jaya Shipbuilding & Engineering Pte. Ltd., where he gained experience in shipbuilding and ship repairing operations.

Mr. Lau graduated with a Diploma in Offshore and Shipbuilding from Ngee Ann Polytechnic.

MR. NG TIONG GEE
Lead Independent Director

Mr. Ng Tiong Gee was appointed as the Group's Lead Independent Director on 28 October 2013 and was last re-elected as a Director of the Company on 28 April 2022. He has substantial experience in the information technology sector and strategic human resource management.

Mr. Ng was the senior vice president for innovation and technology at Resorts World Sentosa. He was also at various times during his tenure there responsible for the Engineering and Estate Management divisions of Resorts World Sentosa. He held various key positions at Digital Equipment Singapore (now part of Hewlett-Packard), Siemens Microelectronics Asia Pacific Pte. Ltd. (now known as Infineon Technologies Asia Pacific), Gateway Incorporated, STATS ChipPAC and United Test and Assembly Center Ltd., and his roles included, among others, director of information systems and services, chief information officer and chief human resource officer.

Mr. Ng was formerly a non-executive and independent director of GYP Properties Limited (formerly known as Global Yellow Pages Limited) and the chairman of its remuneration committee as well as a member of its audit and nominations committees. At present, Mr Ng is an independent director of Y Ventures Ltd. and the chairman of its nomination committee as well a member of its remuneration and audit committees. He also serves as the chairman of Yellow Pages Pte. Ltd., an online directory and digital marketing company, the director of Ren Ci Hospital and the president of Tech Talent Assembly, an NTUC-affiliated association.

Mr. Ng graduated with a Bachelor of Mechanical Engineering from the National University of Singapore and holds a Master of Business Administration from Nanyang Technological University of Singapore. He has also attended the Advanced Management Program in Harvard Business School.

MR. YONG YIN MIN
Independent Director

Mr. Yong Yin Min was appointed a Non-Executive Director in 2006 and was re-designated as an Independent Director in 2017. He was last re-elected as a Director of the Company on 25 June 2020. A veteran of the financial sector, he brings with him invaluable expertise in private, corporate and investment banking.

He has held senior positions at Chase Manhattan Bank, NZI Bank, Standard Chartered Bank, Keppel Bank, GE Capital and KBC Bank. At various points in his career, he headed teams in private and corporate banking, and served as a regional operations manager and a general manager for commercial and investment banking.

He graduated with a Bachelor of Science from the University of Singapore. He later earned a Master in Business Administration from the University of Toronto in Canada and a Master in Financial Engineering from the National University of Singapore.

MR. GOH CHONG THENG
Independent Director

Mr. Goh Chong Theng was appointed as the Group's Independent Director on 28 October 2013 and was last re-elected as a Director of the Company on 28 April 2022. He is currently the corporate finance director of a large Indonesian group. Prior to this, he was the head of banking of RGE Pte. Ltd. from March 2012 to July 2013 and the chief financial officer of TT International Ltd. (a company listed on SGX) from 2010 to 2012.

Mr. Goh has garnered more than 30 years of experience in the banking and finance sector, mostly at international banks such as Citigroup, Standard Chartered Bank, ABN AMRO, OCBC Bank and Rabobank International, where he held key appointments such as senior vice president and head of wholesale corporate banking and also as general manager for Singapore branch and the region, Mr. Goh was the lead independent director and the chairman of the risk and audit committee of Winmark Investment Holdings Limited (formerly known as Serrano Limited), which was listed on the Catalist Board of Singapore Exchange. He is currently an independent director of IFS Asset Management Private Limited, a non-listed company under IFS Capital Limited Group, which is listed on the Singapore Exchange.

Mr. Goh graduated with a Bachelor of Computer Science from the University of Windsor, Canada and a Master in Business Administration (Finance and Accounting) from McGill University, Canada. He has attended leadership and management development programs at INSEAD in Paris, Manchester Business School and also Ashridge College in London.

BOARD OF DIRECTORS & EXECUTIVE OFFICERS

MR. PANG WEI KUAN, JAMES
Chief Executive Officer

Mr. Pang Wei Kuan, James joined the Group in July 2011 and was appointed the Acting Chief Executive Officer on 1 January 2020. He was re-designated as Chief Executive Officer on 1 April 2023. Mr. Pang is responsible for developing and implementing the Group's strategy and vision and providing overall leadership and direction to the Group. He oversees the commercial and business development activities as well as the digitalisation strategy of the Group. He is driving the Group's transformation to a best-in-class ship manager and an established player in new business sectors such as offshore wind.

Prior to this, Mr Pang was responsible for building up and strengthening the Group's business development activities Having established the Group's ventures into foreign cabotage markets, Mr. Pang continues to oversee these overseas joint ventures in Indonesia, Latin America and the Middle East. In recent years, Mr. Pang led the restructuring of the Group and negotiations with potential investors and other stakeholders.

Mr. Pang graduated with a Bachelor of Arts, Major in Economics (summa cum laude) and a Bachelor of Science in Business Administration, Major in Finance (summa cum laude) from Boston University in the United States of America.

MS. CHIA IRIS
Chief Financial Officer

Ms. Chia Iris joined Pacific Radiance in 2017 as the Chief Financial Officer. She oversees the Group's overall financial, accounting, taxation, corporate finance, treasury, legal and IT matters, and ensures compliance with financial reporting and other regulatory requirements.

Ms. Chia possesses more than 20 years of banking and corporate finance experience, mostly at DBS Bank, Standard Chartered Bank, Natixis and KPMG Corporate Finance. During her stint in banking, Ms. Chia completed numerous financing and capital markets transactions and provided advisory services across multiple industry sectors, including transportation (shipping and aviation), telecommunications, media and technology, real estate, retail, food and beverage, industrial, trading and automotive sectors. She also oversaw teams across business segments for local corporates, large conglomerates and multi-national corporates.

Ms. Chia holds a Master of Science (Applied Finance) from the National University of Singapore and a Bachelor of Accountancy from the Nanyang Technological University. She has also completed the Chartered Financial Analyst Program.

CORPORATE *INFORMATION*

BOARD OF DIRECTORS

Mr. Pang Yoke Min
Executive Chairman

Mr. Pang Wei Meng
Executive Director

Mr. Lau Boon Hwee
Executive Director

Mr. Ng Tiong Gee
Lead Independent Director

Mr. Goh Chong Theng
Independent Director

Mr. Yong Yin Min
Independent Director

AUDIT AND SUSTAINABILITY COMMITTEE

Mr. Goh Chong Theng, Chairman
Mr. Yong Yin Min
Mr. Ng Tiong Gee

REMUNERATION COMMITTEE

Mr. Yong Yin Min, Chairman
Mr. Ng Tiong Gee
Mr. Goh Chong Theng

NOMINATING COMMITTEE

Mr. Ng Tiong Gee, Chairman
Mr. Yong Yin Min
Mr. Pang Wei Meng

JOINT COMPANY SECRETARIES

Ms. Lin Moi Heyang, ACIS
Ms. Low Mei Wan, ACIS

REGISTERED OFFICE

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AUDITORS AND REPORTING AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-Charge:
Mr. Alvin Phua
Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants
Appointed since financial year ended 2021

PRINCIPAL BANKER

Citibank Singapore Ltd.
8 Marina View
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FINANCIAL & OPERATIONS REVIEW

Global economy continued to grapple with steep challenges in FY2022, shaped by the effects of the Russian-Ukraine war and a cost-of-living challenges caused by persistent and broadening inflation pressures, and the slowdown in China. In spite of geopolitical turbulence, inflationary pressures, and market volatility, the Group delivered a performance within expectations in FY2022.

FINANCIAL REVIEW

Revenue and Profitability

The Group posted a revenue of US$38.6 million in FY2022, a decline from US$58.8 million in FY2021. This was mainly due to the decrease in chartering revenue from offshore support and subsea services following the completion of vessel disposal in March 2022 as part of the restructuring of the Group. Gross profit increased to US$13.6 million mainly due to increased contribution from ship management and ship repair and maintenance activities. Overheads, general and administrative expenses increased by 18% to US$14.7 million mainly due to restructuring related expenses. The Group recorded a one-off gain of US$343.2 million on restructuring. Overall, excluding asset impairment and non-recurring restructuring expenses and other non-recurring expenses, the adjusted EBITDA was positive at US$5.2million.

Segmental Performance

Revenue from ship management business increased by 203% to US$15.3 million for FY2022 as the Group stepped up its ship management services to third party vessel owners.

Revenue from shipyard business increased by 203% to US$14.6 million for FY2022 due to higher reactivation as well as repair and maintenance activities as more vessels were brought back into service after the gradual lifting of COVID restrictions in the region.

OPERATIONS REVIEW

During the year, the Group made several operational changes to focus on ship management activities for third party vessel owners. Policies and processes were reviewed and updated to ensure that the Group delivered high-quality operational performance across all functions as a ship manager.

Leveraging on its past track record and network, the Group was able to secure good quality charter contracts for vessel owners. The Group continued to focus on achieving operational efficiency and worked closely with vessel owners to optimise vessel utilisation, taking into consideration the repair and maintenance program required to ensure vessel reliability. Crew management and training remained a priority as it is of utmost importance that the crew are well-prepared and capable of performing to high standards. Safety and environmental management systems were also updated to ensure that they remained robust and complied with international standards and practices. The Group is jointly developing a behavioural-based safety application that facilitates the collection and analysis of data during operations on board vessels on a digital platform. This will enable the Group to provide analytical tools to vessel owners and charterers to take preventive and proactive steps in improving the safety of vessel operations.

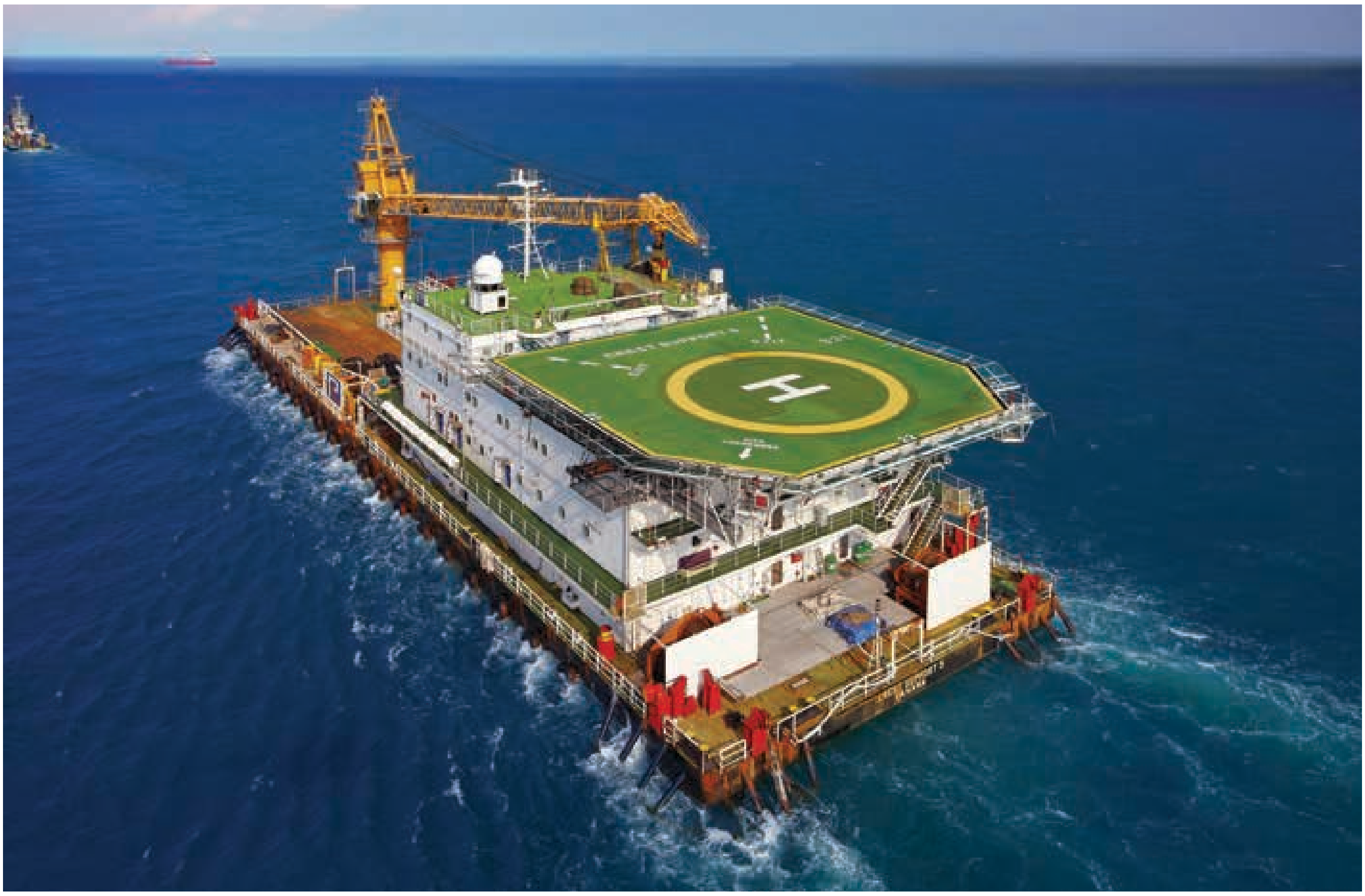
The Group has also completed the implementation of a new marine enterprise resource planning (“ERP”) system to streamline the end-to-end workflow for all core functions to support the Group’s ship management activities. The full implementation of the new ERP system creates a platform that coordinates workflow across the entire value chain that spans the chartering, crewing, procurement, operations, technical, finance, as well as the quality, health, safety and environment departments, enabling the Group to benefit from economies of scale as it seeks to expand its ship management activities.

OUTLOOK AND STRATEGY

The Group is now well poised to execute its strategy to transition to a full-fledge ship management business. The Group will leverage on its reputation as a quality owner-operator and its expertise in ship management built over the years and ramp up efforts to fortify its ship management business with existing and prospective business partners.

The outlook for the offshore wind sector in Asia over the next five years is positive, with many countries in the region committing to increasing their use of renewable energy, including offshore wind. The Group expects to devote considerable resources to drive targeted growth in this space. The demand for offshore support vessels ("OSV") in the offshore wind farm industry is expected to increase in the next few years with the increasing development and commissioning of wind farms. As the offshore wind industry continues to grow, more wind turbines are being installed in deeper waters, increasing the need for specialised vessels to transport equipment and personnel to the installation site. The Group also sees strong demand for OSV to perform maintenance and servicing of the wind turbines and ancillary activities such as geotechnical, meteorological, and oceanographic surveys.

Taiwan has been a front-runner in the Asia Pacific offshore wind market since 2018. Although currently facing headwinds in delays of construction of offshore wind farms, Taiwan has committed to a target of 5.7GW by 2025 and is expected to maintain a strong growth trajectory. The Group has shored up its experience and track record as a project supervisor for the construction and management of crew transfer vessels in Taiwan over the last few years. The Group believes its track record and expertise in shipbuilding, project management and ship management will allow the Group to expand beyond its current success in this fast-rising market.

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TOWARDS PROGRESSION

CORPORATE GOVERNANCE REPORT

Pacific Radiance Ltd. ("PRL" or the "Company") and its subsidiaries (collectively the "Group") are committed to maintaining a high standard of corporate governance to ensure greater transparency, to protect shareholders' interests and enhance shareholders' value.

The Group adopts practices based on the Code of Corporate Governance 2018 (the "Code") issued on 6 August 2018. This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2022 ("FY2022"), with specific reference made to the principles and provisions as set out in the Code and Mainboard listing manual of Singapore Exchange Securities Trading Limited (the "Listing Manual"), where applicable.

While it is always the objective of the Group to ensure all the provisions in the Code are followed strictly, there may be situations and reasons where compliance with the provisions of the Code may not be feasible or meaningful for the Group. In this regard, if there are areas where current practices deviate from the Code, appropriate explanations are provided accordingly.

(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 function of the Board of Directors of PRL (the "Board") is to provide effective leadership and direction and work with the management of PRL (the "Management") to enhance the long-term value of the Group for its shareholders and other stakeholders.

The Board sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group.

The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and performance reviews, key operational initiatives, major funding and investment proposals and corporate governance practices.

In general, the principal duties of the Board include:

- setting and reviewing the Group's strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet these objectives;
- establishing and maintaining a framework for the oversight of adequacy and effectiveness of internal control, risk management, financial reporting, and compliance;
- reviewing the performance of senior management;
- reviewing the Group's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues, e.g., environmental and social factors, as part of the strategic formulation.

Directors are required to promptly disclose any conflict or potential conflict of interest, whether directly or indirectly, in relation to any matters, transactions or proposed transactions with the Group as soon as practicable after the relevant facts have come to their knowledge. Any Director who has a conflict of interest which is likely to impact his independence or conflict with a subject under discussion by the Board is required to immediately declare his interest to the Board and recuse himself from participating in any discussion and voting on the subject matter.

CORPORATE GOVERNANCE REPORT

Directors are constantly kept abreast of developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters that are of relevance to the Group through participation in the relevant training courses, seminars, and workshops conducted by the Management and professional advisors. The Company is responsible for arranging and funding the training of directors, where required.

The Executive Chairman, CEO and senior management executives provide new directors briefings to familiarise them with the Group's business and governance practices to enable them to assimilate into their new roles in the Board. Through the briefing sessions, new directors can get acquainted with the senior management executives, thereby facilitating board interaction and independent access to senior management executives.

In addition to the above, the external and internal auditors of the Group regularly brief the audit and sustainability committee ("ASC") members at their meetings on developments in accounting and governance standards, cybersecurity matters and changes in code of corporate governance and listing rules. The CEO and senior management executives also update the Board at board meetings on the industry and the Group's strategic and business developments, whenever necessary.

Matters specifically reserved for the Board's approval are key matters such as appointment of directors, appointment of key management personnel, group policies, annual budgets, major acquisitions and disposal of assets not in the ordinary course of business, major corporate or financing exercise, including share issuance, declaration or recommendation of dividends, as well as interested person transactions. Clear directions have been given to the Management that such matters must be approved by the Board. Apart from the reserved matters as stated above, the Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Management to optimise operational efficiency.

While key matters relating to the Group's strategic objectives and policies require the Board's direction and approval, the management executive committee comprising key management personnel and senior management executives is responsible for overseeing the day-to-day management of the business operations of the Group and implementing the strategies objectives and policies approved by the Board.

The Board has delegated certain functions to various board committees, namely the ASC, nominating committee ("NC"), and remuneration committee ("RC") (collectively, the "Board Committees"). The Board Committees are constituted with clear written terms of reference setting out their compositions, authorities and duties. While the Board Committees have the authority to examine and may approve certain matters, the Board Committees generally report to the Board with their recommendations for the Board's decisions.

Besides the scheduled Board meetings, the Directors and/or Independent Directors also meet on an ad-hoc basis as and when necessary or warranted by circumstances. Participation by telephone and video conference at Board and Board Committees meetings are allowed under the Constitution of the Company. The Board and Board Committees also make decisions by way of written circularised resolutions.

CORPORATE GOVERNANCE REPORT

The Directors' attendance at the Board, the Board Committees and general meetings of the Company held in FY2022 is as below:

	Board Meeting	ASC Meeting	NC Meeting	RC Meeting	General Meeting
No of meetings held	4	5	1	1	2
Name of Directors/Executive Officers					
Pang Yoke Min	4				2
Pang Wei Meng	4		1		2
Lau Boon Hwee	4				2
Yong Yin Min	4	5	1	1	2
Ng Tiong Gee	4	5	1	1	2
Goh Chong Theng	4	5		1	2

The NC assessed each Director's contribution and devotion of time and attention to the Company's affairs, having regard to his attendance at the meetings of the Board and Board Committees, directorship in other listed companies, principle commitments, is of the view that the number of directorships in listed companies and principle commitments are not significant and there were sufficient time and attention to the Company's affairs given by each Director during the course of FY2022.

Each Director's listed company board directorships and principal commitments can be found in the Board of Directors Profile section of the Annual Report.

The Management recognises the importance of ensuring the flow of information to the Directors on an ongoing basis to enable them to make informed decisions and to discharge their duties and responsibilities. All Board and Board Committees papers are distributed to Directors in advance to allow enough time for Directors to prepare for the meetings.

The Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

The Board always has separate and independent access to the Management through electronic mail, telephone and face-to-face meetings and may request for any additional information needed at any time to enable them to make informed decisions. Key management personnel, the Company's auditors and external consultants are invited to attend Board and Board Committees meetings to update and provide independent professional advice on specific issues, if required.

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor, selected by the Group and approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

Directors have separate and independent access to the Company Secretary. The Company Secretary's responsibilities include among other things, assisting in ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with.

The Company Secretary and/or her representative attend and prepare minutes for Board and Board Committees meetings. The Company Secretary assists the Chairman of the Board, the Chairman of the Board Committees and the Management in the development of the agendas for their meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

CORPORATE GOVERNANCE REPORT

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.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent in conduct, character and judgement, and has any relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

For the purpose of determining each Independent Director's independence, every Independent Director has provided a declaration on their independence for acting as a director of the Company based on the requirements under the Code and deliberated upon by the NC and the Board.

The NC assessed the independence of each of the Directors in FY2022. After having considered the declarations made by Mr Yong Yin Min, Mr Ng Tiong Gee and Mr Goh Chong Theng and considering the criteria of independence set out under the Code, determined that the named Directors are independent.

With regard to the removal of the two-tier vote mechanism for companies to retain long-serving Independent Directors who have served for more than nine years on 11 January 2023, the Independent Directors who have served for more than nine years for the Company will either step down as Independent Directors or be redesignated as Non-independent Director before or at the next annual general meeting ("AGM") to be held for financial year ending 31 December 2023.

The NC and the Board are aware that the current composition of the Board which comprises 3 Executive Directors and 3 Independent Directors does not meet the requirement of the following provisions under Principle 2 of the Code:–

Provision 2.2 – Independent directors make up a majority of the Board where the Chairman is not independent.

Provision 2.3 – Non-executive directors make up a majority of the Board.

After due deliberation, Mr Lau Boon Hwee will not be seeking re-election as a director of the Company at the forthcoming AGM. The composition of the Board will comprise 2 Executive Directors and 3 Independent Directors after the forthcoming AGM. The NC and the Board is of the view that the remaining Directors provides diversity in terms of experience and expertise. The level of independence with three Independent Directors making up the majority of the Board will meet the requirement of the Code.

The Group recognises that board diversity is an essential element contributing to its sustainable development and strategic success. The Group believes that board diversity augments decision-making and a diverse board is more effective in dealing with external change to the macro environment and internal organisational changes, and less likely to suffer from groupthink.

The Group has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives appropriate to the Group's business to promote the inclusion of different perspectives and ideas.

The NC reviewed the composition of the Board and the Board Committees during the course of FY2022 and is of the view the Board and Board Committees are of an appropriate size and comprise directors with appropriate balance and mix of skills, knowledge, experience and age except for gender.

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Accordingly, one of the objectives of the NC is to identify and recommend suitable female director, preferably with different skills and knowledge from the current Directors, for appointment to the Board to further broaden its current skill sets and promote gender diversity, at the appropriate time.

The Independent Directors, led by Mr Ng Tiong Gee, the Lead Independent Director of the Company, met regularly outside the Company without the presence of the Management on an informal basis during the course of FY2022, to discuss the debt and corporate restructuring exercise which was completed in third quarter of 2022 and other matters which require their additional attention. The Lead Independent Director provides feedback to the Chairman of the Board where appropriate.

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.

The Board is chaired by Mr Pang Yoke Min, Executive Chairman of the Company while Mr Pang Wei Kuan, James was appointed as CEO of the Company with effect from 1 April 2023.

Mr Pang Wei Kuan, James is the son of the Mr Pang Yoke Min, the Executive Chairman and substantial shareholder of the Company. Despite being related, there is a clear division of responsibilities between the Chairman and the CEO. The division of responsibilities between the leadership of the Board and the Management ensures that no one individual has unfettered powers of decision-making at both the board and management level.

The Executive Chairman is responsible for:

- leading the Board to ensure its effectiveness;
- managing the Board's business, including supervising the work of the Board Committees;
- setting the Board agenda and ensuring the information flow and timing are adequate for discussion of all set agenda items, in particular strategic issues;
- setting the tone of the Board discussion to promote open and frank debate and effective decision-making;
- facilitating the effective contribution of Non-Executive Directors;
- ensuring effective communication with shareholders; and
- encouraging constructive relations with the Board and between the Board and the Management.

The CEO is responsible for:

- developing the Group's business and operation strategies;
- managing the present businesses of the Group;
- implementing the Board's decisions;
- provide oversight of the commercial, marketing, business development and quality, health, safety, security and environmental functions; and
- managing and overseeing major corporate exercise of the Group.

Given that the Chairman is non-independent, the Board has appointed Mr Ng Tiong Gee as the Lead Independent Director of the Company. The Lead Independent Director is available to shareholders if they have concerns and contact through the normal channels of communication with the Chairman or the Management are inappropriate or inadequate.

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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.

The NC comprises the following three members, two of whom are Independent Directors:

- Ng Tiong Gee (NC Chairman), Lead Independent Director
- Yong Yin Min, Independent Director
- Pang Wei Meng, Executive Director

The NC is responsible for:

- nomination and re-nomination of the directors of the Company having regard to their contribution, performance, and ability to commit sufficient time and attention to the affairs of the Group, and taking into account their respective commitments outside the Group;
- determining annually whether or not a director is independent;
- deciding whether or not a director is able to and has been adequately carrying out his/her duties as a director;
- review of board succession plans for directors, and the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel;
- development and implementation of a process and criteria for evaluation of the performance of the Board, its committees and directors;
- formal assessment of the effectiveness of the Board as a whole, Board Committees and individual directors;
- review of training and professional development programs for the Board and its directors;
- review and approval of new employment of persons related to the directors and controlling shareholders and the proposed terms of their employment; and
- appointment and re-appointment of directors (including alternate directors, if any). The Company has no alternate director on its Board.

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors.

The NC leads the process as follows:

- the NC evaluates the balance, skills, knowledge, and experience of the existing Board and the requirements of the Group. Considering such evaluation, the NC determines the role and the key attributes that an incoming director should have;
- after endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts for recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed to continue the search process;
- the NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- the NC recommends the most suitable candidate to the Board for appointment as director.

The NC is responsible for re-election of directors. In its deliberations on the re-election of existing Directors, the NC takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

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The assessment parameters include attendance record and preparedness at meetings of the Board and Board Committees as well as the quality of input to matters arising and any other special contribution.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Regulation 89 of the Company's Constitution provides that one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one third) with a minimum one, shall retire from office by rotation and be subject to re-election at the Company's AGM.

In addition, Regulation 88 of the Company's Constitution provides that a newly appointed director during the financial year must retire and submit himself/herself for re-election at the next AGM following his election. Thereafter, he is subject to re-election at least once every three years.

Pursuant to Regulation 89 of the Company's Constitution, Mr Yong Yin Min and Mr Lau Boon Hwee will retire as a Director of the Company at the forthcoming AGM. Mr Yong Yin Min, being eligible, has offered himself for re-election as a Director of the Company. The Board is satisfied that Mr Yong Yin Min is qualified for re-election by virtue of his skills, experience, contribution of guidance and time to the Board. Mr Yong Yin Min has abstained from deciding on his own nomination.

Mr Lau Boon Hwee has decided not to seek for re-election at the forthcoming AGM.

Pursuant to Rule 720(6) of the Listing Manual, the information relating to Director(s) submitting for re-election as set out in Appendix 7.4.1 of the Listing Manual is disclosed below:

Name of Director	**Yong Yin Min**
Date of Appointment	15 November 2006
Date of last re-appointment	25 June 2020
Age	70
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Yong Yin Min for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Yong Yin Min possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Not applicable
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Independent Director • RC Chairman • ASC Member • NC Member

CORPORATE GOVERNANCE REPORT

Professional qualifications	• Bachelor of Science from the University of Singapore • Master in Business Administration from the University of Toronto in Canada • Master in Financial Engineering from the National University of Singapore
Working experience and occupation(s) during the past 10 years	2017 – Present • Independent Director, Pacific Radiance Ltd 2012 • Independent Director, Swing Media Technology Group Ltd
Shareholding interest in the listed issuer and its subsidiaries	2,771,300 ordinary shares
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	No
Conflict of interest (including any competing business)	No
Other Principal Commitments including Directorships Past (for the last 5 years)	• Ghim Li Group Pte. Ltd. • Ghim Li Holdings Co. Pte. Ltd. • GLG Corp Ltd. • Swing Media Technology Group Ltd.
Present	• Pacific Radiance Ltd • PT Jawa Tirtamarin
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

CORPORATE GOVERNANCE REPORT

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?)	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

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(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable

The NC determines annually, and as and when circumstances require, based on a Director's Independence Checklist ("Checklist") completed, if a director is independent, having regard to the circumstances or independence criteria set forth in provision 2.1 of the Code. The NC determined that, during FY2022, there was no Director whose relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, affect their independence as an Independent Director of the Company. The Board is in accord with the NC's determination.

In determining whether a director is able to and has been adequately carrying out his/her duties as a Director of the Company, the NC also takes into account the results of the assessment of individual director, and the respective directors' actual conduct on the Board, in making this determination.

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.

The NC conducts an annual assessment on the performance of the Board as a whole, the Board Committees and individual directors and considers each Director's contribution and devotion of time and attention given to the Company.

This process is conducted using a questionnaire designed to assess the performance of the Board and the Board Committees. Individual Directors are assessed on self-evaluation basis. The responses received from the questionnaires are then tabulated, collated and then given to the Chairman of the NC for his review and discussion at the NC meeting. The conclusion of the assessment derived from the consolidated results and recommendations are then presented to the Board for its review and adoption, if deem necessary.

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The Board reviews the evaluation conducted by the NC based on the consolidated results received from the Directors and recommendations put forward by the Directors for improvement of performance and effectiveness of the Board, the Board Committees and individual directors. Following the review, the Board is of the view that the Board, the Board Committees and individual Directors performed consistently well and operated effectively for FY2022, particularly in providing feedback and guidance to the Management on the debt and corporate restructuring.

The Directors, led by the NC, assessed the performance of the Chairman of the Board for FY2022 at the Board meeting and provided the feedback to the Chairman of the Board.

There was no external consultant involved in the Board evaluation process in FY2022. The NC performed the following activities in FY2022:

- reviewed the re-election of Directors, and making recommendation to the Board for their approval;
- reviewed the independency of the Independent Directors;
- evaluated the performance and effectiveness of the Board, the Board Committees, Individual Directors and the Chairman;
- reviewed the training and professional development programs for the Directors;
- reviewed the current Board size and composition; and
- reviewed matters relating to Board diversity.

(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.

The RC comprises the following three members, all of whom are Independent Directors:

- Yong Yin Min (RC Chairman)
- Ng Tiong Gee
- Goh Chong Theng

The RC is responsible for ensuring 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 member of the RC is involved in deliberations in respect of any remuneration, compensation, options, or any form of benefits to be granted to him.

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The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel which covers all aspect of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, grant of shares, and share options and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each director as well as for the key management personnel;
- consult professional consultancy firms where necessary in determining remuneration packages;
- consider the various disclosure requirements for directors' remuneration and ensure that there is adequate disclosure in the financial statements and annual report to enhance transparency between the Company and relevant interested parties; and
- review all aspects of remuneration of Executive Directors and key management personnel including the Company's obligations arising in the event of termination of their service contracts, to ensure the contracts contain fair and reasonable termination clauses which are not overly generous.

The RC has access to the professional advice of external experts in the area of remuneration, where required. No consultant was engaged by the Company in FY2022.

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.

Executive Directors are paid a basic salary and a performance-related bonus linked to the performance of the Company. Key management personnel are paid a basic salary and a performance bonus based on their achievement of key performance indicators ("KPI"). The RC will review and revise the current remuneration framework, including resetting the parameters and targets for KPI to make them more reflective and relevant to the Group's business focus after the debt and corporate restructuring in FY2022.

The performance-related element of the Executive Directors' and key management personnel's remuneration is designed to align their interests with the interests of shareholders and other stakeholders.

The RC reviews the remuneration of the Non-executive Directors to ensure the remuneration of the non-executive directors of the Company is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The RC ensures that the Independent Directors' compensation is appropriate and at the same time does not compromise their independence. None of the Independent Director has any service contracts with the Company.

Directors' fees are reviewed and endorsed by the RC.

The Board concurred with the RC's proposal for Independent Directors' fees for FY2022 and are of the view that the Directors' fees is appropriate and not excessive.

The RC takes into consideration the need to ensure that remuneration is appropriate in order to attract, retain and motivate directors to provide good stewardship to the Company and key management personnel to successfully manage the Company for the long-term.

CORPORATE GOVERNANCE REPORT

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 remuneration of each individual Director and aggregate of top key management personnel of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard and weighed the advantages and disadvantages of such disclosure.

The breakdown of the Directors' and key management personnel's remuneration in bands of S$250,000 should, in the Board's assessment, provide adequate overview of the remuneration of the Directors and key management personnel.

The remuneration paid to or accrued to each individual Director for FY2022 is as follows:

Name of Director	Fees (%)	Salary[1] (%)	Other Benefits[2] (%)	Total (%)
S$250,001 to S$500,000				
Pang Yoke Min	9.3	64.5	26.3	100
Pang Wei Meng	11.6	62.2	26.2	100
Lau Boon Hwee	10.7	67.6	21.7	100
Below S$250,000				
Ng Tiong Gee	100	–	–	–
Goh Chong Theng	100	–	–	–
Yong Yin Min	100	–	–	–

The remuneration paid to or accrued to CEO for FY2022 is as follows:

	Fees (%)	Salary[1] (%)	Other Benefits[2] (%)	Total (%)
S$250,001 to S$500,000				
Pang Wei Kuan, James	–	63.1	36.9	100

(1) Salary and bonus include employer's contributions to Central Provident Fund.

(2) Other benefits refer to benefits-in-kind such as car allowances, club membership etc.

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There is only one top key management personnel (who are not directors or the CEO) whom the Company considers to be key executive of the Group. The remuneration paid to or accrued to the top key management personnel (who are not directors or the CEO) for FY2022 is as follows:

	Salary[1] (%)	Other Benefits[2] (%)	Total (%)
S$250,001 to S$500,000			
Iris Chia	74.3	25.7	100

(1) Salary and bonus include employer's contributions to Central Provident Fund.

(2) Other benefits refer to benefits-in-kind such as car allowances, club membership etc.

There are only two employees who are immediate family members of a director or the CEO or a substantial shareholder of the Company and whose remuneration exceeds S$100,000 in FY2022:

- Mr Pang Wei Meng, son of Mr Pang Yoke Min, Executive Chairman of the Company, is employed by the Company as Executive Director and has received remuneration in that capacity.
- Mr Pang Wei Kuan, James, son of Mr Pang Yoke Min, Executive Chairman of the Company, and brother of Mr Pang Wei Meng, Executive Director of the Company, is employed by the Company as the CEO and has received remuneration in that capacity.

For FY2022, save as disclosed in the above table which shows the breakdown of the remuneration (in percentage terms) of Mr Pang Wei Meng and Mr Pang Wei Kuan, James, the Company and its subsidiaries do not have any other employee who is an immediate family member of a director or the CEO or a substantial shareholder and whose remuneration exceeds S$100,000.

The Company has opted to disclose the remuneration of Mr Pang Wei Meng and Mr Pang Wei Kuan, James, in incremental bands of S$250,000, in line with the disclosure of other Directors and top key management personnel,

Save for Mr Pang Yoke Min, the Executive Chairman who is a substantial shareholder of the Company, there is no employee who is a substantial shareholder of the Company.

The RC performed the following activities in FY2022:

- reviewed the remuneration packages for employees and key-executives and made recommendation to the Board for approval; and
- reviewed the Directors' Fees and made recommendation to the Board for approval.

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As disclosed under Principles 7 and 8 in this report:–

a. The remuneration structure and policy of the Group are designed to support the implementation of the Group's strategy and creation of shareholder value. Remuneration of Directors and key management personnel are reviewed and recommended by the RC to the Board on an annual basis, taking into account the strategic and value creation objectives of the Group. The fees for Directors comprise a basic retainer fee, additional fees for appointment to board committees and attendance fees for board meetings.

b. The RC considers the need to ensure that remuneration is appropriate to attract, retain and motivate Directors to provide good stewardship to the Group, and at the same time does not compromise the independence of the Independent Directors. The RC also considers other factors such as effort, time spent and responsibilities of the Directors. Shareholders' approval is sought yearly at the AGM for the total Directors' fees to be paid in the following financial year and the information of the total Directors' fees is disclosed in the Notice of AGM.

c. The remuneration of Executive Directors and key management personnel comprises a fixed component and a performance-related component.

d. The fixed component reflects the market worth of the job and varies with responsibilities, qualifications and experience of the individual, as well as general employment conditions within the industry. The performance related component ensures the alignment of interests between the Executive Directors and key management personnel, with that of the shareholders' and other stakeholder groups by factoring in various performance indicators, such as the performance of the Group and the performance and contribution of the individual towards achieving the objectives of the Group. The fixed component comprises Directors' fees, salary and allowances. The performance-related component comprises variable bonus. The fixed and performance-related component of the remuneration of each Executive Director and key management personnel is disclosed in bands of S$250,000 with breakdown in percentage terms. The actual remuneration of each Executive Director and key management personnel is not disclosed as the RC has considered the practice of the industry and the advantages and disadvantages of such disclosure. The Group believes that such disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

Having accorded due regard to the aforesaid disclosures and remuneration practices adopted by the Company, the Board is of the view that the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code. However, the RC will review and revise the current remuneration framework, including resetting the parameters and targets for KPIs to make them more reflective and relevant to the Group's business focus after the debt and corporate restructuring in FY2022.

CORPORATE GOVERNANCE REPORT

(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 is responsible for the governance of risk. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management, but recognises that no cost-effective internal control system and risk management will preclude all errors and irregularities. Internal controls and risk management can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

The Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Management conducts enterprise risk assessment at both the business unit level and the corporate level of the Group to identify the key risks that would impact the achievement of the Group's strategies and business objective. The Board and the ASC also work with the Internal Auditors, the external auditors, and the Management on the auditors' recommendations to institute and execute relevant controls with a view to managing those risks identified in their assessment.

The Board received assurance from the CEO and the Chief Financial Officer ("CFO") of the Company that the financial records of the Group have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances.

The Board also received assurance from the CEO and the key management personnel of the Company that the risk management and internal control systems of the Group were adequate and effective for FY2022.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors, discussions with the external auditors, reviews performed by the Management and the assurances provided by the CEO, CFO and key management personnel as stated in the foregoing paragraphs, the Board is of the view that the Group's internal controls (including financial, operational,compliance and information technology controls) and risk management systems were adequate and effective for FY2022.

The ASC concurs with the Board's view that the internal controls (including financial, operational and compliance and information technology controls) and risk management systems in place of the Group were adequate and effective as at 31 December 2022.

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Audit and Sustainability Committee

Principle 10: The Board has an audit and sustainability committee which discharges its duties objectively. The ASC comprises the following three members, all of whom are Independent Directors:

- Goh Chong Theng (ASC Chairman)
- Ng Tiong Gee
- Yong Yin Min

The Chairman of the ASC, Mr Goh Chong Theng, graduated with a Master in Business Administration (Finance and Accounting) from McGill University, Canada. He is currently the corporate finance director of PT Central Cipta Murdaya. Prior to this, he was the head of banking of RGE Pte Ltd and the chief financial officer of TT International Ltd, a company listed on SGX.

The other members of the ASC have substantial experience in business management and finance services.

The NC and the Board are satisfied that the members of ASC have recent and relevant accounting or related financial management expertise and experience to discharge the ASC functions.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ASC. The duties of the ASC include:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be raised, independently investigated and appropriately followed up on.

During review of the financial statements for FY2022, the ASC discussed with the Management and the external auditor on the significant issues that were brought to the ASC's attention. These material issues which the external auditor assessed to be most significant in its audit of the financial statements for the year under review, namely the sale of vessels, finance costs and gain on debt settlement of bank loans, debt restructuring and going concern assessment have been highlighted in the basis of qualified opinion and key audit matters sections of the Independent Auditor's Report.

The ASC reviewed the work performed by the Management and made enquiries relevant to the key audit matters. In addition, the ASC also reviewed and discussed the findings presented and related work performed by the external auditor. The ASC was satisfied that these material issues have been properly addressed and recommendations appropriately adopted and disclosed in the financial statements.

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The ASC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. A breakdown of fees paid in respect of audit and non-audit services provided for FY2022 is disclosed in Note 7 to the financial statements. The ASC has reviewed all non-audit services provided by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors.

The Group has complied with Rule 712, Rule 715, and Rule 716 of the Listing Manual in the appointment of its auditors. The ASC recommends to the Board the reappointment of Messrs Ernst & Young LLP as the external auditors of the Group at the forthcoming AGM.

There are suitable auditing firms appointed by the Group for its significant foreign-incorporated subsidiaries and associated companies as the foreign auditing firms are member firms of EY Global in the respective countries.

In the course of FY2022, the ASC carried out the following activities:

- reviewed quarterly and full year financial statements (audited and unaudited), and made recommendation to the Board for approval;
- reviewed interested/related parties' transactions;
- reviewed audit plan and assessed the independence of external auditors;
- reviewed internal audit plan and the appointment of internal auditors;
- reviewed the nomination of external auditors for re-appointment at AGM and determined their remuneration, and made appropriate recommendations to the Board for approval; and
- met with the internal and external auditors of the Company without the presence of the Management.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. The Management provides the Board with financial statements together with reviews of the financial and operating performance on a quarterly basis and as the Board may require from time to time. The ASC reviews the financial statements and reports to the Board for approval.

The Board reviews and approves the results before they are released. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters and full financial year are released to shareholders within the timeframe stipulated in Rule 705 of the Listing Manual. In presenting the quarterly and annual financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's financial performance, financial position and prospects.

The ASC is kept abreast by the Management, the Company Secretaries and the Independent Auditor of changes to accounting standards, listing rules of the SGX-ST and other regulations which could have an impact on the Group's business operations and financial reporting.

The Company has put in place a Whistle Blowing Policy which sets the framework to encourage the reporting in good faith of serious concerns or escalate serious matters on a confidential basis without fear of reprisal, dismissal, or discriminatory treatment. The Whistle Blowing Policy provides procedures to validate concerns and for investigation to be carried out independently by designated receiving officer.

CORPORATE GOVERNANCE REPORT

The Group's whistleblowing policy allows for reporting by employees or external parties of matters about possible improprieties to the receiving officer within the human resource department through a dedicated email: whistleblowing@pacificradiance.com.

Matters involving parties who are not key management personnel or senior management executives will be reviewed, investigated and reported to the Executive Chairman, CEO, and CFO. All such matters are also reported by the receiving officer to the ASC quarterly for further investigation if deemed necessary.

Matters involving parties who are key management personnel or senior management executives will be reported to the ASC directly for review and investigation.

The ASC has oversight on all outcomes of investigations and ensures remedial actions are taken. All members of the ASC are independent directors, there are no executive director in the ASC.

The ASC reviews and modify the Whistle Blowing Policy as appropriate, to maintain compliance with applicable laws and regulations or accommodate organisational changes within the Group. All whistle blowing cases are reported to the ASC on a quarterly basis for review and monitoring. The employees of the Group are aware of the existence of the Whistle Blowing Policy as it had been incorporated in the employee's handbook. A copy of the Group's Whistle Blowing Policy is also available on the corporate website of the Company.

The Board recognises the importance of maintaining a system of internal controls. The Company has outsourced its internal audit functions to RSM for FY2022.

The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the ASC and the Management, where necessary, and has the right to seek information and explanation.

The Internal Auditors reports directly to the ASC and is responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls that are in place to protect the funds and assets of the Group, ensuring control procedures are complied with, assessing if the operations of the business processes under review are conducted efficiently and effectively, and identifying and recommending improvements to internal control procedures, where required.

The Internal Auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the ASC for approval prior to the commencement of the internal audit. The ASC will review the activities of the Internal Auditors, including overseeing and monitoring of the implementation of improvements required for internal control weaknesses identified.

For the year under review, the ASC has reviewed and is satisfied with the adequacy, independence and effectiveness of the internal audit function.

The ASC has met with the external auditors and the Internal Auditors, without the presence of the Management, once in FY2022.

CORPORATE GOVERNANCE REPORT

(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 Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders, are protected.

The Group is committed to providing shareholders with adequate and timely information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

Pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, the last AGM of the Company was held by way of electronic means on 28 April 2022.

The forthcoming AGM of the Company will be held physically at 15 Pandan Road, Singapore 609263. Arrangements relating to attendance at the general meetings, submission of questions to the Chairman of the meetings in advance of the meetings, addressing of substantial and relevant questions prior to or at the meetings and voting by appointing the Chairman of the meetings as proxy at the meetings, are set out in the Notice of meetings. The Annual Report, Notice of AGM and Proxy form will be made available to shareholders solely by electronic means via publication on SGXNET and the corporate website of the Company.

The Group strongly encourages shareholder participation during the AGM. Shareholders can proactively engage the Board and the Management on the Group's business activities, financial performance, and other business-related matters.

The Board believes that general meetings serve as an opportune forum for shareholders to meet and interact with the Board and the Management. Information on general meetings is disseminated through notices in the annual reports or circulars to all shareholders. The notices are also released via SGXNet and published in local newspapers, as well as posted on the corporate website of the Company.

At the AGM, a member who is a relevant intermediary which provide nominee or custodial services is entitled to appoint more than two proxies to attend, speak and vote at the meeting, so investors who hold shares through such intermediary can attend and participate in general meeting as proxies.

For greater transparency in the voting process, the Company conducts poll voting for all proposed resolutions at AGM. The total numbers of votes cast for or against the resolutions will also be announced after the meeting via SGXNet.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management.

The Company provides for separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked to form one significant proposal.

All the resolutions at the general meetings are single item resolutions.

CORPORATE GOVERNANCE REPORT

The Chairman of the Board and the Directors attend all general meetings to address questions and issues raised by shareholders. The external auditors are present to address any relevant queries from shareholders on the conduct of audit and the preparation and content of the auditors' report. Key management executives are also present at the general meetings to respond to operational questions from shareholders.

All Directors attended the AGM of the Company held on 28 April 2022.

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity and other related security issues remain a concern, the Group has decided not to implement voting in absentia by mail, email or fax for the time being.

Minutes of general meetings of the Company held in 2022 have been published by the Company on the SGX website and on its corporate website within one month after the general meetings.

The Company does not have a fixed dividend policy in place. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders.

The Company issued perpetual securities in September 2022 as part of its debt restructing. Until the perpetual securities are fully redeemed, the Company shall not decalre nor pay any dividends or distributions to shareholders.

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 Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective, and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate, and timely manner via SGXNet, press release, and corporate website. If unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

The Company's corporate website is the key resource of information for shareholders. In addition to the quarterly financial announcements, it contains investor related information on the Group, including presentations, annual reports, shares and dividend information and factsheets.

The Group participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. Such engagements provide invaluable insights to the Board and the Management on investors' views and help the Group to identify areas of improvement for investor communication.

The Company has established an investor relations policy that governs regular, effective and fair communication with shareholders. A copy of the Company's investor relations policy is available on the corporate website of the Company.

The investor relations policy sets out mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions i.e. emailing questions to the investor relations team.

CORPORATE GOVERNANCE REPORT

(E) MANAGING STAKEHOLDER 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 Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company's efforts on sustainability are focused on creating sustainable value for its key stakeholders, which include employees, lenders, investors and customers and regulators.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period can be found under its Sustainability Report.

The Company maintains a current corporate website at https://www.pacificradiance.com/. An email alert function is available to members of public who wish to receive updates on the Company's corporate information and SGXNet announcements.

The contact details of the investor relations teams are also available on the Company's corporate website, to enable the stakeholders to contact the Company, if required.

(F) OTHER CORPORATE GOVERNANCE MATTERS

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ASC, and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There are no interested person transactions entered into by the Group during the course of FY2022.

Material Contracts

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders subsisting as at 31 December 2022.

Dealing in Securities

The Company has adopted an internal code on dealings in securities. Directors and employees are not allowed to deal in the Company's shares during the periods commencing two weeks before announcement of the Group's quarterly results and one month before the announcement of the Group's full year results and ending on the date of announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the employees of the Company are advised not to deal in the Company's securities on short term considerations and are expected to always observe the insider trading rules, even when dealing in the Company's securities within the permitted trading periods.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Pacific Radiance Ltd. ("PRL" or the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

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 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(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.

2. Directors

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

Pang Yoke Min
Pang Wei Meng
Lau Boon Hwee
Yong Yin Min
Ng Tiong Gee
Goh Chong Theng

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose 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 (the "Act"), an interest in shares and warrants of the Company and related corporations (other than wholly owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**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				
Pang Yoke Min	20,142,444	182,668,564	465,470,000	46,547,000
Pang Wei Meng	55,000	105,500	–	–
Lau Boon Hwee	1,624,970	162,497	–	–
Yong Yin Min	27,713,000	2,771,300	–	–
Ng Tiong Gee	25,000	2,500	–	–
Goh Chong Theng	240,000	24,000	–	–
Ordinary shares of the holding company YM Investco Pte Ltd				
Pang Yoke Min	20,000	20,000	–	–
Warrants of the Company				
Pang Yoke Min	–	946,674	–	21,877,090
Pang Wei Meng	–	2,585	–	–
Lau Boon Hwee	–	162,497	–	–
Yong Yin Min	–	2,771,300	–	–
Ng Tiong Gee	–	2,500	–	–
Goh Chong Theng	–	24,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2023.

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

DIRECTORS' STATEMENT

5. Audit Committee

The Audit Committee, renamed as Audit and Sustainability Committee ("ASC") in November 2022, has carried out its functions in accordance with section 201B (5) of the Act, including the following:

- reviewed with the external auditor the audit plan, their audit result and report, their management letter and the management's response;
- reviewed with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system;
- monitored and reviewed the implementation of the external auditor's and internal auditor's recommendations concurred with management in relation to the adequacy of the internal controls and accounting system addressing financial, operational and compliance risks;
- reviewed the quarterly and annual financial statements of the Group and the Company before submission to the Board for approval;
- considered the appointment or re-appointment of the external auditor and matters relating to resignation or dismissal of the auditor and approved the compensation of the external auditor;
- reviewed whistle blowing policy and monitored whistle blowing reports;
- reviewed interested person transactions in accordance with the requirements of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"); and
- reviewed any potential conflict of interest as and when the need arises and resolve such conflict of interest.

The ASC, 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 ASC has recommended to the board of directors that the independent auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

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

DIRECTORS' STATEMENT

6. Auditor

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Pang Yoke Min Director	Pang Wei Meng Director

12 April 2023

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022
to the members of Pacific Radiance Ltd.

Report on the audit of the financial statements

Qualified Opinion

We have audited the accompanying financial statements of Pacific Radiance Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards in Singapore (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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the reporting year ended on that date.

Basis for Qualified Opinion

Sale of vessels

As disclosed in Note 9, the Consensual Sale Agreement involved a total of 33 vessels, of which 28 vessels were owned by the Group's subsidiaries and 5 vessels were owned by the joint venture and associate companies, resulting in a total consensual discharge of approximately US$200 million of loans and borrowings owed by the Group's subsidiaries.

As at 31 December 2021, prior to the Group classifying the 28 vessels owned by the Group's subsidiaries as non-current assets held for sale, the Group performed an impairment assessment of the disposal group which comprised the 33 vessels. The recoverable amount, which was based on the fair value less cost of disposal, was measured on the basis of the consensual discharge of approximately US$200 million. Given that that the Consensual Sale Agreement was integral to and part of the Debt Restructuring Plan, management had determined the fair value of the vessels as at 31 December 2021 was US$200 million based on the consensual discharge amount. We had included this in our basis for disclaimer opinion on the financial statements for the year ended 31 December 2021 as we were not able to determine whether management's assessment of fair value less cost of disposal of the vessels was in accordance with SFRS (I) 13 Fair value measurement.

For the year ended 31 December 2022, the Group recognised a gain on sale of the 28 vessels held by the Group's subsidiaries upon the completion of the Consensual Sale Agreement of US$17,022,000. This was included in the other operating income under discontinued operations. A corresponding disposal loss was attributed to the 5 vessels held by the joint ventures and associates but were unrecognised by the Group due to capping of losses from equity accounting as disclosed in Note 13 and 14. The Group has no obligation in respect of these losses. Also as disclosed in Note 22, the Group had previously deferred the gain on sale of 5 vessels to joint venture and associate companies to the extent of the Group's interests. Upon the sale of vessels held by the joint venture and associate companies this year, the deferred gain was derecognised and the Group recognised a gain on disposal of the vessels of US$1,509,000 and US$4,603,000 as the Group's share of results from the joint venture and associated companies. This is reported under discontinued operation's share of results from joint venture and associate companies.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022
to the members of Pacific Radiance Ltd.

Basis for Qualified Opinion (cont'd)

Sale of vessels (cont'd)

Given that we were not able to determine whether management's assessment of the fair value less cost of disposal of the vessels as at 31 December 2021 was in accordance with SFRS(I) 13 Fair Value Measurement, we are unable to determine if any adjustments are required in respect of the gain on the sale of vessels recognised, as any misstatement in the fair value less cost of disposal of the vessels as at 31 December 2021 would result in corresponding misstatement in the current financial year determination of the gain on sale of vessels. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of current period's figures and the corresponding figures.

Finance costs and gain on debt settlement of bank loans

As disclosed in Note 3, the Group did not receive continuing updates from bank lenders regarding the computation of interest expenses post suspension of certain debt obligations and has had to make its own assumptions in determining the finance costs, carrying amounts of accrued interest payables and bank loans to be recorded in the financial statements. In verifying the bank loan liabilities as at 31 December 2021, we did not receive independent bank confirmations from some of the banks and were not able to obtain sufficient information to verify the reconciling differences against the confirmation reply from one bank. The Group had concluded that the carrying amount of the bank loan liabilities remained reasonable and appropriate based on the contractual terms of the loan facilities.

For the year ended 31 December 2022, the Group continued to make its own assumptions in determining the finance costs for the qualifying period during the year until the completion of the Debt Restructuring Plan. As further disclosed in Note 5b, the Group has recognised a gain on debt forgiveness of bank loan of US$269,126,000 and net gain on restructuring from settlement of liabilities of US$52,360,000, which includes the accrued finance costs.

We were unable to obtain sufficient appropriate audit evidence to determine whether the bank loan liabilities and the associated accrued interest payables are appropriately stated as at 31 December 2021. Accordingly, this was included in our basis for disclaimer opinion on the financial statements for the year ended 31 December 2021. Similarly, for the year ended 31 December 2022, we are not able to obtain sufficient audit evidence on whether the bank loan liabilities and the interest accrued for the period and the resulting gain on debt forgiveness of the bank loan and settlement of liabilities were appropriately stated. This is because any misstatement in bank loan liabilities and associated accrued interest payables as at 31 December 2021 would result in corresponding misstatement in the current financial year determination of the gain on debt settlement. Neither were we able to conduct any alternative procedures to determine if any adjustments are required.

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 consolidated 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 qualified opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022
to the members of Pacific Radiance Ltd.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matter described below to be key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. 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.

Debt restructuring and going concern assessment

As disclosed more fully in Note 2.1, the Group completed its Debt Restructuring Plan during 2022 and has recognised gain arising from debt restructuring of about US$343,151,000. Post the Debt Restructuring Plan, the Group and Company is in a net current asset of about US$26,479,000 and US$22,275,000 respectively as at 31 December 2022. Matters relating to the gain arising from debt restructuring are included in the Basis for Qualified Opinion above.

As part of the Debt Restructuring Plan, the Group has entered into ship management agreements to manage the majority of the Sale Vessels. Included in the ship management agreements is a condition that the Group has to remain a going concern and the PRL Key Management (as defined in Note 2.1) has to remain in control of the Company. The Company has also issued various securities such as new shares (Note 31a), perpetual securities (Note 30), shareholder and management warrants (Note 29). On these basis, the consolidated financial statements of the Group and Company as at 31 December 2022 have been prepared on a going concern basis. Management's evaluation of the liquidity and the viability of the business model of the Group moving forward and the use of the going concern assumption involves significant Management judgement and estimation uncertainties, including but not limited to forecast of future profitability and cash flows, future economic and market conditions relevant to the business model post the Debt Restructuring Plan. Consequently, we have considered this to be a key audit matter.

As part of our audit, we reviewed Management's cash flow forecast based on financial budgets prepared and approved by Management and evaluated the reasonableness of key assumptions and inputs used, including but not limited to profit margins and cash collections by comparing to historical information and observed trends. We evaluated the robustness of management's budgeting process by comparing the actual results to forecasted results and performed sensitivity analyses on key assumptions for alternative reasonably possible scenarios to assess the Group's ability to meet its payment obligations in the next 12 months from the date of the auditor's report. We also reviewed the relevant disclosures provided in the aforementioned notes to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022
to the members of Pacific Radiance Ltd.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The Directors' statement states that the financial statements are drawn up to give a true and fair view of the financial position of the Group and Company as at the year end and of the financial performance, changes in equity and cash flows of the Group and changes in equity for the Company for the year then ended. However, as described in the Basis for Qualified Opinion section above, we have qualified our opinion on these financial statements for the reasons described in that section.

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 Singapore Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards in Singapore (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022
to the members of Pacific Radiance Ltd.

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

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

a) Identify and assess the risks of material misstatement of the consolidated 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022
to the members of Pacific Radiance Ltd.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Alvin Phua.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

12 April 2023

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	2022 Continuing Operations US$'000	2022 Discontinued Operations US$'000	2022 Total US$'000	2021 Continuing Operations US$'000	2021 Discontinued Operations US$'000	2021 Total US$'000
Revenue	4	**29,883**	**8,740**	**38,623**	9,848	48,959	58,807
Cost of sales		**(16,071)**	**(8,897)**	**(24,968)**	(9,703)	(45,471)	(55,174)
Gross profit/(loss)		**13,812**	**(157)**	**13,655**	145	3,488	3,633
Other operating income	5a	**4,259**	**2,694**	**6,953**	2,913	729	3,642
Gain arising from debt restructuring	5b	**343,151**	**17,243**	**360,394**	9,265	–	9,265
General and administrative expenses		**(13,259)**	**(1,432)**	**(14,691)**	(7,089)	(5,403)	(12,492)
Other operating expenses		**(9,490)**	**(13,511)**	**(23,001)**	(4,083)	(26,320)	(30,403)
Finance costs	6	**(2,917)**	**(4,085)**	**(7,002)**	(2,121)	(16,467)	(18,588)
Share of results of joint ventures		**87**	**1,509**	**1,596**	–	–	–
Share of results of associates		**–**	**4,603**	**4,603**	2,397	–	2,397
Profit/(loss) before taxation	7	**335,643**	**6,864**	**342,507**	1,427	(43,973)	(42,546)
Taxation	8	**647**	**(251)**	**396**	(70)	(1,610)	(1,680)
Profit/(loss) for the year		**336,290**	**6,613**	**342,903**	1,357	(45,583)	(44,226)
Profit/(loss) for the year attributable to:							
Equity holders of the Company		**324,507**	**6,683**	**331,190**	1,390	(45,549)	(44,159)
Non-controlling interests		**11,783**	**(70)**	**11,713**	(33)	(34)	(67)
		336,290	**6,613**	**342,903**	1,357	(45,583)	(44,226)
Earnings/(loss) per share attributable to equity holders of the Company (US cents per share)							
Basic	10	**163.7**	**3.4**	**167.1**	0.2	(6.4)	(6.2)
Diluted	10	**163.7**	**3.4**	**167.1**	0.2	(6.4)	(6.2)

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 2022

	Note	2022 Continuing Operations US$'000	2022 Discontinued Operations US$'000	2022 Total US$'000	2021 Continuing Operations US$'000	2021 Discontinued Operations US$'000	2021 Total US$'000
Profit/(loss) for the year		**336,290**	**6,613**	**342,903**	1,357	(45,583)	(44,226)
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
– Foreign currency translation		**(129)**	**–**	**(129)**	989	–	989
– Reclassification to profit or loss upon disposal of subsidiary		**–**	**–**	**–**	–	90	90
Other comprehensive income for the year, net of tax		**(129)**	**–**	**(129)**	989	90	1,079
Total comprehensive income for the year		**336,161**	**6,613**	**342,774**	2,346	(45,493)	(43,147)
Total comprehensive income for the year attributable to:							
Equity holders of the Company		**324,507**	**6,683**	**331,190**	2,379	(45,459)	(43,080)
Non-controlling interests		**11,783**	**(70)**	**11,713**	(33)	(34)	(67)
		336,290	**6,613**	**342,903**	2,346	(45,493)	(43,147)

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

BALANCE SHEETS

As at 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**40,629**	43,380	**–**	–
Investment in subsidiaries	12	**–**	–	**–**	–
Investment in associates	13	**–**	–	**–**	–
Investment in joint ventures	14	**1,287**	–	**–**	–
Investment securities	19	**–**	–	**–**	–
Club memberships		**140**	140	**–**	–
Amounts due from related companies	15	**408**	4,641	**–**	–
		42,464	48,161	**–**	–
Current assets					
Inventories	16	**160**	544	**–**	–
Trade receivables	17	**14,571**	22,004	**–**	–
Other receivables	18	**7,572**	2,772	**136**	56
Amounts due from related companies	15	**20,156**	58,174	**20,082**	–
Investment securities	19	**23**	9	**–**	–
Cash and bank balances	20	**25,596**	21,591	**2,545**	1,468
		68,078	105,094	**22,763**	1,524
Assets held for sale	11	**–**	139,122	**–**	–
		68,078	244,216	**22,763**	1,524
Total assets		**110,542**	292,377	**22,763**	1,524
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	21	**12,091**	13,298	**–**	–
Other liabilities	22	**15,587**	131,041	**180**	15,478
Amounts due to related companies	24	**11,801**	10,479	**308**	168,329
Bank loans	25	**–**	386,584	**–**	–
Notes payable	26	**–**	74,110	**–**	74,110
Provision for taxation		**1,108**	1,268	**–**	–
Lease liabilities	27	**1,012**	983	**–**	–
		41,599	617,763	**488**	257,917
Net current assets/(liabilities)		**26,479**	(373,547)	**22,275**	(256,393)

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

BALANCE SHEETS

As at 31 December 2022

	Note	Group		Company	
		2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Non-current liabilities					
Other liabilities	22	**3,817**	9,458	**–**	–
Provisions	23	**252**	248	**–**	–
Bank loans	25	**29,839**	–	**–**	–
Lease liabilities	27	**7,155**	7,331	**–**	–
Deferred tax liabilities	28	**2,474**	2,645	**–**	–
Derivative warrant liabilities	29	**184**	–	**184**	–
Perpetual securities	30	**1,492**	–	**1,492**	–
		45,213	19,682	**1,676**	–
Total liabilities		**86,812**	637,445	**2,164**	257,917
Net assets/(liabilities)		**23,730**	(345,068)	**20,599**	(256,393)
Equity attributable to equity holders of the Company					
Share capital	31(a)	**188,878**	162,854	**188,878**	162,854
Treasury shares	31(b)	**(2,135)**	(2,135)	**(2,135)**	(2,135)
Accumulated losses		**(154,473)**	(485,863)	**(166,081)**	(417,049)
Other reserves	32	**(8,442)**	(8,113)	**(63)**	(63)
		23,828	(333,257)	**20,599**	(256,393)
Non-controlling interests		**(98)**	(11,811)	**–**	–
Total equity		**23,730**	(345,068)	**20,599**	(256,393)

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 2022

		Attributable to equity holders of the Company											
Group	**Note**	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Total other reserves US$'000**	**Foreign currency translation reserve US$'000**	**Employee share-based payments reserve US$'000**	**Hedging reserve US$'000**	**Defined benefit plan US$'000**	**Capital reserve US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
Balance at 1 January 2022		**162,854**	**(2,135)**	**(485,863)**	**(8,113)**	**(1,669)**	**170**	**114**	**86**	**(6,814)**	**(333,257)**	**(11,811)**	**(345,068)**
Profit for the year		**–**	**–**	**331,190**	**–**	**–**	**–**	**–**	**–**	**–**	**331,190**	**11,713**	**342,903**
Other comprehensive income													
– Foreign exchange translation	32(a)	**–**	**–**	**–**	**(129)**	**(129)**	**–**	**–**	**–**	**–**	**(129)**	**–**	**(129)**
Total comprehensive income for the year		**–**	**–**	**331,190**	**(129)**	**(129)**	**–**	**–**	**–**	**–**	**331,061**	**11,713**	**342,774**
Shares issued due to restructuring	31(a)	**26,024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,024**	**–**	**26,024**
Transfers within equity	32	**–**	**–**	**200**	**(200)**	**–**	**(170)**	**(114)**	**(86)**	**170**	**–**	**–**	**–**
Balance at 31 December 2022		**188,878**	**(2,135)**	**(154,473)**	**(8,442)**	**(1,798)**	**–**	**–**	**–**	**(6,644)**	**23,828**	**(98)**	**23,730**
Balance at 1 January 2021		162,854	(2,135)	(441,744)	(9,152)	(2,748)	170	114	126	(6,814)	(290,177)	(11,744)	(301,921)
Loss for the year		–	–	(44,159)	–	–	–	–	–	–	(44,159)	(67)	(44,226)
Other comprehensive income													
– Foreign exchange translation	32(a)	–	–	–	989	989	–	–	–	–	989	–	989
– Reclassification to profit or loss upon disposal of subsidiary	32(a)	–	–	–	90	90	–	–	–	–	90	–	90
Total comprehensive income for the year		–	–	(44,159)	1,079	1,079	–	–	–	–	(43,080)	(67)	(43,147)
Transfers within equity		–	–	40	(40)	–	–	–	(40)	–	–	–	–
Balance at 31 December 2021		162,854	(2,135)	(485,863)	(8,113)	(1,669)	170	114	86	(6,814)	(333,257)	(11,811)	(345,068)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

Company	Share capital US$'000	Treasury shares US$'000	Accumulated losses US$'000	Total other reserves US$'000	Employee share-based payments reserve US$'000	Capital reserve US$'000	Total equity US$'000
Balance as at 1 January 2022	**162,854**	**(2,135)**	**(417,049)**	**(63)**	**170**	**(233)**	**(256,393)**
Profit for the year	**–**	**–**	**250,968**	**–**	**–**	**–**	**250,968**
Total comprehensive income for the year	**–**	**–**	**250,968**	**–**	**–**	**–**	**250,968**
Shares issued due to restructuring (Note 31)	**26,024**	**–**	**–**	**–**	**–**	**–**	**26,024**
Transfers within equity (Note 32)	**–**	**–**	**–**	**–**	**(170)**	**170**	**–**
Balance as at 31 December 2022	**188,878**	**(2,135)**	**(166,081)**	**(63)**	**–**	**(63)**	**20,599**
Balance as at 1 January 2021	162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)
Loss for the year	–	–	(83,090)	–	–	–	(83,090)
Total comprehensive income for the year	–	–	(83,090)	–	–	–	(83,090)
Balance as at 31 December 2021	162,854	(2,135)	(417,049)	(63)	170	(233)	(256,393)

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 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities:			
Profit/(Loss) before taxation		**342,507**	(42,546)
Adjustments for:			
Depreciation of property, plant and equipment	11	**3,015**	12,711
Recognition of deferred capital grant income	5(a)	**–**	(297)
(Derecognition)/Recognition of financial guarantee liabilities	22	**(2,977)**	2,094
Finance costs		**7,002**	18,588
Interest income		**(56)**	(139)
Share of results of joint ventures		**(1,596)**	–
Share of results of associates		**(4,603)**	(2,397)
Loss on disposal of property, plant and equipment, net		**–**	329
Impairment of doubtful receivables, net	17	**4,465**	279
Impairment of amounts due from related companies	15	**17,991**	13,956
Impairment of property, plant and equipment	11	**1,456**	14,715
Gain on disposal of assets held for sale	9	**(17,022)**	–
Net gain on debt forgiveness	5(b)	**(290,791)**	(9,265)
Net gain on restructuring from settlement of liabilities through share issuance	5(b)	**(52,360)**	–
Net fair value gain on held for trading investment securities	7	**(14)**	(1)
Deferred gain for non-refundable deposit upon vessel sale		**(800)**	–
Net fair value loss on derivatives		**184**	–
Exchange differences		**1,208**	(1,511)
Operating cash flows before changes in working capital		**7,609**	6,516
(Increase)/Decrease in trade and other receivables		**(1,775)**	(3,101)
(Increase)/Decrease in amounts due from related companies, net		**(6,788)**	4,225
(Increase)/Decrease in inventories		**384**	194
Increase/(Decrease) in trade payables and other liabilities		**3,352**	(28)
Cash generated from operations		**2,782**	7,806
Taxes paid		**(599)**	(1,516)
Interest paid		**(294)**	(695)
Interest received		**–**	8
Net cash flows generated from operating activities		**1,889**	5,603

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 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment	11	**(1,400)**	(1,901)
Proceeds from sale of assets held for sale		**–**	1,250
Loans repaid by/(granted to) joint ventures, net		**5,000**	(3,000)
Investment in joint venture		**(1,200)**	–
Deposit refunded for proposed acquisition of a company		**–**	2,700
Net cash flows generated from/(used in) investing activities		**2,400**	(951)
Cash flows from financing activities:			
Payment of principal portion of lease liabilities	27	**(338)**	(647)
Repayment of bank loans	25	**–**	(1,489)
Cash and bank balances released as securities		**2**	1,433
Proceeds from issuance of new shares		**723**	–
Partial redemption of perpetual securities	30	**(709)**	–
Restricted cash and bank balance		**(1,989)**	–
Net cash flows used in financing activities		**(2,311)**	(703)
Net increase in cash and bank balances		**1,978**	3,949
Effect of exchange rate changes on cash and bank balances		**40**	(1)
Cash and bank balances at 1 January		**21,589**	17,641
Cash and bank balances at 31 December	20	**23,607**	21,589

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 2022

1. CORPORATE INFORMATION

Pacific Radiance Ltd. ("PRL" or the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding company is YM Investco Pte Ltd, incorporated in Singapore.

The registered office and principal place of business of the Company is located at 15 Pandan Road, Singapore 609263.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (collectively, 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$) and all values in the tables are rounded to the nearest thousand (US$'000), except when otherwise indicated.

The Group completed its debt restructuring in September 2022. The debt restructuring plan ("Debt Restructuring Plan") included the following:

a) the consensual directed transfer of the 33 secured vessels and accompanying income and revenue streams (the "Sale Vessels") to ENAV Radiance Pte. Ltd. (and/or its affiliates) (the "Purchaser"), an affiliate of RS EES Holdings Mexico S. De R.L. De C.V. ("ENAV"), in consideration for the Purchaser procuring the consensual discharge of approximately US$200 million of the secured indebtedness owed by the Group to the secured lenders ("Secured Lenders") (including the release and/or discharge of mortgages, assignments of charter and charter earnings, amongst others) (the "Disposal");

b) the restructuring of the remaining debt obligations (which then became unsecured) in relation to the Sale Vessels owed to three (3) of the Secured Lenders which remained after completion of the Disposal and other unsecured creditors (including trade creditors), via court-sanctioned schemes of arrangement of the Company's two (2) subsidiaries, Pacific Crest Pte. Ltd. ("PCPL") and CSI Offshore Pte. Ltd. ("CSIO"), which held the majority of the Sale Vessels (the "Schemes of Arrangement");

c) in relation to one (1) of the Secured Lenders, the consensual restructuring of the loan associated with the Company's office and shipyard premises;

d) in relation to two (2) of the Secured Lenders, the consensual restructuring of the unsecured debt obligations of the Group (apart from PCPL and CSIO);

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

e) the consensual restructuring of the S$100,000,000 4.30 Per Cent. Notes issued under the S$1,000,000,000 multicurrency debt issuance programme of the Company pursuant to a consent solicitation exercise ("CSE"). In this regard, the extraordinary resolution pursuant to the CSE was approved by holders of the notes on 21 April 2021;

f) in relation to three (3) of the Secured Lenders (the "Entitled Lenders"), the consensual restructuring of various cross-currency swap facilities entered into in connection with the notes;

g) the Company (and/or its relevant affiliates) entering into ship management agreements with the Purchaser to manage the majority of the Sale Vessels after completion of the Disposal; and

h) a special purpose vehicle wholly owned by Mr. Pang Wei Meng (Executive Director of the Company) and Mr. Pang Wei Kuan, James (Chief Executive Officer of the Company) ("Pang SPV") and ENAV (or its affiliate) entering into a shareholders' agreement setting out the terms governing their relationship as shareholders in the Purchaser.

In addition, the following securities issuance ("Securities Issuances") forms part of the Debt Restructuring Plan:

(a) Noteholders (as a class) were issued (i) new shares of the Company ("New Shares") and (ii) up to S$3,000,000 in principal amount of perpetual securities ("Perpetual Securities"), to redeem all outstanding notes;

(b) the Entitled Lenders were allotted New Shares to discharge all liabilities owing by the Company to the Entitled Lenders that were incurred as a result of various cross-currency swap facilities entered into in connection with the notes;

(c) Mr. Pang Yoke Min, Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James (the "PRL Key Management") were allotted New Shares to satisfy certain conditions of the ship management agreements with the Purchaser (and/or its affiliates) that include, amongst others, the Group to remain a going concern and the PRL Key Management to remain in control of the Company;

(d) upon completion of the Securities Issuances, the shares of the Company was consolidated on the basis of every ten (10) existing shares into one (1) consolidated share ("Consolidated Share");

(e) upon completion of the share consolidation, entitled shareholders (excluding PRL Key Management) were issued warrants ("Shareholder Warrants") in the consolidated share capital of the Company on the basis of 100 Shareholder Warrants for every 100 Consolidated Shares; and

(f) upon completion of the share consolidation, the PRL Key Management was issued warrants ("Management Warrants") in the consolidated share capital of the Company on the basis of 47 Management Warrants for every 100 Consolidated Shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

On 23 September 2022, the Company announced that it has completed the Debt Restructuring Plan and fulfilled all of the conditions for the resumption of trading of its securities. On 26 September 2022, the trading suspension was lifted and the Company's securities resumed trading.

Taking into consideration the completion of the Debt Restructuring Plan, the post-restructuring financial position and the asset-light focus in the growth and diversification plan of the Group, the directors are of the opinion that there would be sufficient cash flows to settle its debts as and when they fall due and hence, the use of going concern assumption in preparing the accompanying financial statements is appropriate.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial years beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 16 *Lease liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-1 *Non-current liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *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 other standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

(b) Business combinations and goodwill

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. In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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 an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, 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 either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

The total impairment loss of a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit pro-rata on the basis of the carrying amount of each asset in the cash-generating unit.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2.5 Transactions with non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into 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.

2.7 Property, plant and equipment

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

The cost of property and buildings includes provision for reinstatement costs as stated in Note 2.18.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (Cont'd)

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

– Vessels: 20 or 25 years

– Drydocking expenditure: 5 years

– Plant and equipment: 3 to 5 years

– Property and buildings: 20 years & over the remaining life of the leases

– Land-use rights: over the remaining life of the leases

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

The Group periodically drydocks each owned vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. Generally, each vessel is drydocked every 5 years. A substantial portion of the costs incurred during drydocking is capitalised and these costs are amortised on a straight-line basis from the completion of a drydock to the estimated completion of the next drydocking. Costs for routine repairs and maintenance performed during drydocking that do not improve or extend the useful lives of the vessels are immediately expensed off. The number of drydockings undertaken in a given period and the nature of the work performed determine the level of drydocking expenditures.

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

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

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

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 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) Group as a 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-use-rights: over the remaining life of the leases

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 the accounting policies in Note 2.10 Impairment of non-financial assets.

The Group's right-of-use assets are presented within property, plant and equipment (Note 11).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Leases (Cont'd)

(ii) Lease liabilities (Cont'd)

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 an expense on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment loss.

2.9 Intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets (Cont'd)

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

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

Club memberships

Club memberships were acquired separately and have indefinite useful lives. These club memberships are tested for impairment annually, or more frequently.

2.10 Impairment of non-financial assets

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

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

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

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.

2.11 Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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. The Group has not classified any joint arrangement as joint operation during the financial year. 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 ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.13.

2.13 Joint ventures and associates

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Joint ventures and associates (Cont'd)

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

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

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

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

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 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 profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on 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 for debt instruments is recognised in profit or loss.

(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 instruments. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

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.

De-recognition

A financial liability is de-recognised 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.

2.15 Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 270 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Cash and bank balances

Cash and bank balances comprise cash at banks and on hand, short-term bank deposits and cash in holding accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash pledged is excluded from cash and cash equivalents.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Work-in-progress is recorded at the lower of cost and net realisable value.

Costs include all direct materials, labour costs and those indirect costs incurred in connection with projects on a first-in first-out basis.

Finished goods include bunker and spare parts for shipyard repair jobs.

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 necessary to make the sale.

2.18 Provisions

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

Provisions are reviewed at 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.

Provision for reinstatement costs

The Group recognised a provision for reinstatement cost when there is obligation to restore the property, plant and equipment to its original condition upon termination of the contract leases. The reinstatement cost is estimated when modifications are performed on the properties, based on quotations from contractors and management's experience. The provision for reinstatement cost is reviewed annually and adjusted as appropriate. The estimated reinstatement cost is included as part of cost of property, plant and equipment as stated in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.21 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.

2.22 Employee benefits

(a) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (Cont'd)

(b) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

– Service cost

– Net interest on the net defined benefit liability or asset

– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Employee benefits (Cont'd)

(c) Performance share plan

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

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

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.23 Assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment once classified as held for sale are not depreciated and is presented separately as current assets in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of profit or loss.

Additional disclosures are provided in Note 9. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 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.

Revenue from bareboat and time chartering activities is recognised in profit or loss based on the duration of the contracts. Ancillary time charter revenue is recognised over time on a straight-line basis based on the number of days of the charter period, and the corresponding costs are charged to profit or loss using the same basis.

Revenue from ship repair works is recognised at a point in time when the repair works are completed and accepted by customers.

Management fees and ship management fee income are recognised over time when the services are rendered.

Interest income is recognised over time using the effective interest method.

Dividend income is recognised at a point in time when the Group's right to receive the payment is established.

2.25 Income taxes and other taxes

(a) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Income taxes and other taxes (Cont'd)

(b) Deferred tax

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

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

– Where the deferred tax liability arises from the initial recognition of 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Income taxes and other taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

2.26 Share capital and share issuance expenses

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

2.27 Treasury shares

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 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 JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. 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.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the judgement that the use of going concern assumption is appropriate as further disclosed in Note 2.1. Management has also made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) <u>Functional currency</u>

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Judgements made in applying accounting policies (Cont'd)

(b) Joint arrangements

The Group has interests in joint arrangements as listed in Note 14. The Group has joint control over these arrangements as under the contractual agreements, joint consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as limited companies and provide the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.

(c) Income taxes

The Group has exposure to income taxes in the respective jurisdictions in which it operates. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and deferred tax liabilities as at 31 December 2022 were US$1,108,000 (2021: US$1,268,000) and US$2,474,000 (2021: US$2,645,000) respectively.

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.

Impairment of property, plant and equipment and gain on sale of vessels

The Group assesses the impairment of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use.

For the purposes of impairment assessment of property, plant and equipment, the fair value less costs to dispose is determined mainly based on valuation reports issued by independent professional valuers for continuing operations. For impairment loss relating to discontinued operations, please refer to Discontinued Operations (Note 9). The impairment charge for continuing operations for the financial year was US$1,456,000 (2021: US$635,000) (Note 7). If the fair value less costs to dispose decreases by 10% from the fair value based on valuation reports, the impairment charges for continuing operations will increase by US$520,000 (2021: US$2,194,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Impairment of property, plant and equipment and gain on sale of vessels (Cont'd)

During the year, the Group sold vessels relating to the discontinued operations. A gain on sale of vessels of US$17,022,000 (Note 9) was recognised on the carrying amount after impairment. The financial effect of the sale of vessels to the associates and joint ventures are disclosed in Note 13 and 14 respectively.

Provision for expected credit losses of trade receivables, amounts due from related companies and other receivables

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

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

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

The Group uses the probability of default approach for non-trade amounts and loans due from related companies, including other receivables. To estimate the loss allowance for credit losses, the Group performs recoverability assessments to derive the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, including cash flows from the sale of collateral that are integral to the contractual terms. The fair value of the collateral and forecast economic conditions in the recoverability assessment is a significant estimate where changes in which can result in different levels of allowances.

The information about the ECLs on the Group's trade receivables, amounts due from related companies and other receivables are disclosed in Note 37(a).

The carrying amount of trade receivables as at 31 December 2022 are US$14,571,000 (2021: US$22,004,000). The carrying values for amounts due from related companies and other receivables as at 31 December 2022 are disclosed in Note 15 and Note 18 respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Estimating the finance costs and gain on debt forgiveness of bank loans

The Group did not receive continuing updates from bank lenders on the computation of interest expenses post suspension of certain debt obligations and has to make various assumptions in determining the finance costs as disclosed in Note 6. The Group has relied on published market data for LIBOR as a proxy to determine the applicable interest rates for the outstanding bank loans. Interest expenses, including default interest and late payment charges for the outstanding bank loans was computed based on the terms set out in the loan facility agreements. The Group also has to exercise judgement in determining the reduction in the different components of bank loan liabilities arising from set off against bank balances by the bank lenders.

During the year, the Group made payments of the bank loans in accordance with the Schemes of Arrangement and recognised a gain on debt forgiveness of bank loans. The gain on debt forgiveness recognised is disclosed in Note 5(b). The carrying amounts of bank loans as at 31 December 2022 are disclosed in Note 25.

4. REVENUE

Disaggregation of revenue

Segments	Ship Management business US$'000	Shipyard business US$'000	Total for Continuing Operations US$'000
2022			
Type of services			
Lease revenue	3,014	–	3,014
Other ancillary time charter revenue	6,968	–	6,968
Ship repair income	–	14,582	14,582
Ship management fee income	5,282	–	5,282
Others	–	37	37
	15,264	14,619	29,883
Timing of transfer of services			
At a point in time	–	14,619	14,619
Over time	15,264	–	15,264
	15,264	14,619	29,883

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. REVENUE (CONT'D)

Disaggregation of revenue (Cont'd)

Segments	Ship Management business US$'000	Shipyard business US$'000	Total for Continuing Operations US$'000
2021			
Type of services			
Lease revenue	2,040	–	2,040
Other ancillary time charter revenue	2,615	–	2,615
Ship repair income	–	4,793	4,793
Ship management fee income	375	–	375
Others	–	25	25
	5,030	4,818	9,848
Timing of transfer of services			
At a point in time	–	4,818	4,818
Over time	5,030	–	5,030
	5,030	4,818	9,848

The Group accounts for the lease of vessels for bareboat charter and time charter under SFRS(I) 16 Leases as lease revenue. Time charter comprises 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 market assessment approach where management estimates the market rate for the leases of vessels and services taking into consideration the Group's business pricing strategies and practices. Both lease and other ancillary time charter revenue are recognised over the same duration of the charter period.

Refer to Note 40 for revenue disclosure by operating business segments and geographical location.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. OTHER OPERATING INCOME AND GAIN ARISING FROM DEBT RESTRUCTURING

(a) Other operating income

	Group	
	2022	**2021**
	US$'000	**US$'000**
Interest income from banks	**53**	–
Interest income from loans to joint ventures and associate	**–**	122
Interest income from third parties	**–**	3
Recognition of deferred capital grant income	**–**	297
Management fee income	**332**	245
Government grants	**27**	372
Net fair value gain on held for trading investment securities	**14**	1
Foreign exchange gain, net	**2,679**	1,666
Deferred gain for non-refundable deposit upon vessel sale	**800**	–
Sundry income	**354**	207
	4,259	2,913

Government grants relate to the Jobs Support Scheme ("JSS"). It was a temporary scheme introduced in the Singapore Budget 2021 to help enterprises retain local employees as part of the COVID-19 Relief Measures. Under the JSS, employers would receive cash grants in relation to the gross monthly wages of eligible employees during the qualifying periods. A grant of US$2,000 (2021: US$324,000) was recognised during the financial year in profit or loss.

Deferred capital grant relates to government grant received for the acquisition of an equipment undertaken by the Group's subsidiary in Singapore to promote green technology. During 2019, the related vessel was sold and the Group was required to return the grant of S$400,000. In 2021, the refund of the grant of S$400,000 (equivalent to US$297,000) was waived and recognised as deferred capital grant income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. OTHER OPERATING INCOME AND GAIN ARISING FROM DEBT RESTRUCTURING (CONT'D)

(b) Gain arising from debt restructuring

	Group	
	2022	**2021**
	US$'000	**US$'000**
Gain on debt forgiveness of bank loans (Note 25)	**269,126**	9,265
Gain on debt forgiveness of trade payables	**1,527**	–
Gain on debt forgiveness of non-controlling shareholder loan	**20,138**	–
Net gain on restructuring from settlement of liabilities through share issuance (Note 31)	**52,360**	–
	343,151	9,265

Gain on debt forgiveness of bank loans relates to principal amount of bank loans forgiven of US$209,198,000 (2021: US$7,298,000) and accrued interest forgiven of US$59,928,000 (2021: US$1,967,000).

Gain on debt forgiveness of trade payables relates to the portion of trade payables that was waived, released and discharged under the Schemes of Arrangement of PCPL and CSIO that were sanctioned by the High Court of Singapore on 11 August 2022.

Gain on debt forgiveness of non-controlling shareholder loan relates to principal amount of loan of US$17,150,500 and accrued interest of US$2,987,213 forgiven by shareholder of subsidiary Radiance ZJ Pte Ltd.

6. FINANCE COSTS

	Group	
	2022	**2021**
	US$'000	**US$'000**
Interest expense on:		
– Bank loans carried at amortised cost	**2,369**	1,411
– Lease liabilities (Note 35(a))	**362**	402
– Perpetual securities	**9**	–
Interest expense on borrowings from a shareholder of a subsidiary carried at amortised cost	**175**	306
	2,915	2,119
Discount rate adjustment for provisions (Note 23)	**2**	2
	2,917	2,121

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation for continuing operations is stated after charging/(crediting) the following:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Audit fees:		
– Auditors of the Company	**102**	84
– Other auditors	**–**	–
Non audit fees:		
– Auditors of the Company	**24**	44
– Other auditors	**34**	29
Legal and professional fees	**2,951**	1,574
Inventories recognised as an expense in cost of sales (Note 16)	**5**	72
Employee benefits expense (Note 33)	**7,421**	7,100
Depreciation of property, plant and equipment (Note 11)	**3,015**	2,995
Impairment of property, plant and equipment (Note 11)	**1,456**	635
Impairment of doubtful trade receivables, net	**4,329**	15
Impairment of amount due from related companies, net	**3,526**	3,104
Foreign exchange gain, net	**(2,679)**	(1,666)
Net fair value gain on held for trading investment securities	**(14)**	(1)
Net fair value loss on derivative	**178**	–
Lease expenses (Note 35(a))	**5,366**	2,159

Including discontinued operations, total audit fees paid to auditors of the Company for the financial year is US$163,000 (2021: US$144,000). Total non-audit fees paid to auditors of the Company for the financial year is US$55,000 (2021: US$76,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. TAXATION

The major components of income tax expense for the years ended 31 December 2022 and 2021 were:

	2022			2021		
	Continuing Operations US$'000	Discontinued Operations US$'000	Total US$'000	Continuing Operations US$'000	Discontinued Operations US$'000	Total US$'000
Consolidated income statements:						
Current income tax						
– Current year's income taxation	**(23)**	**(4)**	**(27)**	(129)	(81)	(210)
– Overprovision in respect of prior years, net	**44**	**–**	**44**	137	–	137
	21	**(4)**	**17**	8	(81)	(73)
Deferred income tax (Note 28)						
– Reversal of temporary differences	**171**	**–**	**171**	–	68	68
Withholding tax	**455**	**(247)**	**208**	(78)	(1,597)	(1,675)
Tax expense recognised in consolidated income statement	**647**	**(251)**	**396**	(70)	(1,610)	(1,680)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8. TAXATION (CONT'D)

The reconciliation between the tax expense and the product of accounting profit/(loss) before taxation multiplied by the applicable tax rate for the financial years ended 31 December 2022 and 2021 was as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Profit before taxation for continuing operations	**335,643**	1,427
Profit/(loss) before taxation for discontinued operations	**6,864**	(43,973)
Profit/(loss) before taxation	**342,507**	(42,546)
Less: Share of results of joint ventures	**(1,596)**	–
Less: Share of results of associates	**(4,603)**	(2,397)
Profit/(loss) before tax and share of results of associates and joint ventures	**336,308**	(44,943)
Tax expense/(credit) at Singapore statutory rate of 17% (2021: 17%)	**57,172**	(7,640)
Adjustments:		
Income not assessable for tax purposes	**(58,102)**	(1,097)
Expenses not deductible for tax purposes	**4,758**	2,041
Overprovision in respect of prior years, net	**(44)**	(137)
Effect of partial tax exemption and tax relief	**(16)**	(32)
Deferred tax assets not recognised	**966**	1,418
Utilisation of previously unrecognised tax losses	**(1,509)**	(2)
Net tax exempt (profit)/loss under Section 13A or 13E of the Singapore Income Tax Act and rebate available	**(3,413)**	5,454
Withholding tax	**(208)**	1,675
Tax (credit)/expense recognised in consolidated income statement	**(396)**	1,680
Tax (credit)/expense attributable to continuing operations	**(647)**	70
Tax expense attributable to discontinued operations	**251**	1,610
	(396)	1,680

9. DISCONTINUED OPERATIONS

On 26 October 2021, the Group entered into a consensual sale agreement with the Secured Lenders and Purchaser to effect the Disposal as described in Note 2. On 26 January 2022, the Group entered into the memoranda of agreement for the transfer and delivery of the Sale Vessels. On 23 February 2022, the shareholders approved the Disposal. The Disposal was completed in March 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. DISCONTINUED OPERATIONS (CONT'D)

For the purposes of the Disposal, the Company commissioned an independent professional valuer to conduct a desktop valuation on the Sale Vessels as at 31 May 2021, based on charter-free orderly sale value within an approximate three month period between willing-buyer willing-seller basis delivery in an acceptable area, free of encumbrances, maritime liens and any other debts. The consideration for the Disposal of approximately US$200 million was arrived at arm's length and on a willing-buyer willing-seller basis, after taking into account, inter alia, the sale value of US$105.6 million from the desktop valuation, the value of the ongoing charter contracts in relation to the Sale Vessels and the prevailing economic conditions.

The Disposal involved 33 Sale Vessels of which 28 Sale Vessels were owned by the Group's subsidiaries and 5 Sale Vessels were owned by the joint venture and associate companies. The 28 Sale Vessels were classified as assets held for sale as at 26 October 2021, and the entire results from the disposal group was presented separately on the consolidated income statement as a discontinued operation for the year ended 31 December 2021. The disposal group was previously presented under the Offshore Support Services and Subsea Services operating segments.

The net cash flows incurred by the disposal group are as follows:

	2022 US$'000	2021 US$'000
Operating	**643**	9,585
Investing	**–**	(1,883)
Financing	**2**	–
Net cash inflow/(outflow)	**645**	7,702

Write-down of property, plant and equipment

Immediately before the classification of the Sale Vessels to discontinued operations, the recoverable amount was estimated for the vessels. The Group has estimated the fair value of the vessels based on the settlement consideration amount in the consensual sale agreement. This is the aggregate consideration to be received by the Group via waiver and discharge of bank debts, in exchange for the transfer of the Sale Vessels. An impairment loss of US$14,080,000 was recognised on 26 October 2021 and recorded in discontinued operations in the income statement. Following the classification, no further impairment was identified to reduce the carrying amount of the vessels forming the disposal group to their fair value less costs to sell.

On 25 February 2022 and 1 March 2022, the Group transferred and delivered the Sale Vessels to the Purchaser and its related companies. A gain on sale of vessels of US$17,022,000 was recognised on the carrying amount and included in other operating income. The financial effect of the sale of vessels to the associates and joint ventures are disclosed in Note 13 and 14 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net of tax profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing net profit attributable to equity holders 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 income and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Profit/(loss) for the year attributable to equity holders of the Company	**331,190**	(44,159)
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares for calculation:		
– Applicable to basic earnings per share	**198,278**	715,428
– On a fully diluted basis	**198,278**	715,428

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

Since the end of the financial year, the Company have not acquired (2021: Nil) ordinary shares in the Company through purchases on the Singapore Exchange. There have been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT

	Vessels US$'000	Drydocking expenditure US$'000	Plant and equipment US$'000	Property and buildings US$'000	Land-use rights US$'000	Total US$'000
Group						
Cost:						
At 1 January 2021	480,170	14,398	10,956	62,362	8,883	576,769
Additions	65	1,813	23	–	–	1,901
Disposals	–	(36)	(785)	–	–	(821)
Reclass to assets held for sale	(479,285)	(16,175)	–	–	–	(495,460)
Translation differences	(31)	–	(25)	(1,130)	(183)	(1,369)
At 31 December 2021 and 1 January 2022	**919**	**–**	**10,169**	**61,232**	**8,700**	**81,020**
Additions	**1,100**	**–**	**300**	**–**	**146**	**1,546**
Disposals	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Translation differences	**–**	**–**	**47**	**413**	**65**	**525**
At 31 December 2022	**2,019**	**–**	**10,504**	**61,645**	**8,911**	**83,079**

	Vessels US$'000	Drydocking expenditure US$'000	Plant and equipment US$'000	Property and buildings US$'000	Land-use rights US$'000	Total US$'000
Group						
Accumulated depreciation and impairment loss:						
At 1 January 2021	326,302	6,529	6,720	26,989	930	367,470
Depreciation charge for the financial year(1)	7,250	2,475	510	2,015	461	12,711
Impairment loss	14,080	–	–	635	–	14,715
Disposals	–	(36)	(456)	–	–	(492)
Reclass to assets held for sale	(347,370)	(8,968)	–	–	–	(356,338)
Translation differences	20	–	43	(467)	(22)	(426)
At 31 December 2021 and 1 January 2022	**282**	**–**	**6,817**	**29,172**	**1,369**	**37,640**
Depreciation charge for the financial year(1)	**102**	**–**	**523**	**1,938**	**452**	**3,015**
Impairment loss	**–**	**–**	**–**	**1,456**	**–**	**1,456**
Disposals	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Translation differences	**–**	**–**	**31**	**298**	**22**	**351**
At 31 December 2022	**384**	**–**	**7,359**	**32,864**	**1,843**	**42,450**
Net carrying amounts:						
At 31 December 2021	637	–	3,352	32,060	7,331	43,380
At 31 December 2022	**1,635**	**–**	**3,145**	**28,781**	**7,068**	**40,629**

(1) Depreciation charge for the financial year arising from continuing operations and discontinued operations are US$3,015,000 (2021: US$2,995,000) and Nil (2021: US$9,716,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 35.

During the year, there was an increase in land-use rights of US$146,000 (2021: Nil) due to the increase in lease payments under certain leasing arrangements.

Amount under plant and equipment included certain equipment with carrying amount of US$475,000 (2021: US$544,000) that is under finance lease arrangement.

The cash outflow on acquisition of property, plant and equipment in 2022 amounted to US$1,400,000 (2021: US$1,901,000).

Assets pledged as security

At the balance sheet date, property, buildings and certain equipment with a carrying amount of US$31,680,000 (2021: US$34,433,000) were mortgaged to a bank as collateral to secure the Group's bank loan (Note 25).

As at 31 December 2021, vessels held for sale with a carrying amount totalling US$139,122,000 were mortgaged to banks as collateral to secure the Group's bank loans (Note 25). During the year, the Group completed the Disposal as disclosed in Note 2.1, and the banks released and discharged all rights, title and interest on the mortgaged vessels.

Capitalisation of borrowing costs

The Group has capitalised borrowing costs arising from bank loans and notes payable raised specifically for the purpose of construction of vessels and the shipyard.

During the financial year, no borrowing costs was capitalised as cost of vessels and shipyard under construction (2021: Nil).

Impairment of assets

The Group has carried out a review of the recoverable amount of its property, plant and equipment mainly based on valuation reports issued by independent professional valuers for continuing operations. The recoverable amount of the property, plant and equipment was based on its fair value less costs to dispose. For impairment loss relating to discontinued operations, please refer to Discontinued Operations (Note 9). An impairment loss of US$1,456,000 (2021: US$14,715,000), representing the write-down of the property, plant and equipment to the recoverable amount was included in other operating expenses. Impairment loss for the financial year arising from continuing operations and discontinued operations are US$1,456,000 (2021: US$635,000) and Nil (2021: US$14,080,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held for sale

	Vessels US$'000	Drydocking expenditure US$'000	Total US$'000
At 1 January 2021	1,225	–	1,225
Transfer from property, plant and equipment	131,915	7,207	139,122
Disposals	(1,225)	–	(1,225)
At 31 December 2021 and 1 January 2022	**131,915**	**7,207**	**139,122**
Disposals	**(131,915)**	**(7,207)**	**(139,122)**
At 31 December 2022	**–**	**–**	**–**

As at 31 December 2021, the assets held for sale were mortgaged to banks as collateral to secure the Group's bank loans (Note 25).

On 25 February 2022 and 1 March 2022, the Group transferred and delivered the assets held for sale, which were the Sale Vessels, to the Purchaser and its related companies.

12. INVESTMENT IN SUBSIDIARIES

	Company 2022 US$'000	Company 2021 US$'000
Unquoted equity shares, at cost	**51,447**	51,447
Performance share awards granted to employees of subsidiaries	**163**	163
Impairment losses	**(51,610)**	(51,610)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2022	2021
			%	%
Held by the Company				
Pacific Crest Pte Ltd[1]	Singapore	Ship chartering and ship owning	**100**	100
Strato Maritime Services Pte Ltd[1]	Singapore	Ship chartering and ship agency	**100**	100
Alstonia Offshore Pte Ltd[1]	Singapore	Ship agent and related business	**100**	100
Crest Subsea International Pte Ltd[1]	Singapore	Integrated subsea solutions	**100**	100
Crest Offshore Marine Pte Ltd[1]	Singapore	Investment holding	**100**	100
CrestSA Marine & Offshore Pte Ltd[1]	Singapore	Repair of offshore vessels and other ocean-going vessels	**100**	100
Held through Alstonia Offshore Pte Ltd				
Pacific Offshore Pte Ltd[1]	Singapore	Ship owning, ship chartering and ship management	**100**	100
Envestra Investments Limited[4]	British Virgin Islands	Investment holding	**100**	100
Pacific Crest (Brunei) Sdn Bhd[2]	Brunei	Marketing office	**90**	90
Radiance Offshore Holdings Pte Ltd[1]	Singapore	Investment holding	**100**	100
Continental Radiance Offshore Pvt Ltd[3]	India	Ship chartering and ship owning	**100**	100

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For the financial year ended 31 December 2022

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (Cont'd)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2022 %	2021 %
Held through Crest Offshore Marine Pte Ltd				
Firstmac Investments Limited[4][6]	British Virgin Islands	Investment holding	–	100
Radiance ZJ Pte Ltd[3]	Singapore	Ship chartering and ship owning	**63**	63
Pacific Offshore Marine Pte Ltd[1]	Singapore	Ship chartering and ship owning	**100**	100
Consolidated Pipe Carriers Pte Ltd[5]	Singapore	Integrated logistics solutions services provider	–	100
Crest Siam Pte Ltd[6]	Singapore	Investment holding	–	100
Held through Firstmac Investments Limited				
Hudson Marine Pte Ltd[6]	Singapore	Investment holding	–	100
Held through Crest Subsea International Pte Ltd				
CSI Offshore Pte Ltd[1]	Singapore	Ship chartering, ship owning and ship management services	**100**	100
Offshore Subsea Services (Asia Pacific) Pte Ltd[7]	Singapore	Offshore subsea intervention for oil and gas industry	**100**	100
Berjaya Offshore (Labuan) Ltd[3][8]	Malaysia	Ship chartering and ship owning	**100**	100
PT Cahaya Offshore Indonesia[3][8][10]	Indonesia	Dormant	**49**	49
Held through Offshore Subsea Services (Asia Pacific) Pte Ltd				
PT Subsea Offshore[3][9]	Indonesia	Offshore subsea intervention for oil and gas industry	**99.8**	99.8
Held through PT Subsea Offshore				
PT Marine Engineering Services[3][8]	Indonesia	Offshore subsea intervention for oil and gas industry	**99.5**	99.5

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12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (Cont'd)

(1) Audited by Ernst & Young LLP, Singapore.

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

(3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717.

(4) Not required to be audited under the laws of the country of incorporation.

(5) Liquidated during the financial year.

(6) Struck off during the financial year.

(7) In process of strike-off as at the end of the financial year, struck off was completed on 9 January 2023.

(8) In process of members' voluntary liquidation.

(9) In process of members' voluntary liquidation as at the end of the financial year, liquidation was completed on 30 January 2023.

(10) On 14 July 2015, the Group's subsidiary company, Crest Subsea International Pte Ltd ("CSI") incorporated a company, PT Cahaya Offshore Indonesia ("PT Cahaya"), in Indonesia, and subscribed for 4,900 Series A shares, representing the entire voting shares and 49% of the total issued shares of PT Cahaya. Since the Group has control over PT Cahaya through its entire voting shares, PT Cahaya is accounted for as a subsidiary of the Group.

According to Law No. 40 Year 2007 on Limited Liability Companies in Indonesia, Indonesian companies are required to allocate a certain amount from its net profit in each financial year as a reserve fund. The reserve fund should be provided until it reaches at least 20% of the issued and paid-up capital of the company. Dividend distribution by the company is based on its net profit after deducting the allocation for the reserve fund.

As the Group's Indonesian subsidiaries were not in retained profit positions as at 31 December 2022 and 31 December 2021, no reserve fund was allocated.

Other than the above, there are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries.

Transactions with non-controlling interests have been disclosed in Note 34(a).

(b) Interest in subsidiaries with material non-controlling interest

As at 31 December 2022, the Group has no subsidiaries (2021: Nil) that have non-controlling interest that are material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. INVESTMENT IN ASSOCIATES

The Group's carrying amount of investment in associates is summarised below:

	Group	
	2022	2021
	US$'000	US$'000
PT Jawa Tirtamarin	**–**	–
PT Logindo Samudramakmur Tbk	**14,778**	14,778
	14,778	14,778
Less: Allowance for impairment	**(14,778)**	(14,778)
	–	–
Fair value of investment in PT Logindo Samudramakmur Tbk for which there is a published price quotation	**5,804**	5,147

The associates of the Group as at 31 December were as follows:

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2022 %	2021 %
Held through subsidiaries				
PT Jawa Tirtamarin ("PT Jawa") [1]	Indonesia	Ship owning, ship chartering and ship brokering	**49**	49
PT Logindo Samudramakmur Tbk ("PT Logindo") [2]	Indonesia	Ship owning and ship chartering	**32.4**	32.4

(1) Not required to be audited under the laws of the country of incorporation.

(2) Audited by a member firm of EY Global.

During the financial year, deferred gain of US$4,603,000 (2021: US$2,397,000) was realised and recognised as realisation of deferred gain on sale of vessels to associates (Note 22).

The Group has not recognised losses relating to associates where its share of losses exceeded the Group's interest in the associates. The Group's cumulative share of unrecognised losses at the end of the current financial year was US$45,136,000 (2021: US$32,979,000) of which US$12,157,000 (2021: US$2,234,000) was the share of the current year's losses, including the financial effects of the vessel sale. The Group has no obligation in respect of these losses.

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For the financial year ended 31 December 2022

13. INVESTMENT IN ASSOCIATES (CONT'D)

The associates are not considered material to the reporting entity. The summarised financial information in respect of PT Jawa and PT Logindo based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	PT Jawa		PT Logindo	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Net (liabilities)/assets	**(60,644)**	(39,823)	**29,151**	35,195
Proportion of the Group's ownership	**49%**	49%	**32.4%**	32.4%
Group's share of net (liabilities)/assets	**(29,715)**	(19,513)	**9,445**	11,403
Deferred group's share of net losses	**36,827**	26,625	**8,308**	6,354
Deferred group's share of movement in reserves	**–**	–	**52**	48
Elimination of gain on sale of vessels	**(3,968)**	(3,968)	**(3,104)**	(3,104)
Effects of change in functional currency	**(3,144)**	(3,144)	**–**	–
Allowance for impairment	**–**	–	**(14,778)**	(14,778)
Other adjustments	**–**	–	**77**	77
Carrying amount of the Group's investment in associates	**–**	–	**–**	–

Summarised statement of comprehensive income

	PT Jawa		PT Logindo	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Revenue	**379**	7,156	**29,500**	28,705
Loss after tax	**(22,245)**	(3,361)	**(5,988)**	(2,655)
Other comprehensive income	**–**	–	**(56)**	66
Total comprehensive income	**(22,245)**	(3,361)	**(6,044)**	(2,589)

The associates are required by the Indonesia Law No. 40 Year 2007 to allocate a certain amount of its net profit in each financial year as a reserve fund. Please refer to Note 12(a) for further details. The reserve fund for PT Logindo as at 31 December 2022 was US$210,000 (2021: US$210,000).

No dividend (2021: Nil) was received from the associates during the financial year ended 31 December 2022.

Consent is required by both shareholders for any dividend distribution proposed by PT Jawa.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. INVESTMENT IN JOINT VENTURES

The Group's carrying amount of investment in joint ventures is summarised below:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Alam Radiance (L) Inc		
– Unquoted equity shares, at cost	**5,865**	5,865
Mainprize Asia Venture Pte Ltd		
– Unquoted equity shares, at cost	**1,200**	–
– Share of post-acquisition profits, net of dividends	**87**	
Other joint ventures	**–***	–*
	7,152	5,865
Less: Allowance for impairment	**(5,865)**	(5,865)
	1,287	–
Movement in allowance account:		
At 1 January	**5,865**	5,865
At 31 December	**5,865**	5,865

*Less than US$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. INVESTMENT IN JOINT VENTURES (CONT'D)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2022 %	2021 %
Held through subsidiaries				
Alam Radiance (M) Sdn Bhd[3]	Malaysia	Ship management and ship chartering	**50**	50
Alam Radiance (L) Inc[3][5]	Malaysia	Ship owning and ship chartering	**49**	49
Duta Maritime Alliances Sdn Bhd[3][5]	Malaysia	Ship owning and ship chartering	**49**	49
Duta Maritime Ventures Sdn Bhd[3][5]	Malaysia	Ship owning and ship chartering	**49**	49
Aztec Offshore Holdings Pte Ltd[1]	Singapore	Ship owning and ship chartering	**18.9**	18.9
CR Offshore S.A.P.I de C.V.[4][5]	Mexico	Ship management and ship chartering	**49**	49
CEIBA Maritima, SAPI de CV, SOFOM ENR[4]	Mexico	Ship chartering and leasing	**50**	50
Dot Radiance Pte Ltd[7]	Singapore	Ship owning and ship chartering	**–**	50
Allianz Radiance Pte Ltd[4]	Singapore	Ship owning and ship chartering	**50**	50
Navigatis Radiance Pte Ltd[1]	Singapore	Investment holding	**50**	50
Pacific Allianz Holdings Pte Ltd[4]	Singapore	Investment holding	**52**	52

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. INVESTMENT IN JOINT VENTURES (CONT'D)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2022 %	2021 %
Held through joint ventures				
Aztec Offshore Holdings Pte Ltd[(1)(6)]	Singapore	Ship owning and ship chartering	**40.6**	40.6
Radiance Alliance Pte Ltd[(1)]	Singapore	Ship owning and ship chartering	**50**	50
AR Offshore Pte Ltd[(4)]	Singapore	Ship owning and ship chartering	**52**	52
Al Hail Marine Services LLC[(2)]	United Arab Emirates	Ship management	**52**	52
Mainprize Asia Ventures Pte Ltd[(4)]	Singapore	Investment holding	**49**	–

(1) Audited by Ernst & Young LLP, Singapore.

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

(3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717.

(4) Not required to be audited under the laws of the country of incorporation.

(5) Remains as a joint venture company of the Group as the entity remains jointly controlled as governed by the contractual arrangement between the shareholders where decisions about the relevant activities require the unanimous consent of the shareholders.

(6) On 8 July 2020, the Group's joint venture, Navigatis Radiance Pte Ltd ("NRPL"), acquired an additional 18.9% equity interest in Aztec Offshore Holdings Pte Ltd ("AOH") at a purchase price of US$25,000 from another shareholder. Following the acquisition, AOH became a subsidiary of NRPL and the Group holds a total effective interests of 59.5%.

(7) Liquidated during the financial year.

Included in the Group's share of income after tax is a deferred gain of US$1,509,000 (2021: Nil) from realisation of deferred gain on sale of vessels to joint ventures (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. INVESTMENT IN JOINT VENTURES (CONT'D)

The Group has not recognised losses relating to joint ventures where its share of losses exceeds the Group's interest in the joint ventures. The Group's cumulative share of unrecognised losses at the end of the current financial year was US$84,294,000 (2021: US$82,107,000), of which US$2,187,000 (2021: US$11,899,000) was the share of the current period's losses, including the financial effects of the vessel sale. The Group has no obligation in respect of these losses.

	Cumulative share of unrecognised losses at end of		Share of profit/(loss) for the year ended	
	2022 US$'000	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**
Navigatis Radiance Pte Ltd Group	**(25,299)**	(22,859)	**(2,439)**	(2,589)
CR Offshore S.A.P.I. de CV	**(23,227)**	(19,895)	**(3,332)**	(3,258)
Duta Maritime Ventures Sdn Bhd	**(6,170)**	(8,915)	**2,745**	(1,525)
Duta Maritime Alliances Sdn Bhd	**(8,638)**	(7,908)	**(730)**	(406)
Alam Radiance (L) Inc	**(11,601)**	(12,851)	**1,250**	(4,279)
Pacific Allianz Holdings Pte Ltd Group	**(2,700)**	(2,995)	**295**	853
Aztec Offshore Holdings Pte Ltd	**(2,672)**	(2,638)	**(34)**	106
Other joint ventures	**(3,987)**	(4,046)	**58**	(801)
	(84,294)	(82,107)	**(2,187)**	(11,899)

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2022 US$'000	**2021 US$'000**
The Group's share of the joint ventures'		
Income after tax	**87**	–
Other comprehensive income	**–**	–
Total comprehensive income	**87**	–

No dividend (2021: Nil) was received from joint ventures during the financial year ended 31 December 2022.

In 2022, the Group invested in joint venture Mainprize Asia Venture Pte Ltd ("MAVPL") which is incorporated in Singapore. Through its investments in Taiwan, MAVPL owns and operates vessels that provide support services to offshore wind farms in Taiwan.

There are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans and advances.

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For the financial year ended 31 December 2022

15. AMOUNTS DUE FROM RELATED COMPANIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Amounts due from associates	**62,968**	78,662	**–**	–
Amounts due from joint ventures	**84,312**	99,084	**–**	–
Amounts due from related parties	**4,388**	–	**–**	–
Amounts due from subsidiaries	**–**	–	**29,289**	360,614
	151,668	177,746	**29,289**	360,614
Less: Allowance for impairment	**(131,104)**	(114,931)	**(9,207)**	(360,614)
	20,564	62,815	**20,082**	–
Less: Current portion	**(20,156)**	(58,174)	**(20,082)**	–
Non-current portion	**408**	4,641	**–**	–
Movement in allowance accounts:				
At 1 January	**114,931**	101,082	**360,614**	280,232
Charge for the year	**16,901**	12,986	**–**	83,003
Write back of allowance	**–**	–	**(69,587)**	–
ECL adjustment to interest income	**1,090**	970	**–**	–
Written off during the year	**(1,850)**	–	**(278,775)**	–
Exchange difference	**32**	(107)	**(3,045)**	(2,621)
At 31 December	**131,104**	114,931	**9,207**	360,614
Amounts due from related companies comprised:				
Trade	**10,144**	6,039	**–**	–
Non-trade	**5,726**	42,846	**794**	–
Loans	**4,694**	13,930	**19,288**	–
	20,564	62,815	**20,082**	–

Amounts due from related companies are unsecured, non-interest bearing, and are to be settled in cash, except for loans to joint ventures and associates of US$21,760,000 (2021: US$21,760,000) which bear weighted average interest rate at 5.0% (2021: 5.0%) per annum. For non-trade amount due from joint ventures and associates of US$45,705,000 (2021: US$59,275,000) in relation to sale of vessels, the Group has the right to call for ownership and title to the vessels to be re-vested to the Group.

Amounts due from associates and joint ventures are repayable upon demand. Amounts due from related companies are classified as current assets if the Group expects to recover the amounts within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. AMOUNTS DUE FROM RELATED COMPANIES (CONT'D)

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

Amounts due from associates and joint ventures are individually impaired at the end of the reporting period if any of the associate or joint venture is in financial difficulties and/or there are billings in dispute.

Impairment loss for the financial year for the Group arising from continuing operations and discontinued operations was US$3,526,000 (2021: US$3,104,000) and US$13,375,000 (2021: US$9,882,000) respectively.

Amounts due from related companies denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	**240**	933	**–**	–

16. INVENTORIES

	Group	
	2022	2021
	US$'000	US$'000
Balance sheet:		
Work-in-progress (at cost)	**9**	69
Finished goods (at cost or net realisable value)	**151**	475
	160	544
Consolidated income statement:		
The following is included in consolidated income statement for continuing operations:		
Inventories recognised as an expense in cost of sales (Note 7)	**5**	72

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. TRADE RECEIVABLES

Trade receivables are unsecured, interest bearing and are generally due immediately or on 60-day term. 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 were as follows:

	Group	
	2022 US$'000	2021 US$'000
Singapore Dollar	**153**	24
Brunei Dollar	**–**	122

Included in trade receivables was an amount of US$1,033,000 (2021: US$692,000) relating to unbilled trade receivables. Unbilled trade receivables relate to the Group's right to consideration for charter hire earned but not yet billed at the reporting date as well as shipyard repair jobs done but not billed.

Significant changes in unbilled trade receivables are explained as follows:

	2022 US$'000	2021 US$'000
Unbilled trade receivables reclassified to trade receivables	**692**	1,270
Charter revenue/Repair income earned but not yet billed	**1,033**	692

On 1 January 2021, the carrying amount of trade receivables was US$18,747,000, including unbilled trade receivables of US$1,270,000.

Expected credit losses

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

	Group	
	2022 US$'000	2021 US$'000
Movement in allowance accounts:		
At 1 January	**13,971**	13,917
Charge for the year	**4,480**	295
Write back of allowance	**(15)**	(16)
Written off during the year	**–**	(225)
Exchange differences	**4**	–
At 31 December	**18,440**	13,971

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

18. OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Deposits	**410**	278	**30**	2
Prepayments	**411**	703	**26**	51
GST/VAT receivable	**199**	108	**80**	3
Recoverables from customers	**5,923**	1,233	**–**	–
Advances to staff	**36**	38	**–**	–
Advance payment to suppliers	**15**	33	**–**	–
Loans to third parties	**872**	9,044	**–**	–
Tax recoverable	**59**	65	**–**	–
Other receivables	**334**	1,628	**–**	–
	8,259	13,130	**136**	56
Less: Allowance for impairment	**(687)**	(10,358)	**–**	–
Current portion	**7,572**	2,772	**136**	56
Movement in allowance accounts:				
At 1 January	**10,358**	10,358	**–**	–
Written off during the year	**(9,671)**	–	**–**	–
At 31 December	**687**	10,358	**–**	–

These amounts are unsecured and non-interest bearing except for loans to third parties which bear a weighted average interest rate at 7.0% (2021: 7.5%) per annum, repayable upon demand and to be settled in cash. Interest for this loan has been waived for two years with effect from 1 January 2022 as per addendum signed on 1 January 2022.

Loans to third parties included an amount of US$872,000 (2021: US$864,000) secured by investment securities owned by the borrower. As at 31 December 2021, the loans to third parties of US$8,180,000 is secured by shares of the borrower.

<u>Other receivables that were impaired</u>

Other receivables that were individually impaired at the end of the reporting period mainly relate to interest on long outstanding loans to third parties.

At the balance sheet date, the Group has provided a cumulative allowance of US$687,000 (2021: US$8,868,000) for impairment of loan to third parties with a nominal amount of US$872,000 (2021: US$9,044,000).

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For the financial year ended 31 December 2022

18. OTHER RECEIVABLES (CONT'D)

Other receivables that were impaired (Cont'd)

Other receivables denominated in foreign currencies at 31 December were as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	**1,030**	1,087	**134**	54
Euro	**65**	86	**–**	–
Japanese Yen	**148**	5	**–**	–
Brunei Dollar	**110**	110	**–**	–
Mexican peso	**–**	123	**–**	–
India Rupee	**119**	73	**–**	–

19. INVESTMENT SECURITIES

	Group	
	2022	2021
	US$'000	US$'000
Current:		
At fair value through profit or loss		
– Equity securities (quoted) (Note 38)	**23**	9
Non-current:		
At fair value through other comprehensive income		
– Equity securities (unquoted) (Note 38)	**–**	–

20. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	**20,596**	21,591	**2,545**	1,468
Short-term bank deposits	**5,000**	–	**–**	–
	25,596	21,591	**2,545**	1,468
Less: Cash pledged	**–**	(2)		
Less: Restricted cash and bank balance	**(1,989)**	–		
Cash and bank balances in the consolidated cash flow statement	**23,607**	21,589		

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20. CASH AND BANK BALANCES (CONT'D)

Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at balance sheet date, the amount of cash and bank balances that were not available for use was US$1,989,000 (2021: US$2,000).

As at 31 December 2021, certain operating bank accounts of the subsidiaries were pledged to financial institutions for banking facilities granted to the Group. These pledges were released and discharged after the completion of the Debt Restructuring Plan in September 2022.

Cash and bank balances denominated in foreign currencies at 31 December were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Singapore Dollar	**3,265**	3,164	**126**	142
Indian Rupee	**93**	106	**–**	–
Brunei Dollar	**60**	208	**–**	–

21. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled immediately or on 60-day term.

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

	Group	
	2022	**2021**
	US$'000	**US$'000**
Singapore Dollar	**1,354**	2,710
Malaysian Ringgit	**4**	37
Japanese Yen	**20**	–
Euro	**114**	29
Brunei Dollar	**140**	380
Saudi Riyal	**554**	544

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. OTHER LIABILITIES

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Current:				
Other payables	**282**	7,496	**71**	7,097
Deposits received	**125**	337	**–**	–
Amount due to shareholder of a subsidiary	**–**	19,962	**–**	–
Accrued operating expenses	**6,412**	97,338	**109**	5,404
Accrued tax expenses	**181**	853	**–**	–
Deferred gain on sale of vessels to joint ventures and associate	**466**	937	**–**	–
Advance billings to customers	**8,121**	1,141	**–**	–
Financial guarantee liabilities	**–**	2,977	**–**	2,977
	15,587	131,041	**180**	15,478
Non-current:				
Deferred gain on sale of vessels to joint ventures and associate	**3,817**	9,458	**–**	–
Total other liabilities	**19,404**	140,499	**180**	15,478

Other payables are non-interest bearing and are normally settled immediately or on 60-day term. As at 31 December 2021, included in the other payables was US$7,074,000 payable to banks on termination of cross-currency swaps which were derivatives previously designated for hedging the notes payables.

Included within accrued operating expenses were US$535,000 (2021: US$85,897,000) of accrued interest payables for bank facilities.

Deposits received relate to deposits collected from customers as at 31 December 2022 and deposits collected from customers and from buyers for sale of vessels as at 31 December 2021.

Amount due to shareholder of a subsidiary was unsecured, repayable on demand and bore interest rate of 0% (2021: 2.62%) per annum. This amount due to shareholder was forgiven in the year.

Deferred gain on sale of vessels to joint ventures and associates are amortised to profit or loss when realised, such as upon disposal or depreciation of the vessels by the joint ventures and associates. During the financial year, deferred gains of US$1,509,000 (2021: Nil) and US$4,603,000 (2021: US$2,397,000) were realised and recognised as realisation of deferred gain on sale of vessels to joint ventures and associates respectively (Note 9).

Advance billings to customers relate to the Group's obligation to transfer services to customers for which the Group has received advances from customers for ship management services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. OTHER LIABILITIES (CONT'D)

Significant changes in advance billings to customers are explained as follows:

	2022 US$'000	2021 US$'000
Revenue recognised that was included in the advance billings to customers balance at the beginning of the year	**1,141**	1,490
Advances received from customers but performance obligations not yet satisfied at the end of the year	**8,121**	1,141

On 1 January 2021, the carrying amount of advance billings to customers was US$1,490,000.

Other liabilities denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Singapore Dollar	**1,173**	10,832	**113**	2,911
United States Dollar	**77**	77	**–**	–

The other liabilities denominated in United States Dollar is in relation to a subsidiary with functional currency other than United States Dollar.

23. PROVISIONS

	Group Reinstatement cost US$'000
At 1 January 2021	251
Accretion expenses (Note 6)	2
Exchange	(5)
At 1 January 2022	**248**
Accretion expenses (Note 6)	**2**
Exchange	**2**
At 31 December 2022	**252**

Provision relates to reinstatement cost of buildings and was made based on the estimated cost of reinstating the leased premises when the leases expire in the year 2037, taking into consideration current market assessment of the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Amounts due to associate	**6,662**	6,437	**–**	–
Amounts due to joint ventures	**3,886**	4,042	**–**	–
Amounts due to related parties	**1,253**	–	**–**	
Amounts due to subsidiaries	**–**	–	**308**	168,329
	11,801	10,479	**308**	168,329
Amounts due to related companies comprised:				
Trade	**5,395**	4,073	**–**	–
Non-trade	**6,406**	6,406	**–**	4
Loans	**–**	–	**308**	168,325
	11,801	10,479	**308**	168,329

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

Amounts due to related companies denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	**–**	–	**–**	124,856

25. BANK LOANS

	Group	
	2022	2021
	US$'000	US$'000
Bank loans – current	**–**	386,584
Bank loans – non-current	**29,839**	–

Bank loans are repayable in 5 years (2021: 1 to 7 years). As at 31 December 2022, bank loan with carrying amount of US$29,839,000 was due to the Property Loan denominated in SGD, a portion of the Property Loan with carrying amount of SGD26,662,000 bears a fixed interest rate of 3.00% per annum, the remaining bank loan is interest free. The weighted average interest rate on the bank loans is 2.00% (2021: 2.61%) per annum.

In 2021, prior to the completion of the Disposal, included in the bank loans were 3 revolving credit facilities amounting to a total of US$85,531,000, bearing interest at LIBOR + 3%, LIBOR + 1.75% and LIBOR + 2.0% per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. BANK LOANS (CONT'D)

During 2021 and 2022, the Group sold certain vessels that were mortgaged to banks. The sale proceeds were used to settle part of the outstanding bank loans. The remaining bank loans secured by these vessels were forgiven by the banks, resulting in a gain on debt forgiveness of US$269,126,000 (2021: US$9,265,000) (Note 5(b)).

Included in the vessel sale in 2022 was the Disposal which was completed in March 2022. Accordingly, the Secured Lenders waived, released and discharged approximately US$200 million of the secured indebtedness owed by the Group and released and discharged all security interests and guarantees in connection thereto (Note 2).

In August 2022, upon the sanction of the Schemes of Arrangement, the Group made payments of the remaining unsecured bank loans in accordance with the terms of the schemes and recognised a gain on debt forgiveness of bank loan principal, accrued interest payable and loan guarantee (Note 2).

The bank loan that remains relate to the Property Loan which is denominated in SGD and secured by a mortgage over property and buildings as well as certain equipment (the "Property").

Under the restructuring agreement for the Property Loan, the bank loan outstanding was reduced to US$29,551,000 upon the completion of the restructuring agreement and correspondingly a gain on debt forgiveness of US$22,258,000 was recognised in FY2022. As at 31 December 2022, the Property Loan stood at US$29,839,000.

The lender has the option to sell the Property or to purchase CrestSA Marine & Offshore Pte Ltd (the "Borrower"), a subsidiary of the Company, (by first acquiring the whole issued and paid-up capital of the Borrower for a purchase consideration of US$1.00) and apply the net sale proceeds towards settlement of all outstanding amounts under the Property Loan, if the net sale proceed is insufficient to fully repay the Property Loan, all unpaid sum shall be deemed written off and discharged in full by the lender. The terms of the Property Loan includes a requirement for the Group to make an advance interest payment.

As at 31 December 2022, cash balance of US$1,989,000 has been set aside and is restricted for payment of the advance interest.

The Company has provided a corporate guarantee of US$18,000,000 for the Property Loan (2021: US$386,584,000 of the bank loans).

As at 31 December 2021 prior to the completion of the Disposal, the bank loans were secured by:

- First legal mortgages over assets held for sale of the Group, with carrying amounts of US$139,122,000;
- Escrow mortgages over the buildings, shipyard and plant and equipment of the Group, with carrying amounts of US$34,433,000;
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged shipyard; and
- Cash pledged of US$2,000.

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For the financial year ended 31 December 2022

25. BANK LOANS (CONT'D)

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

			Non-cash changes		
	1 January 2022 US$'000	Cash flows US$'000	Foreign exchange US$'000	Other[1] US$'000	31 December 2022 US$'000
Bank loans					
– current	**386,584**	–	(1,093)	(385,491)	**–**
– non-current	**–**	–	220	29,619	**29,839**

			Non-cash changes		
	1 January 2021 US$'000	Cash flows US$'000	Foreign exchange US$'000	Other[2] US$'000	31 December 2021 US$'000
Bank loans					
– current	397,094	(1,489)	(1,723)	(7,298)	386,584

(1) Amount relates to gain on debt forgiveness of bank loans of US$269,126,000 (Note 5(b)), bank loans repaid pursuant to consensual disposal of assets held for sale and transfer to other liabilities due to restructuring

(2) Amount relates to gain on debt forgiveness of bank loans (Note 5(b)).

26. NOTES PAYABLE

	Group and Company	
	2022 US$'000	2021 US$'000
Current:		
SGD100 million	**–**	74,110

The notes payable were non-interest bearing (2021: non-interest bearing) and were listed on SGX-ST. Trading of the notes payable were suspended in February 2018.

On 24 August 2018, the noteholders approved the terms of restructuring of the notes payable, including the extension of the maturity date of the notes payable from 29 August 2018 to 30 September 2019, subject to the proposed schemes of arrangement of certain entities of the Group being sanctioned by the Court and shareholders' approval.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. NOTES PAYABLE (CONT'D)

On 11 October 2019, the noteholders approved the extension of the maturity date of the notes payable from 30 September 2019 to 31 March 2020 to allow time for completion of the restructuring of the Group. On 26 March 2020, the Company announced that the redemption of the notes payable will not take place on 31 March 2020 as conditions for the redemption, in particular the proposed schemes of arrangement of certain entities of the Group and the necessary shareholders' approval in relation to the restructuring of the Group, have not been fulfilled.

On 10 February 2021, the Company commenced the CSE to seek approval from the noteholders for the proposed restructuring of the notes payable. The Company proposed inter alia, to redeem the notes payable by way of issuing New Shares to the noteholders on the basis of 4,518,400 New Shares for every S$250,000 in principal amount of notes payable held, and one Perpetual Security for every S$250,000 in principal amount of notes payable held (the "Redemption"). The noteholders approved the proposed restructuring of the notes payable on 21 April 2021. The Redemption of the notes payable was approved by shareholders on 23 February 2022.

As at 5 September 2022, all of the notes payable have been validly redeemed by way of issuing the New Shares and the Perpetual Securities (Note 30) to the noteholders. Following such Redemption, all of the notes payable were cancelled and delisted from SGX-ST on 6 September 2022.

27. LEASE LIABILITIES

	Group	
	2022	**2021**
	US$'000	**US$'000**
Lease liabilities	**8,167**	8,314
Less: Current portion	**(1,012)**	(983)
Lease liabilities (Non-current portion)	**7,155**	7,331

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

			Non-cash changes			
	1 January 2022 US$'000	**Cash flows US$'000**	**Additions US$'000**	**Foreign exchange US$'000**	**Other US$'000**	**31 December 2022 US$'000**
Lease liabilities						
– current	**983**	(338)	146	6	215	**1,012**
– non-current	**7,331**	–	–	46	(222)	**7,155**
Total	**8,314**	(338)	146	52	(7)	**8,167**

The 'Other' column relates to reclassification of non-current portion of finance lease obligations due to passage of time and reclassification with accounts payable upon billing by the lessors. The 'Additions' column relates to lease reassessment due to increase in land rental that occurred in the year.

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For the financial year ended 31 December 2022

27. LEASE LIABILITIES (CONT'D)

	1 January 2021 US$'000	Cash flows US$'000	Foreign exchange US$'000	Other US$'000	31 December 2021 US$'000
Lease liabilities					
– current	1,231	(647)	(22)	421	983
– non-current	7,843	–	(157)	(355)	7,331
Total	9,074	(647)	(179)	66	8,314

The 'Other' column relates to reclassification of non-current portion of finance lease obligations due to passage of time and reclassification with accounts payable upon billing by the lessors.

28. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 December relates to the following:

	Group			
	Balance sheet		Consolidated income statement	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Deferred tax liabilities:				
– Continuing operations	**2,474**	2,645	**(171)**	–
– Discontinued operations	**–**	–	**–**	(68)
Unremitted foreign sourced income	**2,474**	2,645	**(171)**	(68)
Deferred tax (writeback)/expense			**(171)**	(68)

	Group	
	2022 US$'000	2021 US$'000
Movement in deferred tax liabilities:		
At 1 January	**2,645**	2,713
Writeback to profit or loss	**(171)**	(68)
At 31 December	**2,474**	2,645

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised tax losses

At the end of the financial year, the Group has tax losses of approximately US$10,489,000 (2021: US$13,243,000) that are available for offset against future taxable profits of the companies in which the losses arose. No deferred tax asset is recognised on these losses due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Unrecognised temporary differences relating to investment in subsidiaries, joint ventures and associates

There is no unrecognised temporary differences for which no deferred tax liability have been recognised as the Group determined that the undistributed earnings of its subsidiaries, joint ventures and associates will not be distributed in the foreseeable future. The joint ventures and associates of the Group cannot distribute their earnings until they obtain the consent of both the venturers and shareholders respectively. At the end of the financial year, the Group does not foresee giving such consent. The deferred tax liability is estimated to be Nil (2021: Nil).

29. DERIVATIVE WARRANT LIABILITIES

	Group and Company 2022		
	No. of warrants '000	**US$'000**	**Exercise price S$ per warrant share**
Balance at the beginning of the year	–	–	
Shareholder warrants issued – quoted	**22,455**	**162**	**0.03**
Fair value adjustment on Shareholder warrants	–	**22**	
Management warrants issued – unquoted	**23,033**	–	**0.06**
Balance at the end of the year	**45,488**	**184**	

Pursuant to the warrant issuances, the Company has on 19 September 2022 allotted and issued:

(a) an aggregate of 22,454,446 warrants to the existing shareholders of the Company (excluding the noteholders, Entitled Lenders and PRL Key Management), on the basis of 100 warrants for every 100 Consolidated Shares (the "Shareholder Warrants") and

(b) an aggregate of 23,033,431 warrants to the PRL Key Management, on the basis of 47 warrants for every 100 Consolidated Shares (the "Management Warrants").

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29. DERIVATIVE WARRANT LIABILITIES (CONT'D)

The Shareholder Warrants are listed and quoted on the SGX-ST with effect from 22 September 2022. The Management Warrants are not listed.

Both the Shareholder Warrants and Management Warrants (collectively the "Warrants") may only be exercised on the date falling on the third anniversary of the issuance of the Warrants or earlier, if all Perpetual Securities have been redeemed by the Company. The Warrants will expire in five years from the date of issuance of the Warrants. None of the Warrants have been exercised as at 31 December 2022.

Except for the Warrants, there were no convertible securities as at 31 December 2022 and 31 December 2021. As at 31 December 2022, the number of shares that may be issued on exercise of the Warrants were 45,487,877 (31 December 2021: Nil)

The outstanding Warrants are recognised as a warrant liability on the balance sheet and are measured at fair value at their inception date and subsequently re-measured at each reporting period with changes being recorded in the statement of profit or loss.

Shareholder Warrant liabilities are considered as Level 1 liabilities on the fair value hierarchy, as they are listed. As at 31 December 2022, the fair value of the Shareholder Warrant liabilities is US$184,000, based on the listed warrant price of S$0.011.

Management Warrant liabilities are considered as Level 2 liabilities on the fair value hierarchy, as they are unlisted. Based on listed price of the Shareholder Warrants and adjustment for the different exercise price, management has determined that the fair value of the unlisted Management Warrants is nil as at 31 December 2022.

30. PERPETUAL SECURITIES

	Group and Company 2022 US$'000
Balance at the beginning of the year	–
Issue of perpetual securities	**2,168**
Redemption during the year	**(709)**
Exchange differences	**33**
Balance at the end of the year	**1,492**

As at 5 September 2022, Perpetual Securities totalling S$3 million were issued to noteholders pursuant to the Redemption of the notes payable (Note 26). These Perpetual Securities have no maturity date and have a distribution rate of 2.5% per annum, which is payable annually in arrears. In accordance with the terms of the Perpetual Securities, any distribution is subject to positive EBITDA and minimum cash balances of S$5 million, any distribution not paid pursuant to the terms of the Perpetual Securities is non-cumulative and will not accrue interest.

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30. PERPETUAL SECURITIES (CONT'D)

The Perpetual Securities may be redeemed at the option of the Company, in whole or in part, at any time on or after the issue date, on giving not less than 30 but not more than 60 days' irrevocable notice to the holder of the Perpetual Securities. In accordance with the terms of the Perpetual Securities, the redemption is subject to positive EBITDA and minimum cash balances of S$5 million.

Until the Perpetual Securities are fully redeemed, the Company shall not declare nor pay any dividends or distributions to shareholders.

On 30 October 2022, the Company partially redeemed S$1 million out of the S$3 million in principal amount of the Perpetual Securities, based on satisfaction of the terms of positive EBITDA and minimum cash balances of S$5 million.

The Perpetual Securities have been classified as financial liabilities instead of equity, as the Company has certain contractual obligation in relation to the distribution under the terms of the Perpetual Securities and the Company does not have unconditional right to avoid delivering cash or otherwise settle in such a way that it would be a financial liability.

31. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2022		2021	
	No. of shares '000	US$ '000	No. of shares '000	US$ '000
Issued and fully paid ordinary shares:				
Balance at the beginning of the year	**725,755**	**162,854**	725,755	162,854
Issue of shares	**3,791,667**	**26,024**	–	–
Share consolidation	**(4,065,680)**	**–**	–	–
Balance at the end of the year	**451,742**	**188,878**	725,755	162,854

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

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For the financial year ended 31 December 2022

31. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(a) Share capital (Cont'd)

On 1 September 2022, pursuant to the Share Issuances, the Company issued and allotted

(a) an aggregate of 1,807,360,000 New Shares to the noteholders in accordance with the terms of the consensual restructuring of the notes payable;

(b) an aggregate of 175,763,400 New Shares to the Entitled Lenders in accordance with the terms of the consensual restructuring of various cross-currency swap facilities; and

(c) an aggregate of 1,808,543,200 New Shares to the PRL Key Management for a total cash consideration of S$1 million.

Following the allotment and issuance of the New Shares, the number of issued shares in the Company has increased from 715,428,013 shares (excluding 10,327,000 treasury shares) to 4,507,094,613 shares (excluding 10,327,000 treasury shares).

The Company has determined the fair value of the New Shares to be S$0.095, based on the opening trading price on 26 September 2022 when the Company resumed trading of its shares. A net gain on restructuring from settlement of liabilities through share issuance of US$52,360,000 was recognised and included in other operating income in the statement of profit or loss in 2022 (Note 5).

Thereafter, on 14 September 2022, the existing ordinary shares in the share capital of the Company were consolidated on the basis of every ten existing shares into one consolidated ordinary share. Upon completion of the share consolidation, the Company's total issued shares, excluding 1,032,700 consolidated treasury shares, is 450,709,457 Consolidated Shares as at 31 December 2022 (31 December 2021: 715,428,013).

Following the share consolidation, the existing shareholders of the Company (excluding the noteholders and Entitled Lenders but including the PRL Key Management) were issued the Warrants in the consolidated share capital of the Company (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury shares

	Group and Company			
	2022		2021	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Balance at the beginning of the year	**(10,327)**	**(2,135)**	(10,327)	(2,135)
Share consolidation	**9,294**	**–**	–	–
Balance at end of the year	**(1,033)**	**(2,135)**	(10,327)	(2,135)

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

The Company did not acquire any treasury shares during the financial year.

Following the share consolidation (Note 31(a)), the Company's total treasury shares is 1,032,700 consolidated treasury shares as at 31 December 2022 (31 December 2021: 10,327,000).

32. OTHER RESERVES

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations (including the Company) whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2022 US$'000	2021 US$'000
At 1 January	**(1,669)**	(2,748)
Net effect of exchange differences arising from translation of financial statements	**(129)**	989
Reclassification to profit or loss upon disposal of subsidiary	**–**	90
At 31 December	**(1,798)**	(1,669)

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For the financial year ended 31 December 2022

32. OTHER RESERVES (CONT'D)

(b) Employee share-based payments reserve

Employee share-based payments reserve represents the issuance of shares to employees and the performance share awards granted to employees.

Share-based payments reserve is made up of:

- the difference between the fair value and purchase price of shares issued to employees; and
- the cumulative value of services received from employees recorded over the vesting period commencing from the grant dates of the performance share awards.

There is no outstanding share awards as at 31 December 2022.

	Group and Company	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	**170**	170
Reclassification to capital reserve	**(170)**	–
At 31 December	**–**	170

(c) Hedging reserve

The cash flow hedge reserve contains the Group's share of associate's effective portion of the cash flow hedge relationships incurred as at the reporting date.

	Group	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	**114**	114
Reclassification to retained earnings	**(114)**	–
At 31 December	**–**	114

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32. OTHER RESERVES (CONT'D)

(d) Defined benefit plan

Defined benefit plan reserve represents the Group's share of associate's remeasurement of defined benefit plan as at the reporting date.

	Group	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	**86**	126
Reclassification to retained earnings	**(86)**	(40)
At 31 December	**–**	86

(e) Capital reserve

(i) Premium paid on acquisition of non-controlling interests

	Group	
	2022	**2021**
	US$'000	**US$'000**
Balance at the beginning and end of the year	**(6,581)**	(6,581)

(ii) Gain or loss on reissuance of treasury shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2022	**2021**
	US$'000	**US$'000**
Balance at the beginning and end of the year	**(233)**	(233)

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32. OTHER RESERVES (CONT'D)

(e) Capital reserve (Cont'd)

(iii) Shares issued to employees

This represents the difference between the fair value and purchase price of shares granted to management when the Company was listed. The amount was previously included in employee share-based payment reserves and reclassified to capital reserves during the year.

	Group and Company	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	**–**	–
Reclassification from share-based payment reserves	**170**	–
At 31 December	**170**	–

33. EMPLOYEE BENEFITS

	Group	
	2022	**2021**
	US$'000	**US$'000**
Employee benefits expense (including directors):		
Salaries, wages and benefits	**6,864**	6,537
Central Provident Fund contributions	**557**	563
At 31 December	**7,421**	7,100

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For the financial year ended 31 December 2022

34. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services for continuing operations

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

	Group	
	2022	**2021**
	US$'000	**US$'000**
Income		
Charter hire income:		
– Joint ventures	**810**	583
Ship repair income:		
– Associates	**83**	777
– Related parties	**2,497**	–
Interest income from:		
– Joint ventures	**–**	122
Management fee income from:		
– Joint ventures	**293**	216
Ship management fee income from:		
– Joint ventures	**72**	108
– Related parties	**4,824**	–
Miscellaneous income from:		
– Joint ventures	**1**	14
Expense		
Charter hire expense, ship repair, ship management and other cost of sales to:		
– Joint ventures	**4**	1,094
– Related parties	**4,861**	–
Interest expense to:		
– A shareholder of a subsidiary	**175**	306
Other Expense:		
– Repurchase of vessel from related party	**1,100**	–

Pang Wei Kuan is a director of certain subsidiaries of the Group as well as Chief Executive Officer of Pacific Radiance Ltd. He is also son of Pang Yoke Min, the Executive Chairman and controlling shareholder of the Company. At the same time, he is also board member of ENAV Radiance Group. As Pang Wei Kuan is a close family member of the controlling shareholder of the Group, ENAV Radiance Group is considered a related party of the Group in accordance with the accounting standards.

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34. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel (including directors)

	Group	
	2022	**2021**
	US$'000	**US$'000**
Short-term employee benefits	**1,463**	1,444
Central Provident Fund contributions	**56**	55
	1,519	1,499
Comprise amounts paid to:		
Directors of the Company	**979**	966
Other key management personnel	**540**	533
	1,519	1,499

35. LEASES

(a) Group as lessee

The Group has various lease contracts on land for office space and shipyard premises, plant and office equipment, and charter vessels used in its operations.

The lease agreements for the rental of land for its office and shipyard premises contain provisions for rental adjustments that are based on market rent conditions and expire in year 2037. The terms do not contain restrictions on the Group's activities concerning dividends, additional debts or entering into other leasing agreements.

The Group also has certain leases of plant and office equipment with low value and short-term leases for charter of vessels. The Group applies the 'lease of low-value assets and short-term lease' recognition exemption for these leases.

(i) Carrying amounts of right-of-use assets classified within property, plant and equipment

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

		Group	
	Land-use rights	**Plant and equipment**	**Total**
	US$'000	**US$'000**	**US$'000**
As at 1 January 2021	7,953	642	8,595
Depreciation	(461)	(86)	(547)
Translation differences	(161)	(12)	(173)
As at 31 December 2021 and 1 January 2022	**7,331**	**544**	**7,875**
Additions	**146**	**–**	**146**
Depreciation	**(452)**	**(70)**	**(522)**
Translation differences	**42**	**1**	**43**
As at 31 December 2022	**7,067**	**475**	**7,542**

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35. LEASES (CONT'D)

(a) Group as lessee (Cont'd)

(ii) Lease liabilities

The carrying amounts and the reconciliation of the lease liabilities arising from these financing activities are disclosed in Note 27 and the maturity analysis of lease liabilities is disclosed in Note 37(b).

(iii) Amounts recognised in profit or loss

	Group	
	2022	**2021**
	US$'000	**US$'000**
Depreciation of right-of-use assets	**522**	547
Interest expense on lease liabilities (Note 6)	**362**	402
Lease expense not capitalised in lease liabilities:		
– Expense relating to short-term leases (included in cost of sales)	**5,366**	2,151
– Expense relating to leases of low-value assets (included in general and administrative expenses)	**–**	8
Total (Note 7)	**5,366**	2,159
Total amount recognised in profit or loss	**6,250**	3,108

(iv) Total cash outflow

During the financial year, the Group had total cash outflows for leases of US$4,368,000 (2021: US$1,189,000).

(b) Group as lessor

(i) Operating lease

The Group had entered into charter hire leases on its fleet of vessels. The leases have terms between 1 day and 5 years (2021: 1 day and 5 years), and varying renewal rights, including extension and termination options.

The future minimum lease receivables under leases that are non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables were as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Not later than one year	**138**	5,553
Later than one year but not later than five years	**–**	–
	138	5,553

During the financial year, the Group has completed the Disposal and all existing charter agreements with customers for the Sale Vessels were also novated to the Purchaser and its related companies.

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36. CONTINGENT LIABILITIES

As at the end of the financial year, the Company had issued corporate guarantee to a bank for granting banking facilities to a subsidiary (Note 25).

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Corporate guarantees given for the borrowings of:				
– Subsidiaries	**–**	–	**18,000**	386,584
– Joint ventures	**–**	19,661	**–**	14,130
– Associates	**–**	1,826	**–**	1,826
	–	21,487	**18,000**	402,540

Amounts included in other liabilities in respect of the guarantees are disclosed in Note 22 to the financial statements.

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs.

During the financial year, the Group has completed the Disposal and the restructuring of the Property Loan as disclosed in Note 2.1, and the banks have released the corporate guarantees amounting to US$21,487,000 for the Group and US$384,540,000 for the Company.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. The Group's exposure to credit risk arises primarily from trade receivables, other receivables and amounts due from related companies. For other financial assets (including cash and bank balances and investment securities), the Group minimises credit risk by trading with recognised and credit worthy third parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

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.

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For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

The Group has determined the default event on a financial asset to be when oil price stays below US$40 per barrel for a consecutive 12-month period. Under such a scenario, the Group expects an increase in the expected credit loss due to higher probability of default by customers.

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 customer or borrower's ability to meet its obligations

- Actual or expected significant changes in the operating results of the customer or borrower

- Significant increases in credit risk on other financial instruments of the same customer or borrower

- Significant changes in the value of the collateral supporting the obligation

- Significant changes in the expected performance and behaviour of the customer or borrower, including changes in the payment status of customers or borrowers in the group and changes in the operating results of the customer or borrower.

The Group also determines that there is a significant increase in credit risk if a customer or borrower 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 customer or borrower to repay the debt according to terms

- A breach of contract, such as a default or past due event

- It is becoming probable that the customer or borrower will enter bankruptcy or other financial reorganisation.

The Group considers categorising a loan or receivable for potential write-off when a customer or borrower fails to make contractual payments more than a year past due. Financial assets are written off when there is no reasonable expectation of recovery. When loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

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

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

(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 to days past due. The loss allowance provision as at 31 December 2022 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast in recovery of oil prices, leading to a decrease in number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables (excluding unbilled trade receivables).

	Total US$'000	Current US$'000	< 60 days US$'000	60 to 90 days US$'000	> 90 days US$'000
2022					
Gross carrying amount	**31,978**	**2,042**	**2,683**	**(261)**	**27,514**
Loss allowance provision	**18,440**	**–**	**–**	**–**	**18,440**
2021					
Gross carrying amount	35,283	4,376	4,780	1,530	24,597
Loss allowance provision	13,971	–	–	–	13,971

Included in the loss allowance provision was US$62,000 (2021: US$121,000) relating to expected credit loss provided using the provision matrix. In addition to the provision matrix, the Group also provided for expected credit loss for trade receivables due from debtors that were in significant financial difficulties and had defaulted on payments. The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance as follows:

	Group 2022 US$'000	Group 2021 US$'000
At 1 January	**13,971**	13,917
Loss allowance measure at:		
Lifetime ECL		
– Based on provision matrix	**(62)**	51
– Credit impaired as at reporting date	**4,527**	228
Written off during the year	**–**	(225)
Exchange difference	**4**	–
At 31 December	**18,440**	13,971

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

(i) Trade receivables (Cont'd)

Information regarding loss allowance movement of trade receivables are disclosed in Note 17.

During the year, the Group commenced litigation proceedings to recover trade receivables from a customer. The Group has considered the increase in credit risk arising from the customer in providing the loss allowance.

(ii) Other receivables at amortised cost

The Group provides for lifetime expected credit loss for other receivables using the probability of default approach. In determining ECL for other receivables, the Group considers events such as significant adverse changes in financial conditions of the debtors and determines that significant increase in credit risk occur when there are changes in the risk that the specific debtor will default on the payments.

The loss allowance provision for other receivables at amortised cost as at 31 December reconciles to the opening loss allowance provision as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	**10,358**	10,358
Loss allowance measure at:		
Lifetime ECL		
– Credit impaired as at reporting date	**–**	–
Written off during the year	**(9,671)**	–
Exchange difference	**–**	–
At 31 December	**687**	10,358

Information on gross amount of other receivables is disclosed in Note 18. The Group does not have significant other receivables at amortised cost.

(iii) Amounts due from related companies at amortised cost

The Group provides for lifetime expected credit losses for trade amounts due from related companies based on a provision matrix similar to allowance for trade receivables. The Group computes expected credit loss for non-trade amounts and loans due from related companies using the probability of default approach. In determining this ECL, the Group considers events 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 is changes in the risk that the specific related company will default on the payments.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

(iii) Amounts due from related companies at amortised cost (Cont'd)

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the amounts due from related companies excluding trade related 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 a strong capacity 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; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due.	Lifetime expected credit losses	Gross carrying amount
Grade III	Interest and/or principal repayments are 270 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 loss allowance provision for amounts due from related companies at amortised cost as at 31 December reconciles to the opening loss allowance provision as follows:

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
At 1 January	**114,931**	101,082	**360,614**	280,232
Loss allowance measure at:				
Lifetime ECL				
– Provision matrix	**–**	(7)	**–**	–
– Credit impaired as at reporting date	**17,991**	13,963	**(69,587)**	83,003
Written off during the year	**(1,850)**	–	**(278,775)**	–
Exchange difference	**32**	(107)	**(3,045)**	(2,621)
At 31 December	**131,104**	114,931	**9,207**	360,614

Information on gross amounts of amounts due from related companies is disclosed in Note 15.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Exposure to credit risk

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

– The carrying amount of each class of financial assets recognised in the balance sheets.

– Corporate guarantees provided by the Group and Company (Note 36).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its 5 major customers. At the balance sheet date, approximately 25% (2021: 29%) of the Group's trade receivables were due from 5 major customers.

	Total US$'000	Current US$'000	< 60 days US$'000	60 to 90 days US$'000	> 90 days US$'000
2022					
Top 5 customers	**6,107**	**1,143**	**1,796**	**927**	**2,241**
2021					
Top 5 customers	8,031	874	1,277	264	5,616

30% (2021: 58%) of the Group's financial instruments at amortised cost were due from related companies.

Financial assets that were neither past due nor impaired

Trade and other receivables that were neither past due nor impaired were with creditworthy debtors with good payment record with the Group. Cash and short-term deposits, cash in holding accounts and derivatives that were neither past due nor impaired were placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that were either past due or impaired

Information regarding financial assets that were either past due or impaired was disclosed in Note 17 (Trade receivables), Note 18 (Other receivables) and Note 15 (Amounts due from related companies).

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For the financial year ended 31 December 2022

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk may arise primarily from mismatch of maturities of financial assets and liabilities. The Group has sufficient internally generated funds and receives pre-funding from third-party vessel owners for operating expenses of certain vessels under management by the Group.

Analysis of financial liabilities by remaining contractual maturities

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

	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Group				
2022				
Financial liabilities:				
Trade payables and other liabilities	**18,911**	**–**	**–**	**18,911**
Amounts due to related companies	**11,801**	**–**	**–**	**11,801**
Bank loans	**–**	**32,465**	**–**	**32,465**
Derivative warrant liabilities	**–**	**184**	**–**	**184**
Perpetual securities	**–**	**–**	**1,492**	**1,492**
Lease liabilities	**1,346**	**2,668**	**6,670**	**10,684**
Total undiscounted financial liabilities	**32,058**	**35,317**	**8,162**	**75,537**
2021				
Financial liabilities:				
Trade payables and other liabilities	141,786	–	–	141,786
Amounts due to related companies	10,479	–	–	10,479
Bank loans	396,774	–	–	396,774
Notes payable	74,110	–	–	74,110
Lease liabilities	1,324	2,597	7,143	11,064
Total undiscounted financial liabilities	624,473	2,597	7,143	634,213

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Analysis of financial liabilities by remaining contractual maturities (Cont'd)

	One year or less US$'000	One to five years US$'000	Total US$'000
Company			
2022			
Financial liabilities:			
Other liabilities	**180**	**–**	**180**
Amounts due to related companies	**308**	**–**	**308**
Notes payable	**–**	**–**	**–**
Derivative warrant liabilities	**–**	**184**	**184**
Perpetual securities	**–**	**1,492**	**1,492**
Total undiscounted financial liabilities	**488**	**1,676**	**2,164**
2021			
Financial liabilities:			
Other liabilities	15,563	–	15,563
Amounts due to related companies	168,329	–	168,329
Notes payable	74,110	–	74,110
Total undiscounted financial liabilities	258,002	–	258,002

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities. The maximum amount of the corporate guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	One year or less US$'000
2022	
Group	
Corporate guarantees	**–**
Company	
Corporate guarantees	**18,000**
2021	
Group	
Corporate guarantees	21,487
Company	
Corporate guarantees	402,540

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank loans.

Sensitivity analysis for interest rate risk

As at 31 December 2021, if USD interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been US$2,855,000 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate bank loans.

As at 31 December 2022, there are no bank loans with floating interest rates following the completion of the Debt Restructuring Plan.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD.

The Group's financial results can be affected by movements in the USD/SGD exchange rates arising from the portion of cost of sales and operating expenses that are denominated in SGD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the SGD exchange rates against the USD, with all other variables held constant. The analysis was performed on the same basis for 2021.

		Group	
		Profit/(Loss) before tax	
		2022	**2021**
		US$'000	**US$'000**
USD/SGD	– strengthened 3% (2021: 3%)	**1,126**	4,984
	– weakened 3% (2021: 3%)	**(1,126)**	(4,984)

NOTES TO THE FINANCIAL STATEMENTS

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38. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(i) 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.

(ii) Fair value of financial instruments that are carried 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:

	2022 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	**Significant unobservable inputs (Level 3)**	**Total**
Group			
Assets measured at fair value			
Financial assets:			
Equity securities at fair value through profit or loss (Note 19)			
Quoted equity securities	**23**	**–**	**23**
Equity securities at FVOCI (Note 19)			
Unquoted equity securities	**–**	**–**	**–**
Financial assets as at 31 December 2022	**23**	**–**	**23**

NOTES TO THE FINANCIAL STATEMENTS

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38. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(ii) Fair value of financial instruments that are carried at fair value (Cont'd)

	2022 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	**Inputs other than quoted prices that are observable (Level 2)**	**Total**
Group			
Liabilities measured at fair value			
Financial liabilities:			
Derivatives not designated as hedging instrument (Note 29)			
Derivative warrant liabilities	**184**	**–**	**184**
Financial liabilities as at 31 December 2022	**184**	**–**	**184**

	2021 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	**Significant unobservable inputs (Level 3)**	**Total**
Group			
Assets measured at fair value			
Financial assets:			
Equity securities at fair value through profit or loss (Note 19)			
Quoted equity securities	9	–	9
Equity securities at FVOCI (Note 19)			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2021	9	–	9

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38. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial instruments whose carrying amounts are reasonable approximation of fair value

(a) Trade and other receivables, trade payables and other liabilities, amounts due from/(to) related companies, cash and bank balances and cash pledged.

The carrying amounts of these balances approximate fair values due to their short-term nature.

(b) Bank loans at floating rate, amounts due from related companies, notes payable and lease liabilities.

The carrying value of the bank loans approximate fair value as these balances are of variable interest rate with re-pricing features.

The carrying value of lease liabilities, amounts due from related companies and notes payable approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

Financial instruments by category

Set below is a comparison by category of the carrying amount of all the Group and Company's financial instruments that were carried in the financial statements.

	Financial assets at amortised cost US$'000	Financial assets at fair value through profit or loss US$'000	Financial assets at fair value through OCI US$'000
Group			
2022			
Assets			
Trade receivables	**14,571**	**–**	**–**
Other receivables	**6,888**	**–**	**–**
Amounts due from related companies	**20,564**	**–**	**–**
Investment securities	**–**	**23**	**–**
Cash and bank balances	**25,596**	**–**	**–**
	67,619	**23**	**–**
2021			
Assets			
Trade receivables	22,004	–	–
Other receivables	1,863	–	–
Amounts due from related companies	62,815	–	–
Investment securities	–	9	–
Cash and bank balances	21,591	–	–
	108,273	9	–

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38. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial instruments whose carrying amounts are reasonable approximation of fair value (Cont'd)

Financial instruments by category (Cont'd)

	Financial liabilities at amortised cost US$'000	Financial liabilities at fair value through profit or loss US$'000
Group		
2022		
Liabilities		
Trade payables	**12,091**	**–**
Other liabilities	**6,820**	**–**
Amounts due to related companies	**11,801**	**–**
Bank loans	**29,839**	**–**
Derivative warrant liabilities	**–**	**184**
Perpetual securities	**1,492**	**–**
Lease liabilities	**8,167**	**–**
	70,210	**184**
2021		
Liabilities		
Trade payables	13,298	–
Other liabilities	125,133	–
Amounts due to related companies	10,479	–
Bank loans	386,584	–
Notes payable	74,110	–
Lease liabilities	8,314	–
	617,918	–

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38. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial instruments whose carrying amounts are reasonable approximation of fair value (Cont'd)

Financial instruments by category (Cont'd)

	Financial assets at amortised cost	
	2022	**2021**
	US$'000	**US$'000**
Company		
Assets		
Other receivables	**30**	–
Amounts due from related companies	**20,082**	–
Cash and bank balances	**2,545**	1,468
	22,657	1,468

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss
	US$'000	**US$'000**
Company		
2022		
Liabilities		
Other liabilities	**180**	**–**
Amounts due to related companies	**308**	**–**
Notes payable	**–**	**–**
Derivative warrant liabilities	**–**	**184**
Perpetual securities	**1,492**	**–**
	1,980	**184**
2021		
Liabilities		
Other liabilities	12,501	–
Amounts due to related companies	168,329	–
Notes payable	74,110	–
	254,940	–

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39. 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 it maintains a strong credit rating and healthy capital ratios in order to support its business, maximise shareholder value and fulfil its financing commitments. No changes were made in the objectives during the years ended 31 December 2022 and 31 December 2021.

The Group's capital management strategy includes a mix of debt and equity that are aligned with the Group's business strategies. The Group monitors capital mainly using a gearing ratio, which is net debt divided by total equity attributable to equity holders of the Company. The Group defines net debt as bank loans and notes payable, less cash and bank balances.

Refer to Note 2.1 for more information on the restructuring.

	Group	
	2022 US$'000	**2021 US$'000**
Bank loans	**29,839**	386,584
Notes payable	**–**	74,110
Derivative warrant liabilities	**184**	–
Perpetual securities	**1,492**	–
Less: Cash and bank balances	**(25,596)**	(21,591)
Net debt	**5,919**	439,103
Equity attributable to the equity holders of the Company	**23,828**	(333,257)
Gearing ratio (%)	**24.8%**	NM

NM – not meaningful

40. SEGMENT INFORMATION

For management purposes, the Group's continuing operations is organised into two main operating business divisions based on their services and products:

I. The Ship Management business is engaged in managing, chartering and operating of offshore vessels supporting the offshore oil and gas industry.

II. The Shipyard business is engaged in ship repair maintenance activities.

As disclosed in Note 2 and Note 9, the Group transferred the Sale Vessels to the Purchaser under the Disposal. The business of owning and chartering of the Sale Vessels were previously presented under the Offshore Support Services business and Subsea Services business segments of the Group. With the Sale Vessels being classified as discontinued operations, the Offshore Support Services business and Subsea Services business segments are no longer presented in this Note.

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 profit from operations. Income taxes are managed on a group basis and are not allocated to operating segments.

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40. SEGMENT INFORMATION (CONT'D)

In presenting geographical information, segment revenue is based on the location in which the services are performed.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Ship Management business US$'000	Shipyard business US$'000	Total for Continuing Operations US$'000
2022			
Revenue:			
Sales	15,304	17,270	32,574
Inter-segment sales (Note A)	(40)	(2,651)	(2,691)
Sales to external customers	15,264	14,619	29,883
Results:			
Interest income	53	–	53
Finance costs	(1,824)	(1,093)	(2,917)
Depreciation and amortisation	(226)	(2,789)	(3,015)
Share of results of joint ventures	87	–	87
Impairment of property, plant and equipment	–	(1,456)	(1,456)
Other non-cash expenses (Note B)	(7,829)	(26)	(7,855)
Deferred gain for non-refundable deposit upon vessel sale	800	–	800
Gain on debt forgiveness of bank loan	269,126	–	269,126
Gain on debt forgiveness of scheme trade payables	1,527	–	1,527
Gain on debt forgiveness of non-controlling shareholder loan	20,138	–	20,138
Segment profit	315,303	20,340	335,643

	Ship Management business US$'000	Shipyard business US$'000	Adjustment (Note D) US$'000	Total US$'000
Segment assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	1,287	–	–	1,287
Additions to non-current assets (Note C)	1,385	15	–	1,400
Segment assets	62,618	47,924	–	110,542
Segment liabilities	42,330	44,482	–	86,812

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. SEGMENT INFORMATION (CONT'D)

	Ship Management business US$'000	Shipyard business US$'000	Total for Continuing Operations US$'000
2021			
Revenue:			
Sales	5,210	6,349	11,559
Inter-segment sales (Note A)	(180)	(1,531)	(1,711)
Sales to external customers	5,030	4,818	9,848
Results:			
Interest income	125	–	125
Finance costs	(481)	(1,640)	(2,121)
Depreciation and amortisation	(80)	(2,915)	(2,995)
Share of results of joint ventures	–	–	–
Share of results of associates	2,397	–	2,397
Impairment of property, plant and equipment	–	(635)	(635)
Other non-cash expenses (Note B)	(2,256)	(863)	(3,119)
Segment profit/(loss)	8,304	(6,877)	1,427

	Ship Management business US$'000	Shipyard business US$'000	Adjustment (Note D) US$'000	Total US$'000
Segment assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	–	19	1,882	1,901
Segment assets	108,569	44,686	139,122	292,377
Segment liabilities	573,556	63,889	–	637,445

Note A: Inter-segment sales are eliminated on consolidation.

Note B: Other non-cash expenses consist of impairment of joint ventures and associates, trade and other receivables, amounts due from related companies and club membership as presented in the respective notes to financial statements.

Note C: Additions to non-current assets consist of additions to property, plant and equipment.

Note D: Pertain to assets held for sale (Note 9) as additions made to those vessels as at 31 December 2022. For 31 December 2021, the amount pertains to the net book value of the vessels classified as held for sale in FY2022 and the related additions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. SEGMENT INFORMATION (CONT'D)

Intercompany revenue

After the completion of the Debt Restructuring Plan during the year, the Group pivoted into an asset-light full-fledged ship manager and continues to offer its expertise and services in the offshore marine industry. The Group manages the majority of the Sale Vessels post completion of the Disposal. ENAV also dry docks the Sale Vessels operating in the Southeast Asia region at the Group's shipyard, subject to the yard availability and competitive pricing. Prior to the completion of the Debt Restructuring Plan, the ship management and ship repair services for the Sale Vessels were performed in-house by the Group's subsidiaries. The revenue from these services are not reflected in the statement of profit or loss and in the disaggregated revenue as they are eliminated upon consolidation. The intercompany sales are as follows:

	Ship Management business US$'000	Shipyard business US$'000	Total US$'000
2022	**40**	**2,651**	**2,691**
2021	180	1,531	1,711

Apart from chartering of its owned vessels, the Group also charters vessels owned by its joint venture and associate companies to third party customers. The gross profit/(loss) from chartering of the vessels not owned by its subsidiaries are as follow:

	US$'000
2022	**772**
2021	1,070

Geographical information

Revenue is based on the geographical location in which the services are performed. Non-current assets are based on the geographical location of the companies that own the assets:

	Revenue		Non-current assets	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Asia[(1)]	**8,075**	2,860	**1,051**	–
Singapore	**21,044**	5,024	**39,718**	43,520
Middle East	**761**	1,853	**–**	–
Latin America	**3**	111	**–**	–
	29,883	9,848	**40,769**	43,520

(1) Asia includes Papua New Guinea, Thailand, Malaysia and India.

Non-current assets information presented above consists of property, plant and equipment and club memberships as presented in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. SEGMENT INFORMATION (CONT'D)

Information about major customers

For the financial year ended 31 December 2022, revenue from 1 major customers of the Ship Management Business and 1 major customer of the Shipyard Business amounted to US$6,597,000 and US$2,312,000 respectively. For the financial year ended 31 December 2021, revenue from 2 major customers of the Ship Management Business amounted to US$3,182,000.

As the Group performs analysis of geographical segment revenue by region/continent instead of by individual country, it is more meaningful and relevant to view the regional spread based on groupings of countries making up key regions/ continents for the oil and gas activities.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 12 April 2023.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2023

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding Treasury Shares)	:	450,709,457
Number of Treasury Shares	:	1,032,700
Number of subsidiary holdings	:	–
Number (Percentage) of Treasury Shares to total number of issued shares excluding Treasury Shares	:	0.23%
Voting rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of holders of shares	%	No. of Shares	%
1 – 99	19	0.74	680	0.00
100 – 1,000	1,164	45.38	632,440	0.14
1,001 – 10,000	1,126	43.90	4,075,308	0.90
10,001 – 1,000,000	239	9.32	23,213,199	5.15
1,000,001 and above	17	0.66	422,787,830	93.81
Total	**2,565**	**100.00**	**450,709,457**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

Name of Shareholders	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
YM InvestCo Pte. Ltd.	46,547,000	10.33	–	–
Pang Yoke Min	182,668,564	40.53	46,547,000[(1)]	10.33

(1) Mr. Pang Yoke Min is deemed to be interested in the 46,547,000 shares held by YM InvestCo Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act as he and his associates hold 100.0% of the shares in YM InvestCo Pte. Ltd.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2023

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	PANG YOKE MIN	182,668,564	40.53
2	DBS NOMINEES PTE LTD	72,504,723	16.09
3	RAFFLES NOMINEES (PTE) LIMITED	66,846,751	14.83
4	CITIBANK NOMINEES SINGAPORE PTE LTD	62,753,004	13.92
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,141,333	1.58
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	6,479,520	1.44
7	MOK WENG VAI	4,691,125	1.04
8	THE SINGAPORE POLICE CO-OPERATIVE SOCIETY LTD	3,614,720	0.80
9	YONG YIN MIN	2,762,300	0.61
10	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	2,645,800	0.59
11	CHUA KENG LOY	1,849,760	0.41
12	GOH AH BAH ALBERT	1,807,360	0.40
13	HO KOK FI JOHN	1,736,720	0.39
14	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,505,700	0.33
15	LIM EE LOONG, NICHOLAS (LIN YULONG NICHOLAS)	1,413,600	0.31
16	HENG XIANGLE	1,354,520	0.30
17	OCBC SECURITIES PRIVATE LTD	1,012,330	0.22
18	PHILLIP SECURITIES PTE LTD	964,910	0.21
19	HOCK LIAN SENG INFRASTRUCTURE PTE LTD	903,680	0.20
20	TAY BAN GEOK @ TAY TENG HOEI	903,680	0.20
	Total:	**425,560,100**	**94.40**

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 22 March 2023, approximately 48.34% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX is complied with.

STATISTICS OF WARRANTHOLDINGS

AS AT 22 MARCH 2023

WARRANTS – W270919

Size of Warrantholdings	No. of holders of Warrants	%	No. of Warrants	%
1 – 99	18	0.72	673	0.00
100 – 1,000	1,144	45.93	621,180	2.77
1,001 – 10,000	1,128	45.28	4,090,228	18.21
10,001 – 1,000,000	198	7.95	8,936,580	39.80
1,000,001 and above	3	0.12	8,805,785	39.22
Total	2,491	100.00	22,454,446	100.00

LIST OF 20 LARGEST REGISTERED WARRANTHOLDERS

No.	Name	No. of Shares	%
1	MOK WENG VAI	4,691,125	20.89
2	YONG YIN MIN	2,762,300	12.30
3	DBS NOMINEES PTE LTD	1,352,360	6.02
4	LIE KEE KIAK	563,400	2.51
5	MAYBANK SECURITIES PTE. LTD.	451,475	2.01
6	LIM CHAP HUAT	440,000	1.96
7	PHILLIP SECURITIES PTE LTD	414,770	1.85
8	RAFFLES NOMINEES (PTE) LIMITED	365,820	1.63
9	FREDDIE TAN POH CHYE	309,900	1.38
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	295,390	1.32
11	UOB KAY HIAN PTE LTD	217,150	0.97
12	CITIBANK NOMINEES SINGAPORE PTE LTD	204,420	0.91
13	S NALLAKARUPPAN	165,840	0.74
14	KGI SECURITIES (SINGAPORE) PTE. LTD	165,530	0.74
15	MARC-PLAN PTE LTD	165,000	0.73
16	OCBC NOMINEES SINGAPORE PTE LTD	164,940	0.73
17	LAU BOON HWEE	162,497	0.72
18	TAN SIANG SENG	139,000	0.62
19	LIM AND TAN SECURITIES PTE LTD	118,360	0.53
20	OCBC SECURITIES PRIVATE LTD	108,650	0.48
	Total:	13,257,927	59.04

STATISTICS OF WARRANTHOLDINGS

AS AT 22 MARCH 2023

NON-LISTED WARRANTS

No. of Warrants Outstanding: 23,033,431

Size of Warrantholdings	No. of holders of Warrants	%	No. of Warrants	%
1 – 99	0	0.00	0	0.00
100 – 1,000	1	16.67	705	0.00
1,001 – 10,000	2	33.33	10,575	0.05
10,001 – 1,000,000	1	16.67	946,674	4.11
1,000,001 and above	2	33.33	22,075,477	95.84
Total	6	100.00	23,033,431	100.00

LIST OF 20 LARGEST REGISTERED NON LISTED WARRANT HOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	20,195,477	87.68
2	DBS NOMINEES PTE LTD	1,880,000	8.16
3	PANG YOKE MIN	946,674	4.11
4	PANG WEI KUAN	5,405	0.02
5	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	5,170	0.02
6	PANG WEI MENG	705	0.00
	Total:	23,033,431	99.99

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be held at 15 Pandan Road, Singapore 609263 on Thursday, 27 April 2023 at 10.00 a.m. to transact the following businesses:–

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Directors' Statement and the Independent Auditors' Report thereon.

   (See explanatory note 1)

2. To approve the Directors' fees of S$395,000 for the financial year ending 31 December 2023. **(Resolution 1)**

3. (i) To re-elect the following Director who is retiring pursuant to Regulation 89 of the Company's Constitution, and being eligible, offered himself for re-election:

   Mr. Yong Yin Min **(Resolution 2)**

   (ii) To note the retirement of Mr. Lau Boon Hwee pursuant to Regulation 89 of the Company's Constitution.

   (See explanatory note 2)

4. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

5. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares

   (a) "That, pursuant to Section 161 of the Companies Act 1967, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

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

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

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

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities,

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

(See explanatory note 3) **(Resolution 4)**

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary

12 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. This Agenda is meant for discussion only as under the provisions of Section 201 of the Companies Act 1967, the Audited Financial Statements need to be laid before the meeting and hence, the matter will not be put forward for voting.

2. Mr. Yong Yin Min will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee, and a member of the Audit and Sustainability Committee and Nominating Committee of the Company.

   Mr. Lau Boon Hwee is retiring pursuant to Regulation 89 of the Company's Constitution and is not seeking for re-election at the AGM.

   Key information on the retiring director can be found on page 6 of the Annual Report.

3. The ordinary resolution no. 4 is to authorise the Directors of the Company from the date of this AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Notes:

1. The AGM will be held physically at 15 Pandan Road, Singapore 609263 on Thursday, 27 April 2023 at 10.00 a.m.. **There will be no arrangement made for Shareholders to participate the AGM virtually**. This Notice has been made available on the SGX-ST's as well as the Company's websites at the URLs stated below. Printed copies of this Notice of AGM, Proxy Form and related documents will not be despatched to members.

   SGX website : https://www.sgx.com/securities/company-announcements
   Company website : https://complete-corp.com/pacificradiance-agm/

Submission of questions in advance of the AGM

2. Shareholder may also submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM. Such questions must be submitted by **10.00 a.m. on 19 April 2023** in the following manner:–

   - in hard copy by post to reach the Company at 15 Pandan Road, Singapore 609263; or

   - by email to prl-agm@complete-corp.com

   Shareholders submitting questions are required to state: (a) their full name; and (b) their identification/registration number, and (c) the manner in which his/her/its shares in the Company are held (e.g. via CDP, CPF, SRS and/or scrip), failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

   All questions submitted in advance of the AGM must be received by the Company by the time and date stated above to be treated as valid.

3. The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the AGM via SGXNET and on its corporate website by **22 April 2023**.

4. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company's website, and the minutes will include the responses to the questions referred to above.

NOTICE OF ANNUAL GENERAL MEETING

Voting by Proxy

5. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

   "**Relevant intermediary**" has the meaning given to it in Section 181 of the Companies Act 1967.

6. A proxy need not be a member of the Company.

7. The instrument appointing a proxy(ies) of the AGM must be submitted in the following manner:

   (a) if submitted in hard copy by post, be lodged at the office of the Singapore Share Registrar and Share Transfer Office at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted electronically, by sending a scanned pdf copy by email to prl-agm@complete-corp.com

   in either case, by **10.00 a.m. on 24 April 2023**, being no later than 72 hours before the time fixed for the AGM (the "**Proxy Deadlines**").

   A member who wishes to submit an instrument of proxy can do so via post or email and must first download, print, complete and sign the proxy form, before either submitting it by post to the address provided above, or by scanning and sending it to the email address provided above. Instruments of proxy submitted by post are sent at the member's own risk. **All instruments of proxy must be received by the Company by the time and date stated above to be treated as valid**.

8. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (the "**Purposes**"); (b) warrants that where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers) the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes; and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PACIFIC RADIANCE LTD.

(the "Company")
(Incorporated in the Republic of Singapore)

(Company Registration No. 200609894C)

IMPORTANT:
1. Pursuant to Section 181(1C) of the Companies Act, Relevant Intermediaries may appoint more than 2 proxies to attend, speak and vote at the annual general meeting ("AGM").
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("CPF") Investment Scheme ("CPFIS")/Supplementary Retirement Scheme ("SRS") investors who hold the Company's Shares through CPF Agent Banks/SRS Operators.
3. CPFIS/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators to submit their voting instructions at least seven (7) working days before the date of the AGM.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We ______________________________ (Name) ________________ (NRIC/Passport Number)

of ____ (Address)

being a *Shareholder/Shareholders of Pacific Radiance Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No.of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No.of Shares	%
Address			

Or failing him/her, the **Chairman of the Meeting** as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at 15 Pandan Road, Singapore 609263 on Thursday, 27 April 2023 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	For*	Against*	Abstain*
1.	Approval of Directors' Fees for the financial year ending 31 December 2023			
2.	Re-election of Mr. Yong Yin Min as director			
3.	Re-appointment of Auditors			
4.	Authority to allot and issue ordinary shares			

* *Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "**For**" or "**Against**" the resolution, please indicate with an "X" in the "**For**" or "**Against**" box provided in respect of the resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of the resolution. If you wish your proxy/proxies to abstain from voting on the resolution, please indicate with an "X" in the "**Abstain**" box provided in respect of the resolution. Alternatively, please indicate the number of shares your proxy/proxies is directed to abstain from voting in the "**Abstain**" box provided in respect of the resolution. **In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on the resolution if no voting instruction is specified**.*

Dated this ________ day of ________________ 2023

Total number of Shares held:	No. of Shares
CDP Register	
Register of members	

____
Signature/Common Seal of Shareholder(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Ac 1967, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Companies Act 1967, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act 1967.

5. The instrument appointing a proxy(ies) of the AGM must be submitted in the following manner:

   (a) if submitted in hard copy by post, be lodged at the office of the Singapore Share Registrar and Share Transfer Office at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) if submitted electronically, by sending a scanned pdf copy by email to prl-agm@complete-corp.com

   in either case, by 10.00 a.m. on **24 April 2023**, being no later than 72 hours before the time fixed for the AGM. (the "**Proxy Deadlines**").

   A member who wishes to submit an instrument of proxy can do so via post or email and must first download, print, complete and sign the proxy form, before either submitting it by post to the address provided above, or by scanning and sending it to the email address provided above. Instruments of proxy submitted by post are sent at the member's own risk. All instruments of proxy must be received by the Company by the time and date stated above to be treated as valid.

6. A Shareholder should insert the total number of shares held. If the Shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he should insert that number of shares. If the Shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the Shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Shareholder of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. In addition, in the case of Shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Shareholders are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

8. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

PERSONAL DATA PRIVACY:

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

PACIFIC RADIANCE LTD
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