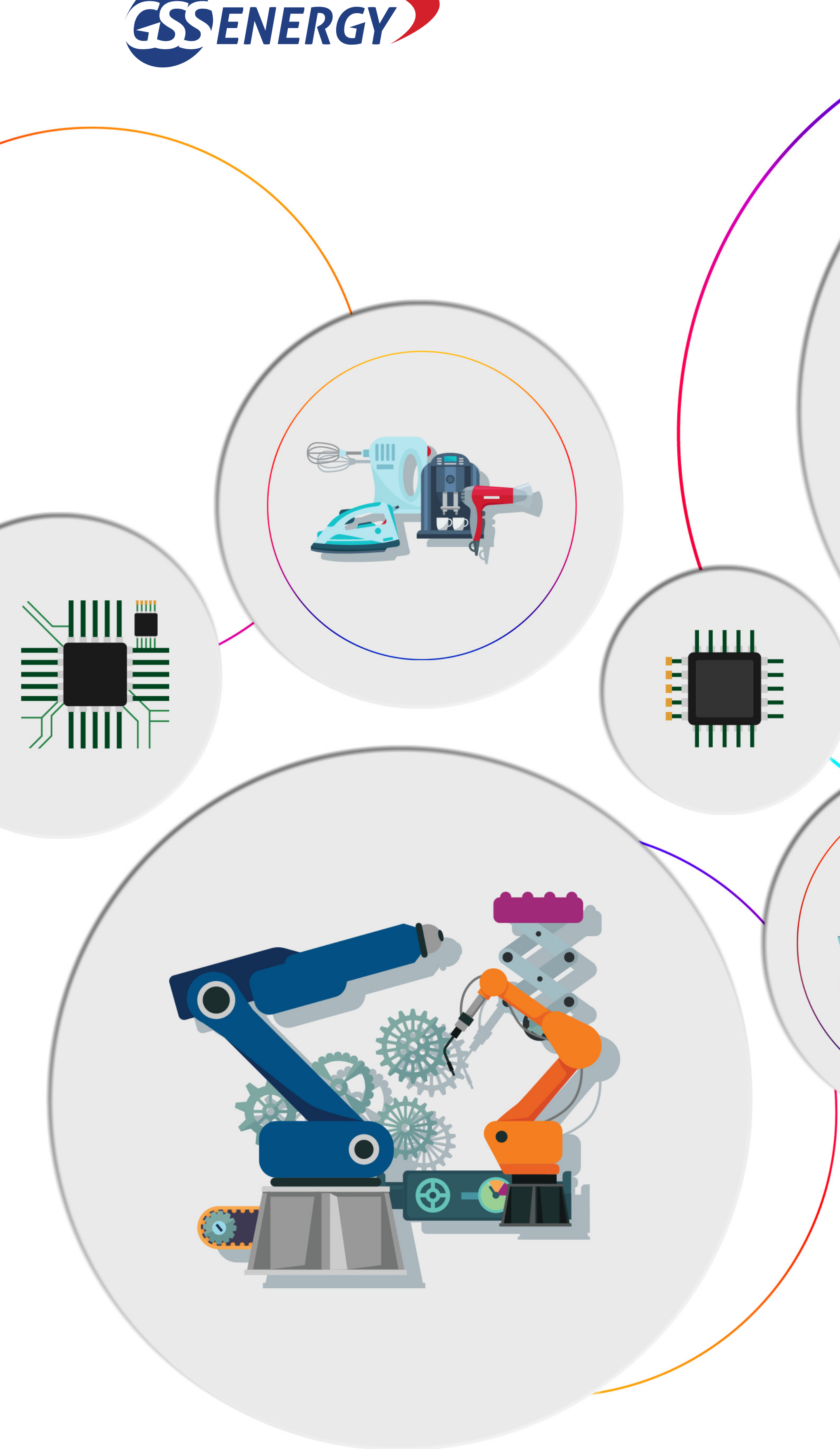


LEVERAGING ON SYNERGISTIC STRENGTHS

ANNUAL REPORT 2020

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

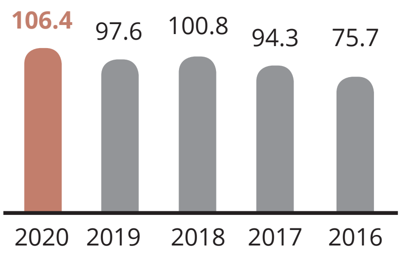
The contact person for the Sponsor is Mr Bernard Lui, at Tel: (65) 6389 3000; Email: bernard.lui@morganlewis.com

TABLE OF CONTENTS

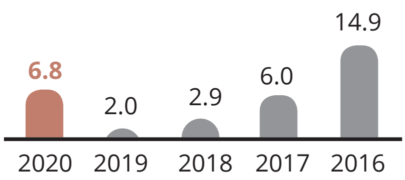
GROUP
FINANCIAL SUMMARY

FINANCIAL PERFORMANCE

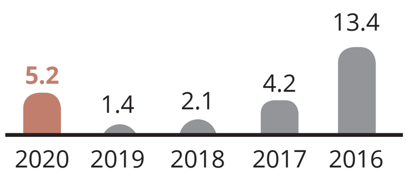
TURNOVER
S$ mil



NET PROFIT BEFORE TAX
S$ mil



NET PROFIT AFTER TAX
S$ mil



	2020 S$mil	2019 S$mil	2018 S$mil	2017 S$mil	2016 S$mil
FINANCIAL POSITION					
Property, Plant & Equipment	**24.5**	11.2	11.8	10.1	6.4
Other Non-Current Assets	**15.4**	18.5	15.9	14.2	5.9
Current Assets (excludes*)	**56.7**	39.8	43.1	45.9	30.3
*Cash and Bank Balances	**7.1**	7.2	6.1	4.7	14.9
Total Assets	**103.7**	76.7	76.9	74.9	57.5
Other Non-Current Liabilities	**4.2**	1.9	1.5	1.4	1.3
Long-Term Borrowings	**4.4**	0.0	0.0	0.0	0.0
Short-Term Borrowings	**8.8**	5.5	5.0	2.9	0.0
Other Current Liabilities	**32.4**	21.4	23.9	27.5	18.3
Total Liabilities	**49.8**	28.8	30.4	31.8	19.6
Capital Reserve	**0.0**	0.0	0.0	0.0	0.0
Translation Reserve	**(0.4)**	(1.1)	(0.2)	0.1	0.1
Statutory Reserve	**1.4**	1.3	1.2	1.0	0.9
Revenue Reserve	**(8.3)**	(13.8)	(15.5)	(17.5)	(21.5)
Equity Non-Controlling Interest	**0.1**	0.1	0.1	0.0	0.0
Share Capital	**58.6**	58.5	58.5	58.5	58.5
Total Capital & Reserve	**55.1**	48.7	46.9	43.2	38.0
Non-Controlling Interests	**(1.1)**	(0.7)	(0.4)	(0.1)	(0.1)
Total Capital, Reserve & Non-Controlling Interests	**54.0**	48.0	46.5	43.1	37.9
FINANCIAL RATIOS					
Net Tangible Assets Per Share S$ (Cents)	**10.21**	9.2	6.5	5.9	7.3
Earnings Per Share Before Tax S$ (Cents)	**1.38**	0.4	0.6	1.2	3.0
Earnings Per Share After Tax S$ (Cents)	**1.13**	0.4	0.4	0.9	2.7

CHAIRMAN'S MESSAGE

The sudden emergence of the global COVID-19 crisis from early 2020 has delivered unprecedented challenges to our Group. Management and the Board responded to the fast evolving pandemic with prompt attention to safeguard staff and families' health, welfare, work environment, income and job security across all business units. We were able to put in place hybrid arrangements to work between home and office/factory with manageable disruptions to our operations. In this regard, we are grateful to regulatory guidance from authorities where our operations are located and to the Singapore government for providing the financial assistance to cope with this new reality.

The first half of 2020 was particularly disconcerting for most businesses. The fast spreading pandemic would have tested the operational resilience of any company. In this regard, the Board acknowledges our Group's Management and leadership, executive teams and staff who have responded incredibly with professionalism and were able to quickly implement high standards for safety and well-being in these trying circumstances. Our Group's performance quickly recovered in second half of 2020 to register a record year of business turnover and profitability.

Even before this pandemic, our Group had already begun to redirect our precision engineering operations to producing higher valued product lines in collaboration with our established customers and "farmed out" gas operation to retain cash and support existing engineering facilities in a new partnership to manufacture mobility vehicles. Overall, our Group was well prepared entering this crisis, both financially and operationally to navigate the unprecedented turmoil.

The crisis has prompted the Board to accelerate a planned strategic to chart a new direction for our Group. This is important exercise that deserves time and careful consideration. We look forward to work closely with management, staff and our shareholders in contributing to this process. In concluding, on behalf of the Board of Directors. I would like to acknowledge with appreciation, Independent Director Sanford Chee, who has elected to retire from the Board. He joined in 2014 and as Chairman of the Audit Committee, Member of the Nominating Committee and Remuneration Committee, he has provided effective guidance with his professional expertise. We wish him every success in his pursuits of other interests.

ANTHONY KUEK
Chairman
Independent Non-Executive Director

CEO'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of GSS Energy Limited ("GSS Energy" together with its subsidiaries, the "Group"), I present our Annual Report for the financial year ended 31 December 2020 ("FY 2020").

The year 2020 has been difficult for the Group. The coronavirus contagion that began in early January further dampened a challenging trading environment arising from the lingering US-China trade tensions and slow global economic growth in recent years. Management, in close consultation with the Board of Directors responded promptly with a set of measures to deal with erratic supply chains and revised operational arrangements for all operational offices and factories to comply with "circuit breaker" measures. All staff were required to make extensive use of internet facilities to communicate across offices and factories in Singapore, Batam and Changzhou and with overseas customers and suppliers to keep up with normal operations.

From the beginning of the health crisis, Management and the Board had prioritized health and wellbeing of our staff and families, protection of jobs and income. As a result, the Group has been able to maintain the same workforce and staff income level during the year. Although the outlook ahead remains uncertain, I believe we have the right team in place who have shown their dedication, resilience and capacity to deal with any further unforeseen challenges ahead.

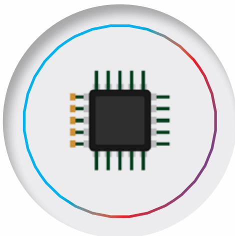
In FY2020, the Group achieved gross revenue of $106 million in 2020 from the precision engineering business, an increase of 9% over 2019. Gross profit at $18.3 million was slightly lower than 2019, due to tighter profit margin under more difficult trading conditions and increased cost of sales from higher inventory and logistic costs to mitigate supply chain uncertainties.

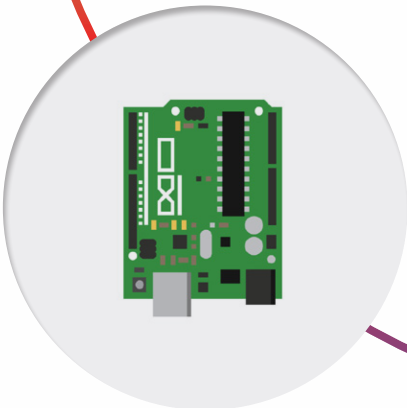
The first half year gross revenue of $43.0 million was 12% lower than the corresponding period for 2019, reflecting the impact of emergence of COVID-19. Fortunately, most governments around the world took decisive actions to deal with COVID-19 transmissions and provided fiscal support to stabilize their economies. As a result, orders placed with the Group earlier were reconfirmed for us to step up our production and deliveries, contributing to a record second half year gross revenue of $63.4 million, a 47% increase over the previous six months. The Group's FY 2020 net profit of $5.2 million included a one-time cost recovery for a discontinued product line.

Overall, the Group's balance sheet remains healthy. The Group took on a modest and competitively priced loan to meet the additional working capital requirements for an increase in the inventory for raw materials to cope with the longer lead time to replenish materials inputs due to logistic difficulties caused by COVID-19.

Going forward, we believe that our flagship precision engineering business will continue to grow at a steady pace. We have been re-engineering our business in the last three years from contract

CEO'S MESSAGE





manufacturing to a more participatory relationship where we are contributing to development and design of a larger range of consumer products with our established customers. We have made good progress but with current travel restrictions, our work with counterpart R&D teams have slowed despite extensive online exchanges. Several new products are in advanced stages of full scale production. Our customers are hopeful to proceed given improvement in the global COVID-19 situation to restore growth in global economies.

The Management and the Board have begun discussions on the Group's business direction in the light of the COVID-19 health pandemic. In addition to the precision engineering business, our partners are working toward gas monetization in Indonesia where the key terms of Gas Sales Agreement have been agreed.

We are making good progress on our e-mobility business front. We are in near finalization for the design and development of the 1st two models of our electric 2-wheelers and we are expecting a launch of these models within this year (2021). Our factory in Batam, Indonesia, has received formal approval from the Indonesian Government to assemble & produce electric 2-wheelers.

We are grateful to the Singapore government, through Enterprise Singapore, which is supporting our electric 2-wheelers project with networking introductions to working partners, both technical and business-related and through financial grants supporting the development work.

Our strategy is to continue to provide a total solution to the e-mobility market requirements. We hope through this effort, we are able to contribute, in a small way, to a better and greener environment. We are a participating member of the United Nations Global Compact, an initiative to promote universal sustainability.

In conclusion, on behalf of our Management team, I would like to thank our staff and show my appreciation for the diligence and understanding in our working team effort to maintain our ongoing operations under the difficult COVID-19 arrangements. This is an unprecedented health pandemic experience in our life time and has helped us to appreciate our family, friends, workmates and the wider circle.

I also record my thanks to our Independent Director and Chairman of the Audit Committee, Mr Sanford Chee, who is retiring at the coming AGM and is not seeking re-election.

A special thank you to our shareholders to whom we sincerely appreciate your continuing patience and support despite not declaring a dividend for this year under the pandemic situation. Rest assured that Management and the Board will continue to hold your interest and will over time and as appropriate, return your investments.

Yours sincerely,

MR SYDNEY YEUNG
Group Chief Executive Officer
31 March 2021

BOARD OF DIRECTORS

MR KUEK ENG CHYE, ANTHONY

Chairman; Non Executive and Independent Director

Anthony Kuek has held senior executive positions in private sector logistics operations, public service career in foreign affairs and finance followed by a variety of senior professional positions in an Asian multilateral bank. He has worked extensively in Asian countries on economic policies and development, project financing and implementation, governance, regulatory and sustainability issues during his professional career. He also held senior consulting assignments in international and government development agencies.

Mr. Kuek joined the Board of GSS Energy Group as Independent Director in November 2014, and was appointed Chair of the Board of Directors in November 2016. He is also the Chair of the Nominating and Remuneration Committee and member of the Audit Committee.

Mr. Kuek holds a Master in Business Administration (banking and finance), Bachelor Degree (Honors) in Economics and a Diploma in Adult Teaching and Learning.

DATE OF FIRST APPOINTMENT AS A DIRECTOR
18 November 2014

DATE OF APPOINTMENT AS CHAIRMAN
15 November 2016

DATE OF LAST RE-ELECTION AS A DIRECTOR
22 June 2020

BOARD COMMITTEE MEMBERSHIP
- Chairman of Nominating and Remuneration Committees
- Member of Audit Committee

ACADEMIC & PROFESSIONAL QUALIFICATION
- Master in Business Administration degree, Ateneo de Manila University, Philippines;
- Bachelor of Social Sciences (Hons, Economics), University of Singapore;
- Diploma in Adult Teaching and Learning, University of Canterbury, New Zealand

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (SGX LISTED COMPANY)
Nil

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (NON SGX-LISTED COMPANY)
Nil

MAJOR APPOINTMENT (OTHER THAN DIRECTORSHIP)
Nil

BOARD OF DIRECTORS

MR YEUNG KIN BOND, SYDNEY

Group Chief Executive Officer; Executive Director

Mr Yeung has many years of experience in the financial industry, starting his career in the Institutional Equity Division at Morgan Stanley New York and as the Managing Director of International Trading at Van der Moolen, a US securities specialist firm.

Mr Yeung has been serving as the Group CEO at GSS energy since 2015 focusing on both the Precision Engineering and Oil and Gas business. Mr Yeung is an active member of the Rotary Club in Singapore.

DATE OF FIRST APPOINTMENT AS A DIRECTOR
31 November 2014

DATE OF LAST RE-ELECTION AS A DIRECTOR
26 April 2019

BOARD COMMITTEE MEMBERSHIP
Member of Nominating Committee

ACADEMIC & PROFESSIONAL QUALIFICATION
- Fordham University

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (SGX LISTED COMPANY)
Nil

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (NON SGX-LISTED COMPANY)
- Giken Sakata (S) Limited
- Giken Precision Engineering Pte. Ltd.
- Changzhou Giken Precision Co Ltd, Changzhou Giken Technology Co Ltd,
- Changzhou Giken Import & Export Co.,Ltd
- GSS Energy Sumatra Limited
- GSS Energy Trembul Limited
- Nusantara Resources Pte. Ltd.
- Turbo Charge Limited,
- Turbo Charge (S) Pte. Ltd.
- Giken Trading (S) Pte. Ltd.
- Giken Mobility Pte. Ltd.
- GEV Pte. Ltd.
- I-Motor Asia Limited
- I Motor Korea Co., Ltd
- Roots Capital Asia Limited
- Ares Asia Limited

MAJOR APPOINTMENT (OTHER THAN DIRECTORSHIP)
- PT Giken Precision Indonesia (Commisioner)
- PT Sarana GSS Trembul (Commisioner)
- Rotary Club, Singapore (Member)

BOARD OF DIRECTORS

MR NG SAY TIONG

Executive Director;
Chief Financial Officer cum Company Secretary

Mr Ng is also the President of the Precision Engineering Division of the Group.

Mr Ng currently serves as the Treasurer of the Rotary Club of Queenstown and as the Honorary Assistant Treasurer of the Singapore Buddhist Lodge.

Mr Ng was previously the Chief Financial Officer cum Marketing Director of Genelabs Diagnostics Co Ltd and he also previously served as the Vice Chairman of the Marsiling Citizen Consultative Committee, Chairman of the Fuchun Community Club Management Committee, Vice Chairman of the Woodgrove Neigbourood Committee and Honorary Treasurer of the Yishun Junior College Advisory Board.

Mr Ng was awarded a Public Service Medal (PBM) by the President of Singapore in the 2012 National Day award.

DATE OF FIRST APPOINTMENT AS A DIRECTOR
31 October 2014

DATE OF LAST RE-ELECTION AS A DIRECTOR
24 April 2017

ACADEMIC & PROFESSIONAL QUALIFICATION
- Bachelor of Accountancy degree, National University of Singapore
- Master of Business (International Marketing), Curtin University of Technology in Australia
- Graduate Diploma in Marketing Management, Singapore Institute of Management

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (SGX LISTED COMPANY)
Nil

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (NON SGX-LISTED COMPANY)
- Giken Sakata (S) Limited (President)
- Giken Precision Engineering Pte. Ltd.
- Changzhou Precision Co Limited
- GEV Pte. Ltd.
- Nusantara Resources Pte. Ltd.

MAJOR APPOINTMENT (OTHER THAN DIRECTORSHIP)
- PT Giken Precision Indonesia (Comissioner)[1]

[1] Mr Ng Say Tiong was appointed as Commissioner of PT Giken Precision Indonesia as at 1 April 2021.

BOARD OF DIRECTORS

Mr Lee Kok Beng

Executive Director

Mr Lee has over 30 years of experience in electronic manufacturing services industry and currently serves as the Vice President of Group's Precision Engineering business segment.

DATE OF FIRST APPOINTMENT AS A DIRECTOR
3 July 2019

DATE OF LAST RE-ELECTION AS A DIRECTOR
22 June 2020

ACADEMIC & PROFESSIONAL QUALIFICATION
- Diploma in Mechanical Engineering, Singapore Polytechnic
- Diploma in Marketing Management, Ngee Ann Polytechnic

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (SGX LISTED COMPANY)
Nil

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (NON SGX-LISTED COMPANY)
- Giken Sakata (S) Limited
- Giken Mobility Pte. Ltd.
- Changzhou Giken Technology Co Ltd
- PT Giken Precision Engineering
- PT Giken Technology Indonesia
- Turbo Charge Limited
- Turbo Charge (S) Pte. Ltd.

MAJOR APPOINTMENT (OTHER THAN DIRECTORSHIP)
Nil

BOARD OF DIRECTORS

MR CHEE SANFORD[1]

Independent Director

Mr Chee was previously the Managing Director at Tiedemann Global Emerging Markets, responsible for equities investment across Asia. Before joining Tiedemann, Mr Chee was an Associate at York Capital Management Asia Advisors. Mr Chee had also worked as an investment banker at Lazard where he specialized in cross border M&A. Prior to that, he was a consultant at McKinsey and Bain and a portfolio manager at Koeneman Capital Management.

DATE OF FIRST APPOINTMENT AS A DIRECTOR
18 November 2014

DATE OF LAST RE-ELECTION AS A DIRECTOR
22 April 2016

BOARD COMMITTEE MEMBERSHIP
Chairman of Audit Committee; Member of Nominating and Remuneration Committees

ACADEMIC & PROFESSIONAL QUALIFICATION
- Master of Business Administration (Finance Major), Wharton School, University of Pennsylvania in USA;
- Bachelor of Accountancy Degree (First Class Honours), Nanyang Technology University, Singapore

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (SGX LISTED COMPANY)
Nil

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (NON SGX-LISTED COMPANY)
Nil

MAJOR APPOINTMENT (OTHER THAN DIRECTORSHIP)
Nil

[1] *Mr Chee Sanford is retiring at the forthcoming AGM and is not seeking for re-election.*

BOARD OF DIRECTORS

MR FUNG KAU LEE, GLENN

Non-Independent Non-Executive Director

Mr. Fung has over 30 years of working experience in financial industry in Canada, New York, Korea and Hong Kong. Prior to relocating to Asia, he held management positions with major investment and securities firms including Merrill Lynch (Canada) and CIBC Wood Gundy. As Executive Vice President of HSBC Securities (Canada) and Vice President of HSBC Brokerage (USA), he managed HSBC's investment advisory business in western Canada and California. In Asia, he was co-founder and director of Verde Asia Fund, a corporate social responsibility themed equity long/short fund.

Currently, Mr. Fung serves as the Managing Director and CEO of N-Bridge Capital Group Limited, an infrastructure investment firm focused on Asia infrastructure investments.

DATE OF FIRST APPOINTMENT AS A DIRECTOR
25 November 2016

DATE OF LAST RE-ELECTION AS A DIRECTOR
26 April 2019

BOARD COMMITTEE MEMBERSHIP
Member of Audit and Remuneration Committees

ACADEMIC & PROFESSIONAL QUALIFICATION
- MBA and Bachelor of Applied Science (Civil Engineering), University of British Columbia in Canada
- Member of Chartered Financial Analyst Institute

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (SGX LISTED COMPANY)
Nil

PRESENT DIRECTORSHIP OTHER THAN THE COMPANY (NON SGX-LISTED COMPANY)
- N-Bridge Capital Group Limited (CEO)

MAJOR APPOINTMENT (OTHER THAN DIRECTORSHIP)
Nil

CORPORATE DATA

Board of Directors

Kuek Eng Chye, Anthony
(Independent Non-Executive Chairman)

Yeung Kin Bond, Sydney
(Group Chief Executive Officer, Executive Director)

Lee Kok Beng
(Executive Director)

Ng Say Tiong
(Executive Director)

Chee Sanford
(Independent Director)

Fung Kau Lee, Glenn
(Non-Independent Non-Executive Director)

Audit Committee

Chee Sanford (Chairman)
Kuek Eng Chye, Anthony (Member)
Fung Kau Lee, Glenn (Member)

Nominating Committee

Kuek Eng Chye, Anthony (Chairman)
Yeung Kin Bond, Sydney (Member)
Chee Sanford (Member)

Remuneration Committee

Kuek Eng Chye, Anthony (Chairman)
Chee Sanford (Member)
Fung Kau Lee, Glenn (Member)

Company Secretary

Ng Say Tiong
Wong Liong Khoon

Registered Office

50 Raffles Place #32-01 Singapore Land Tower,
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

Principal Business Address

Blk 4012 Ang Mo Kio 10, #05-01 Techplace I,
Singapore 569628

Company Registration Number

201432529C

Company Website

www.gssenergy.com.sg

Auditors

BDO LLP, Public Accountants and Chartered
Accountants, Singapore

Partner-in-charge

Yeo Siok Yong
(Appointed since financial year ended 2020)

Sponsor

Stamford Corporate Services Pte Ltd

Registrar, Transfer Office and Warrant Agent

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01 Singapore Land Tower,
Singapore 048623

Principal Bankers

Mizuho Corporate Bank, Limited, Singapore Branch
The Development Bank of Singapore Limited
Standard Chartered Bank, Singapore Branch
Maybank Singapore Limited
Oversea-Chinese Banking Corporation Limited

SUSTAINABILITY REPORT

GSS Energy Ltd ("**GSS Energy**") and its subsidiaries (collectively referred to as the "**Group**") are pleased to present its fourth sustainability report (the "**Report**"), which aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders. Sustainability has always been embedded as part of our operating DNA since we incorporated the Company. This report articulates GSS Energy's sustainability efforts across all our operations around the world.

This report is prepared pursuant to the requirements of Rules 711A and 711B of the Listing Manual of the SGX-ST, Section B: Rules of Catalist ("**Catalist Rules**"), and the SGX Sustainability Reporting Guide. The Global Reporting Initiative ("**GRI**") is an internationally recognized reporting framework that covers an extensive range of sustainability disclosures. We have chosen to report using the GRI Standards because its structured framework promotes reporting a full and balanced picture of the Group's material matters and the management of its impact. This report represents the industry practice for tracking performance on a range of economic, environmental, social and governance indicators. Content Index is contained on pages 30 to 31, indicating the location of the applicable disclosures within the Report. For information regarding the governance section, please refer to the Corporate Governance Report in the Company's Annual Report.

The Report covers our performance with respect to the identified Economic, Social and Governance ("**ESG**") factors which are material to our Group, that fall within our financial year of reporting – 1 January 2020 to 31 December 2020. It has been prepared based on the 2016 GRI standards: Core Option.

Sustainability is part of the Group's wider strategy to create long term value for all our stakeholders. The Group recognises the management of sustainability risks as an integral part of its long term value and sustainable returns to all our stakeholders. We identify and focus on areas of improvement. Our approach to sustainability is guided by several factors: listening to our stakeholders, identifying the key material ESG aspects of our business, and ensuring we have a sustainable framework in place to track our progress. The Group is in the process of enhancing performance measurement mechanisms, commitments and working towards targets in relation to the material ESG factors.

BOARD STATEMENT

The Board is responsible for the long-term strategic direction of the Group and that it has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors. The Board has ultimate responsibility for the Company's sustainability reporting. The data and information provided has not been verified by an independent third party. We rely on internal data monitoring and verification to ensure the accuracy of data and information.

As part of our effort to conserve the environment, we have not printed physical copies of this report. Instead, publication of this report will be available on SGX website and the Group's website at www.gssenergy.com.sg.

The factors identified and reported are based on the Reporting Principles:

Principle 1 - Stakeholder Inclusiveness
Identifying the Group stakeholders, engaging them and responding to their feedback and interests.

Principle 2 - Sustainability Context
Presenting performance in the wider context of sustainability.

Principle 3 – Materiality
Focusing on issues that impact economic, environmental, and social impact.

Principle 4 - Completeness
Including material topics to the Group with significant economic, environmental and social impact, so stakeholders can assess our performance in the reporting period.

The scope of this report covers the Group's operations in Singapore, Indonesia, China and Republic of Korea. The principal activities of each entity can be found on page 67 of the Company's annual report included in the consolidated financial statements.

Assurance

We did not obtain external assurance for the Report. The statistical data disclosed in this report are derived from our own statistics. We have relied on our internal verification mechanisms for accuracy of the Report. Our financial statements have been independently audited. We will adopt a phased approach to our reporting, making progressive improvements to our reporting process.

Feedback

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. All queries can be addressed to feedback@gssenergy.com.sg.

DEFINING MATERIAL ISSUES

Based on a Group-wide materiality assessment, we have outlined our strategic sustainability priorities through these steps:

1. Defining key issues which impact the execution of our business strategy;
2. Identifying the material ESG factors of the respective business areas, industry challenges and impact on the Group's business;
3. Prioritising these critical factors and validate internally as pressing issues to address;
4. Carefully re-examining and analysing the significant of material impacts and their outcomes on our business, stakeholders and the community at large;
5. Embedding best practices within our business operation processes where applicable; and
6. We seek feedback from stakeholders through our day-today engagements and consultation with them to establish the direction for sustainability reporting.

SUSTAINABILITY REPORT

Governance

- Corporate Values and Business Conduct
- Code of Business Ethics and Conduct
- Anti-Corruption

Labour Practices and Conducive Workplace

- Employee Training
- Employee Welfare
- Fair Employment Practices
- Fair and Competitive Remuneration
- Non-Discrimination and Diversity
- Workplace Safety

Social

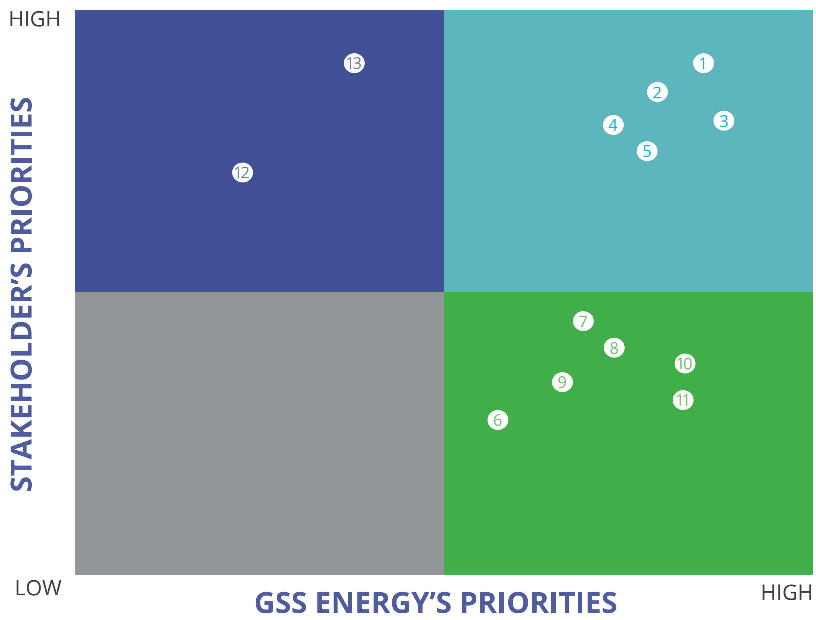
- Local Community Engagement
- Membership and External Initiatives

Environmental Management

- Waste Management
- Material Use Initiatives

The following are the material factors identified and prioritised.

1. Corporate Values and Business Conduct
2. Code of Business Ethics and Conduct
3. Anti-Corruption
4. Waste Management
5. Material Use Initiatives
6. Employee Training
7. Employee Welfare
8. Fair Employment Practices
9. Fair and Competitive Remuneration
10. Non-Discrimination and Diversity
11. Workplace Safety
12. Local Community Engagement
13. Membership and External Initiatives



STAKEHOLDER ENGAGEMENT

We have continuously engaged with our stakeholders through multiple channels in order to understand their diverse interests and needs. This is crucial as it helps us address their respective concerns and that will improve our products standards, services, business operations and strategically aligned our resources for long term growth and sustainability.

Our stakeholders have been identified as those who are impacted by our business and operations and those similarly are able to impact our business and operations. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, government institutions and local communities.

The table below illustrates key stakeholder groups, their engagement activities, expectations and frequency of interactions and our targets under "Outcome/GSS Energy response".

SUSTAINABILITY REPORT

STAKEHOLDER GROUP	OBJECTIVE / EXPECTATIONS OF THE STAKEHOLDER	MODES OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	OUTCOME / GSS ENERGY RESPONSE
INVESTORS	• Financial profitability • Sound Management • Transparency • Timely reporting, • Sustainability efforts • Corporate Governance	• Annual meetings	Annually	• Ensure transparent communication and regular reporting on financial and non-financial information • Maintain open channels for shareholder communication and feedback • To review dividend policy
		• SGX Announcement and Media release	Half-yearly, As required	
		• Meeting analysts and investors	As required	
		• Meeting analysts and investors Annual Reports	Annually	
EMPLOYEES	• Remuneration and benefits • Training and development • Employee engagement • Fair treatment • Job security	• Performance appraisals	Annually	• Maintains resource support, time-off, compensation, mental health support and financial aid • Flexible work arrangement • Senior worker early adoption • Organize activities to foster team building and social interaction among employees • Yearly appraisals to receive feedback from employees on the job and peers. • Open communication within the Group
		• Training courses	As appropriate	
		• Informal feedback	As required	
		• Social and recreational activities	As required	
		• Department and company meetings	As required	
CUSTOMERS	• Products quality and services • Sustainability efforts • Safety standards • Customer information confidentility	• Email	As required	• Maintain a communication channel to delivery timely updates on the evolving business circumstances • To deliver a quick response whenever any issues arise • Deliver timely and based on specification requirement • Maintain a robust quality management systems in place
		• Regular meetings and discussions		
		• Informal feedback	As required	
		• Site visit	As required	
SUPPLIERS	• Financial stability • Fair business practices	• Email	As required	• Support local suppliers • Comply with contract terms for timely payments • Maintain a communication channel to deliver timely updates on the evolving business circumstances
		• Regular meetings and discussions		
		• Informal feedback	As required	
		• Site visit	As required	
LOCAL COMMUNITIES	• Community services	• Charity events	As appropriate	• Contribute to philanthropic cause and local charity, particularly in terms of old folks and education
		• Donations		

SUSTAINABILITY REPORT

STAKEHOLDER GROUP	OBJECTIVE / EXPECTATIONS OF THE STAKEHOLDER	MODES OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT	OUTCOME / GSS ENERGY RESPONSE
GOVERNMENT INSTITUTIONS AND REGULATORS (SUCH AS SGX, CPF, IRAS, AND NEA)	• Compliance with law and regulations • Timely reporting • Anti-corruption and bribery	• Site visits and checks • Meeting and discussions	As appropriate	• In compliance with SGX-ST listing rules and regulations • Abide with law and regulations in respective country where the Group carries out business activities • Periodic engagement with regulators • Adherence to regulations imposed due to COVID-19

GOVERNANCE

Corporate Values and Business Conduct

Unethical and unlawful behaviour can have adverse impact for our Group, both in terms of financial and legal consequences as well as the reputation we have established over the years. As such, we have requested our employees to strictly adhere to our Code of Conduct and Business Ethics and strict disciplinary action will be enforced in the event of violations of this code, including termination of employment in cases of serious beaches, aside from any other legal action such as fines, penalties, imprisonment or claims for damages that may ensue as a result of any breach of prevailing laws and regulations.

Code of Business Ethics and Conduct

1. Zero-tolerance against corruption, fraud, insider trading, theft or bribery.
2. Compliance with the Company's internal policies, including relating to appropriate disclosures, and internal controls.
3. Maintaining the Company's policies around workplace health, safety measures that might endanger the life of safety of fellow employees and external parties.
4. Committed to fair respectful working conditions without discrimination.
5. General code of conduct in terms of handling of Company property, assets and disclosure of information or trade secrets of the Company without permission.
6. All new hires are required to undergo an orientation program which briefs them on Code of Conduct and Business Ethics as well as the available whistle-blowing channels.

Anti-Corruption

The Group has formulated "Whistle-blowing" as part of the Group's system of internal controls. Our stakeholders can raise concerns in confidence about improprieties to the Company through internal audit department, company telephone number or corporate website, regarding violation of business ethics, fraud, corruption, collusion with suppliers and conflicts of interest. The corporate data information can be found on page 12 of this Annual Report. The internal audit team conducts annual internal compliance audit at various business units to ensure proper controls are in place and are adhered.

There were no case of known corruption or whistle-blowing cases in both 2019 and 2020.

FY2019 TARGETS	FY2020 PERFORMANCE
Commitment to release financial results and disclose material information	Achieved.
No incident of legal noncompliance	Achieved.
No SGX reprimands or notice of compliances	Achieved.
No incident of corruption and fraud	Achieved.

MATERIAL TOPIC	FY2021 TARGETS
Anti-Corruption	Continue to promote the importance of anti-corruption as non-negotiable and essential part of responsible business operations such a way to cultivate a good corporate culture. Maintain zero corruption and fraud incident across the Company core operations.
SGX compliance	Continue to comply with SGX-ST Listing Rules and to release timely information to the shareholders of the Company.
High performance of Board of Directors	Review composition and size of Board by NC on a yearly basis, and develop an engaged Board where directors ask questions and challenge management of the Company.
Compliance with relevant laws and regulations	Non-compliance negatively impacts our business, both financially and reputationally. We are committed to adhere to all regulatory requirements, including COVID-19 related laws and regulation.
No SGX reprimands or notice of compliances	Maintain.

LABOUR PRACTICES AND CONDUCIVE WORKPLACE

GSS Energy recognises the importance of employees and that employees are the greatest assets to the Group. They are the main driving forces behind the success of our business. We continuously strive to develop and engage our employees to their fullest potential so as to enable them to continue to contribute to the growth of the Group.

Our employees play a part in contributing to our business success, branding, presence with our external stakeholders such as customers, suppliers, regulator and shareholders. Without their contribution, we will not be able to provide a top-notch services. Hence, a good human resources framework in place will help to keep our employees motivated at work.

We review the compensation, benefits and other fringe benefits of our employees according to our industry benchmarking, on an annual basis. This contributes to their job satisfaction which keeps our attrition rate low, which is indicative of the Group's sound employer-employee relations. We commit to create a conducive environment for their mental and physical well-being.

As part of our human rights policy, we treat all employees with respect and dignity and give fair treatment, irrespective of gender, nationality, race or religion.

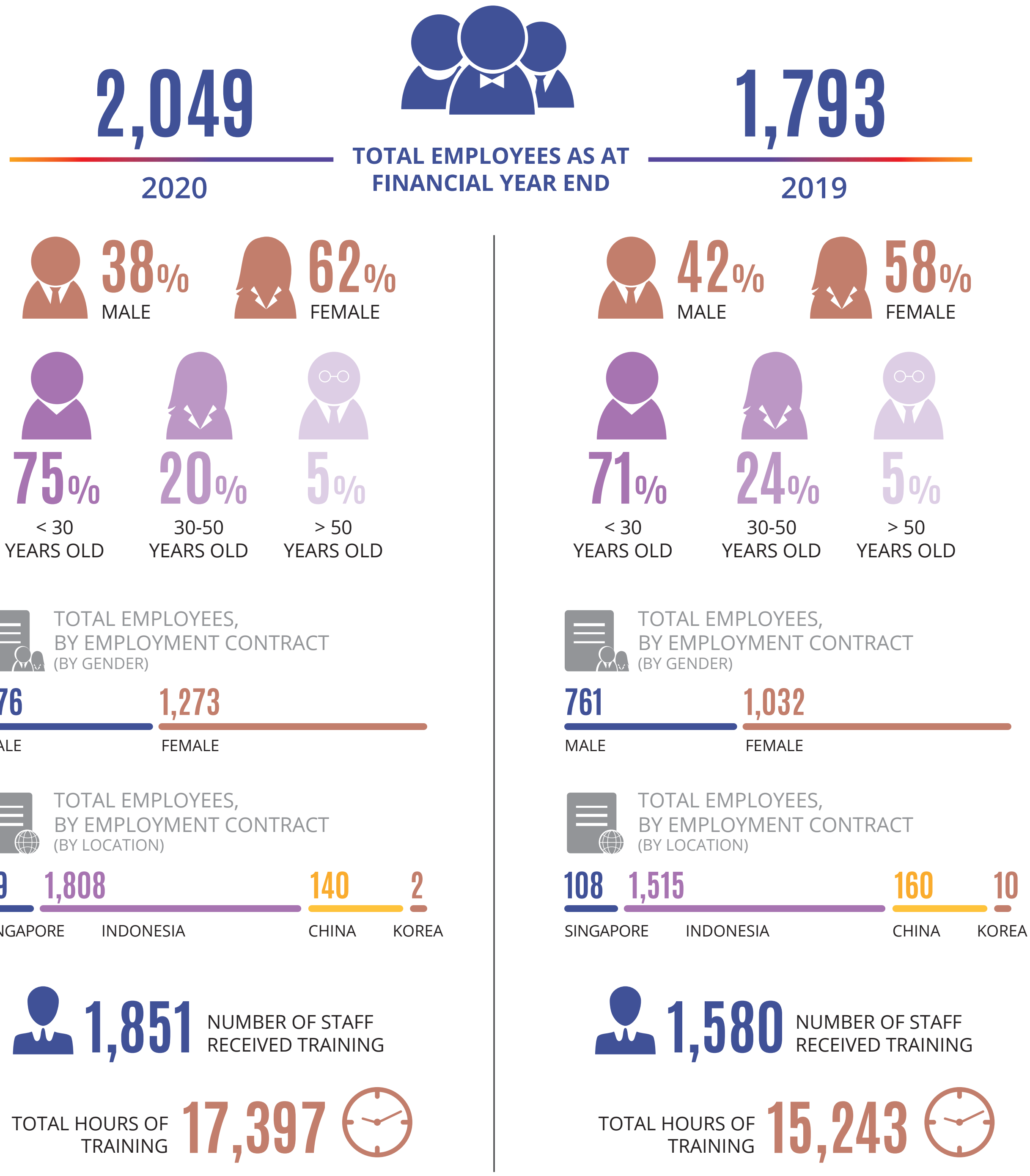
SUSTAINABILITY
REPORT

Non-Discrimination and Diversity

The Group advocates equal opportunity, as well as gender, racial and age diversity. Our employees are selected based on merit and talent. The quality of our people is essential to the success of our Group. We work to maintain an effective and healthy organisation, resource talented people across the business, develop our people, grow and strengthen our leadership capabilities, and enhance employee performance through strong engagement. We emphasize recruiting right people for the job and provide training to develop them.

As at the end of FY2020, the Group employed a total of 2,049 employees in Singapore, Indonesia, China and Korea.

Demographics of employees



Fair Employment Practices

The Group has pledged to uphold the Fair Employment Practices governed by the Tripartite Alliance for Fair Employment Practices ("TAFEP"), formed by the Ministry of Manpower, Singapore National Employers Federation and National Trade Union Congress. Pursuant to the pledge, we are committed to fair and inclusive workplace for all, based solely on merit and ability and governed by progressive human resource practices. Employees are provided with equal opportunities for progression within the organisation, training and development and other enrichment opportunities.

There has been no retrenchment that resulted in the loss of jobs in the past five years.

Fair and Competitive Remuneration

The Group recognises the importance to attract and retain skilled and dedicated workforce to build strong human and organisational capital that enable the Group's business growth. We align remuneration with internal parity and market benchmarks based on employees' job scope, responsibility and performance. We show our care through comprehensive welfare and benefits schemes, including but not limited to dental benefits, medical coverage and other fringe benefits.

Workplace Safety

Our Group places workplace safety and health at the forefront of our business process. We have zero tolerance where workplace safety is concerned. In line with our culture of zero tolerance safety is concerned, we have implemented a robust workplace safety and health management system in place that demands us to adhere to relevant legal and regulatory requirements and recognised industry standards. Real-life incidents are used as discussion material for understanding of existing and predicted risks within their work activities.

There was no fatality, occupational disease and high-consequence injury in FY2020. There were 10 minor workplace injury cases reported involving 5 female and 5 male workers which resulted in a loss of 147 man-days of which 7 were injuries sustained due to mishandling of machinery, 3 were trip and fall incidents. We continue to endeavour to control the rate of work-related injury or deaths to zero.

This year, in particular, the Group has deepened focus on workplace safety in response to the COVID-19 to ensure a safe working environment, the Group has formed a dedicated committee to oversee and enforce prevention and control measures.

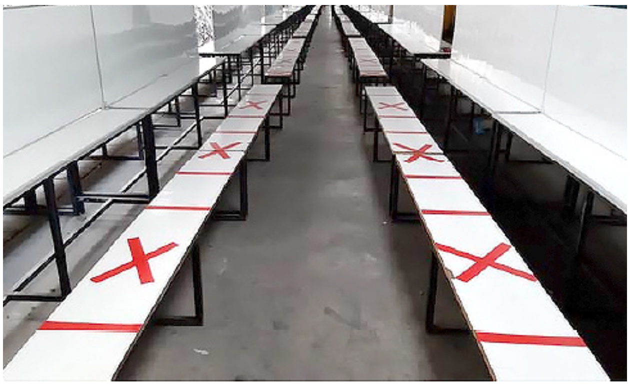
These measures as the followings:
1. Temperature screening and recording, before enter to office;
2. Masks to be worn at all times during working hours;
3. No cross interaction between employees in different departments and shift;
4. Adoption of flexible work arrangement for employee to work remotely;
5. Face masks and disinfectants be provided in office; and
6. Use of "Safe entry" app for employees tracing purpose in Singapore offices.

Temperature Screening

Temperature check prior to entering our premises. Personnel (including employees and visitors) who are unwell (including having a fever upon temperature screening) will be refused entry.

Safe Distancing

Physical spacing of at least 1 metre between all persons at meeting rooms, work areas, workstations and factory canteen (shown as above), and clear demarcation of safe physical distances using visual indicator.



Fire Safety

Our employees are trained on fire safety hazard processes at all our business units. Regular fire drills and evacuation exercises are conducted in accordance with ISO 14001:2015 standards. We track and report industrial accidents and injuries in accordance with the Ministry of Manpower guidelines and file work-related claims accordingly, with all our employees strictly adhering to reporting procedures concerning all work-related injuries. Our staff represent our Group's most important assets and we strive continuously to create a safe and healthy working environment for all our employees to thrive in.

Employee Training

We believe in nurturing our employees to raise our employees' learning and development capacity, yielding a capable and more agile workforce. To support this belief, we provide on-the-job trainings whenever possible. Aside from on-the-job training and relevant skills upgrading, we also provide opportunities for our employees to gain knowledge and skills beyond their job functions or requirements such as external courses on supervisory and problem-solving skills and language enhancement. All training processes are closely monitored and tracked by line managers and the human resource department to ensure that our employees' learning and development needs are adequately met. We do not engage in child labour and when we recruit our staff, we will abide by the minimum legal age requirement set by relevant employment regulations.

Job rotation serves as an effective tool as part of the succession planning and motivates employees to broaden their skill sets, diversify their current job roles, and rejuvenates their interest to keep on learning through tackling different challenges.

Employee Welfare

The Group understands the importance of the well-being and work-life balance of our employees. We organise various wellness programmes such as participating in charity run, leisure jog, intercompany badminton tournament to promote balance work-life. Aside from wellness programmes, we also organize annual corporate family day to reward and motivate our employees. This year, we could not run most of the programmes due to the restrictions imposed by COVID-19 pandemic.

Material Topic	FY2020 Performance
Clear employees' rights set out in Staff Handbook to be distributed to all employees	Achieved.
Average of 5 hours of training per employee per year	Achieved.
Balance gender in workforce – Male 42% and Female 58%	The target was not achieved. During FY2020, we received more applications from female job seekers for the vacancies we advertised to recruit. As a result, it led to an increase in total number of female workers of the Group at the end of FY2020. Based on our observation over the years, we note that female job seekers show greater interest to join our workforce and therefore, be retained by the Group. As our recruitment criteria is based on merit and talent, the Group believes that this target is not indicative of the recruitment process of the Group and will re-examine its measures to ensure gender diversity.
No incident of unfair employment	Achieved.
No incident of employee discrimination	Achieved.
Conduct fire drills and evacuation exercise at least once per year	Achieved.
Zero fatalities and workplace accidents across business operations	Few minor workplace injury cases reported at our subsidiary company in Indonesia.
Organise activities that favour active living and sports to promote healthy lifestyle	Suspended due to COVID-19 restriction. This will remain as one of FY2021 Targets.

Material Topic	FY2021 Targets
Employment practice	No incident of unfair employment.
Employment practice	No incident of employee discrimination.
Employee welfare	To promote healthy lifestyle that favour active living and sports where possible. In light of current COVID-19 situation, we encourage employees to take virtual classes and use online fitness resources to safely engage in physical activity. Our healthy lifestyle committee will organize programmes such as virtual run and stairs challenge monthly.
Work arrangement	To early adopt internal retirement age to 65 for its Singapore-entities.
Work arrangement	To provide greater support for employee who need to manage work responsibilities alongside personal commitments. The following flexible work arrangements offered to employees, subject to mutual agreement with the department head: Staggered Time An arrangement where employees can vary their daily start and end times to suit their work personal commitments. Telecommuting A flexi-place arrangement in which the job is performed at a location other than the workplace using information and communication technologies. Part-time Work An arrangement in which employees work reduced hours on a regular basis. Job Sharing An arrangement that allows two or more people to share the responsibilities of one full-time position, with each of them working part-time. They usually work at different times during the day/work or alternate weeks, and may have a time of overlap to maintain continuity. The work may be divided by function, time, workload and etc, depending on the arrangement.
Workplace Safety	Conduct fire drills and evacuation exercise at least once per year.
Workplace Safety	Aim to reduce fatalities and workplace accidents to zero.
Clear employees' rights set out in Staff Handbook to be distributed to all employees	Maintain. All new hires will be briefed during orientation and be given a copy of the employee handbook.
Average of 5 hours of training per employee per year	Maintain. We will continue to encourage employees to receive training for upgrading. Training materials will also be disseminated and shared with employees who are not able to join organized training sessions, where applicable.

SUSTAINABILITY
REPORT

The Group has been presenting annual Rainbow Prize to recognise, reward and encourage the school-going children of our employees who excel in their academic results and to spur them to greater heights of excellence. In FY2020, we have kept our initiatives active even though physical ceremony was absent due to COVID-19 restrictions.

SUSTAINABILITY REPORT

ENVIRONMENTAL MANAGEMENT

At GSS Energy, we aim to minimise the impact our businesses have on the environment and its preservation. We are committed to environmental protection, reducing carbon emissions, preventing pollution, minimising wastage and utilising our resources efficiently. We have put in place ISO14001 Environmental Management System for all business units to manage our environment responsibilities in a systematic manner. We review our environmental management program ("EMP") implemented at various business units on a yearly basis. Aspects with the highest impacts on environment and safety are chosen for EMP. In order to ensure that the environmental policy bears fruit, we make sure that our employees are fully aware of it and provide training and supplemental training, where necessary to ensure it is embedded in our culture.

Waste Management

Various environmental initiatives are introduced within the Group along the way. This include after oil separation and precipitation treatment, waste water is connected to urban underground sewage pipes and then treated by sewage treatment factory and discharge after reaching the standard. Garbage is classified before disposal. Hazardous wastes are stored in special place and treated by qualified agent in accordance with the requirements so as to prevent pollution.

Air sampling is a necessary process that plays an important role in producing a safe working environment for workers. Employees can face fatal consequences caused by certain atmospheric contaminants like toxic gases.

Water is collected through drains in the surroundings of our factories to ensure the waterways are free of pollution.

Annually, GSS Energy carries out ammonia leakage and oil spill drill refresher training. Training is one of the critical aspects of a sound spill response plan. The aim of the drill is to allow the team to recap on the procedures of the containment of spillage so the team can respond swiftly and calmly should any spillage occur. The drill is conducted in the following sequence:

1

Assess the risk: Any staff who witness the spillage should inform the area supervisor who will alert the emergency response team ("ERT"), while the rest of the employees should cordon off the spill area.

2

Spillage response: ERT follows the protocol on identifying and assess the spillage, donning of proper personal protective equipment, and take appropriate actions to stop, clean and decontaminate spill area and dispose the waste.

3

Incident reporting/investigation: ERT will investigate the cause of spillage and report to the factory manager. The production manager should adopt the incident reporting, investigate procedures and take necessary corrective actions.

In FY2020, there was no case of ammonia leakage, oil spill and improper disposal of waste reported. Our China subsidiary was fined RMB 100,000 for non-compliance with environmental regulation. The fine was paid and the issue has been rectified promptly, with no material impact on the conduct of the business operations. To prevent future occurrences of non-compliance, we have reviewed and streamlined our processes to improve and tighten our EMP practices.

FY2019 Targets	FY2020 Performance
5% of input materials for plastic injection	Achieved.
Zero ammonia leakage and oil spill across business operation	Achieved.
Zero cases of improper disposal of waste across business operation	Achieved.

Material Topic	FY2021 Targets
Zero cases of improper disposal of waste across business operation	Maintain.
Zero ammonia leakage and oil spill across business operation	Maintain.
Packing Materials	Re-use packing materials for the next delivery after having sent products to local customers by company's own transportation. In order not to jeopardize the quality of the product being destroyed in transit, packing materials will be reused for 2 times.
5% of input materials for plastic injection	Maintain. The Group targets to maintain the use of recycled materials at 5%. Due to the nature of plastic injection business, recycling of material is subject to the approval from respective customers. We reduce electronic and manufacturing waste by standardising products and processes, increasing the generality or modularity of components. All waste materials are to be collected at designated recycling bins for recycling.

Material Use Initiatives

Our plastic injection moulding operations in Indonesia and China work closely with our customers in selecting engineering pellets/resins to produce the parts. Some of our customers allow or specify the use of recycled engineering resins. The recycle materials could be purchased or generated internally. Tests are conducted, properly documented and approved by customers before it is used in production. Plastic scraps and runners that are generated can be grinded to use for manufacturing or sold to the recycling company for re-palletising which can be mixed with virgin materials for manufacturing of products based on defined ration approved by the customers.

SOCIAL

Local Community Engagement

We believe in giving back to the community wherein we operate to build a cohesive, caring and vibrant community. Our employees are encouraged to be involved in community activities. We aim to inculcate the right values in our employees and intelligently tap the passion, creativity and energy of employees to give back to the communities in which they operate. We encourage staff to bring their family members and friends to participate, aiming to raise their social awareness and help them appreciate their life and value what they have.

We collaborate with Rotary Club of Queenstown Singapore to bring variety of fun programmes and games to All Saints Home. This include performance and fun exercise that help the seniors to build physical strength and balance, and keep their minds sharp. Our China subsidiaries has also extended the community activities to children welfare centre and senior centre to bring love and caring to them. Due to the evolving COVID-19 pandemic, our initiatives came to a halt given various restrictions in place, making it difficult for us to carry out this programme. However, we remain committed to providing mental support and a helping hand in the event our assistance is needed. We also showed our appreciation by providing the below:

1

2

1

1. Handing out masks to local community as COVID-19 prevention measure in Indonesia and Singapore; and
2. Promotion of safe driving by participating in road safety campaign.

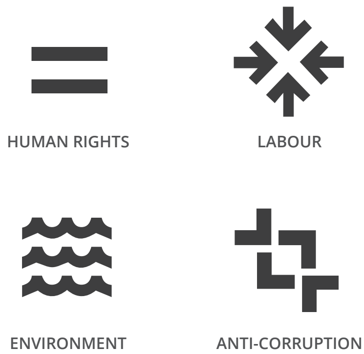
SUSTAINABILITY
REPORT

Membership and External Initiatives

GSS Energy's management continue to partner with key associations to form collaborations in support of becoming a sustainable, smart and inclusive nation. These memberships include:

1. Singapore Precision Engineering & Tooling Association
2. Singapore Business Federation
3. Singapore National Employers Federation
4. Global Compact Network Singapore

In FY2020, we decided to embark on UN Global Compact platform where our Group will benefit from their guidance on principles in relation to human rights, labour, environment and anti-corruption. This is an indication of our determination to meet the United Nations' 2030 Agenda for sustainable development. Global Compact Network Singapore regularly organises training and events for us to learn about the latest corporate sustainability trends and developments.



We are pleased to share that our China operation has been awarded and recognised as "high and new tech enterprises" (高新技术企业), with the compliment from Ministry of Science and Technology (MOST), Ministry of Finance (MOF) and State Administration of Taxation (SAT) of China. The principles of this recognition is to encourage technological innovation, adopting dynamic administration and ensure fairness and impartiality in the workplace. Due to this recognition, a reduced 15 percent Corporate Income Tax ("**CIT**") rate is adopted, compared to the regular CIT rate of 25 percent.

GRI STANDARDS CONTENT INDEX

Disclosure	Description	Section Report	Page No.
GRI 102: General Disclosures			
Organisational Profile			
102-1	Name of the organization	Corporate Data	12
102-3	Location of headquarters	Corporate Data	12
102-4	Location of operations	Sustainability report	13
102-7	Scale of the organization	Investment in Subsidiaries and investment in an Associate	97 to 103
102-8	Information on employees and other workers	Labour Practices and Conducive Workplace	18 to 24
102-10	Significant changes to the organization and its supply chain	Board Statement	13
102-12	External initiatives	Memberships and External Initiatives	29
102-13	Membership of associations	Memberships and External Initiatives	29
Strategy			
102-14	Statement from senior decision-maker	Board Statement	13
Ethics and Integrity			
102-16	Values, principles, standards and norm of behaviors	Governance	17
102-17	Mechanisms for advice and concerns about ethics	Governance	17
Governance			
102-18	Governance structure	Corporate Governance	32 to 49
Stakeholder engagement			
102-40	List of stakeholder engagement	Engaging Stakeholders	16,17
102-42	Identifying and selecting stakeholders	Engaging Stakeholders	16,17
102-43	Approach to stakeholder	Engaging Stakeholders	16,17
102-44	Key topics and concerns raised	Engaging Stakeholders	16,17
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial Statements	60 to 66
102-46	Defining report content and topic boundaries	Engaging Stakeholders	15
102-47	List of material topics	Materiality Assessment Procedure	14,15
102-50	Reporting period	Sustainability Report	13
102-51	Date of most recent report	Sustainability Report 2019 in FY 2019 Annual report	
102-52	Report cycle	Sustainability Report	13
102-53	Contact point for questions regarding the report	Feedback	14
102-54	Accordance with the GRI Standards	Sustainability Report	13
102-55	GRI content index	GRI standards content index	30 to 31
102-56	External assurance	Assurance	14

GRI STANDARDS CONTENT INDEX

Disclosure	Description	Section Report	Page No.
GRI 205: Anti- Corruption			
103-1	Explanation of the material topic	Defining Material Issues	14
103-2	The management approach and its components	Governance	17
103-3	Evaluation of the management approach	Governance	17
205-2	Communications and training about anti-corruption policies and procedures	Governance	17
205-3	Confirmed incidents of corruption and actions taken	Governance	18
GRI 301:Environment			
103-1	Explanation of the material topic	Defining Material Issues	14
103-2	The management approach and its components	Environmental Management and Material use initiatives	25
103-3	Evaluation of the management approach	Environmental Management and Material use initiatives	25
301-2	Recycles input materials used	Environmental Management and Material use initiatives	27
GRI 306:Effluents an Waste			
103-1	Explanation of the material topic	Defining Material Issues	14
103-2	The management approach and its components	Environmental Management and Material use initiatives	25
103-3	Evaluation of the management approach	Environmental Management and Material use initiatives	25
306-1	Waste generation and significant waste-related impacts	Environmental Management and Material use initiatives	25
GRI 403:Occupational Health and Safety			
103-1	Explanation of the material topic	Defining Material Issues	14
103-2	The management approach and its components	Labour Practices and Conducive Workplace	18 to 22
103-3	Evaluation of the management approach	Labour Practices and Conducive Workplace	23
403-9	Work-related injuries	Labour Practices and Conducive Workplace	22, 23

CORPORATE GOVERNANCE REPORT

The Company is committed to a high standard of corporate governance in order to protect the interest of its shareholders and enhance long-term shareholder value. The Board of Directors fully supports the principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**") and has put in place various mechanisms to ensure that effective corporate governance is practiced. The Board of Directors (the "**Board**") is pleased to report on the Company's corporate governance processes and activities as required by the Code and the relevant sections of the Listing Manual of the SGX-ST ("Listing Manual"), Section B: Rules of Catalist ("**Catalist Rules**").

The Group has generally adhered to the principles and guidelines laid down by the Code, and where there is any variation from the provisions of the Code, appropriate explanation has been provided within this Report. For easy reference, sections of the Code under discussion in this Report are specifically identified.

BOARD MATTERS

The Board's Conduct of Affairs

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

Principal roles of the Board

The primary function of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term shareholder value and to ensure that is managed in the best interests of the Company.

During FY 2020, as was in the past years, apart from its statutory responsibilities, the principal roles of the Board include:

i. providing entrepreneurial leadership, setting strategic directions and objectives, and ensuring that the adequate financial and human resources are in place for the Group to achieve its objectives;

ii. ensuring the adequacy and effectiveness of internal controls (including financial, operational and compliance) and establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Group performance;

iii. reviewing financial performance and necessary reporting compliance;

iv. approve matters as specified under SGX-ST's interested person transaction policy;

v. review and approve major funding proposals, investment and divestment proposals;

vi. setting Company's values and standards, reviewing management performance (including business ethics) and ensuring that obligations to shareholders and other stakeholders are understood and met;

vii. assuming responsibility for corporate governance; and

viii. considering sustainability issues such as environmental and social factors as part of its strategic formulation.

Directors' Orientation and Training

A formal letter of appointment is provided to a new Director upon his or her appointment, setting out the duties and obligations associated with their directorship. All new Directors are given an orientation of the Group's business, core values, corporate governance practices and its strategic directions as well as industry-specific knowledge.

A new director with no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he has other relevant experience.

Directors are informed of and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, Singapore Exchange Limited, and business and financial institutions and consultants. They are also informed about matters such as the Code of Dealings in the Company's shares as they are privy to price sensitive information.

Further, Directors are also updated regularly on changes in relevant laws and regulations; industry developments; business initiatives and challenges; and analyst and media commentaries on matters related to the Company and the media industry.

Access to complete, adequate and timely information

The Directors receive updates on the business of the Group through regular scheduled meetings and ad-hoc Board meetings. Prior to the meetings, they are furnished with complete, accurate and adequate information in a timely manner to enable them to enable them to be fully cognisant of the decisions and actions of the Management. As a general rule, normally will circulate out materials to them a week in advance of each meeting.

Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from Management that help to strategize business decision and oversight execution of business plan by the management to achieve the Company's goal. In furtherance of their duties, take independent professional advice, if necessary.

Board Committees

To assist the Board in discharging its oversight functions and enhance the Company's corporate governance framework, the Board has formed three committees, namely Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**") (collectively, the "**Board Committees**"). Each Board committee reviews the matters that fall within its respective terms of reference and reports its decisions to the Board which endorses and accepts ultimate responsibility on such matters. Minutes of the Board Committee meetings are available to all Board members. All Directors are required to declare their board representations annually. The NC will consider whether the board member is able to adequately carry out his responsibilities as a director of the Company when he has multiple board representations and other commitments.

The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

Board Approvals

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated this to the Management in writing. Where appropriate, decisions are also taken by way of Directors' Circulating Resolutions. The matters require the Board's approval for below matters:

i. appointment of Directors;

ii. annual report and accounts;

iii. issuance of shares, dividend pay-out and other returns to shareholders;

iv. interested person transactions;

v. material acquisition or disposal;

vi. corporate strategies and financial restructuring;

vii. approving matters as specified under SGX-ST's interested person transaction policy; and

viii. any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

While matters relating to the Group's policies and strategies require the Board's approval, the Management is responsible for the day-to-day administration and operations of the Group.

Board Attendance

The Board meets every half year to review the announcements of the Group's half-yearly and full year financial results. Additional meetings may be convened on an ad-hoc basis as and when necessary. Directors may convene Board meetings by teleconferencing or videoconferencing. The Company's Constitution for the Board meetings to be conducted in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members.

The number of meetings held in the year and the attendance thereat are as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Kuek Eng Chye, Anthony	5	5	2	2	2	2	2	2
Yeung Kin Bond, Sydney	5	5	2	2(1)	2	2	2	2(1)
Ng Say Tiong	5	5	2	2(1)	2	2(1)	2	2(1)
Chee Sanford	5	5	2	2	2	2	2	2
Fung Kau Lee, Glenn	5	5	2	2(1)	2	2(1)	2	2
Lee Kok Beng	5	5	2	2(1)	2	2(1)	2	2(1)

Notes:

(1) Attendance by invitation of relevant Board Committees

Principle 2: Strong and independent element on the Board

Board composition and size

For FY2020, the Board comprised six members of whom two are Non-Executive Independent Directors, one Non-Independent Non-Executive Directors and three Executive Directors.

The NC is responsible for examining the size and composition of the Board and Board Committees. For the FY 2020 under review, the Code suggests that Non-Executive Directors should make up of a majority of the Board. After having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board, the Board and the NC, after extensive observation and deliberation, are of the view that the current board size and composition is appropriate notwithstanding that the Non-Executive Directors do not make up a majority of the Board. The Board believes that the existing composition of the Board Committees effectively serves the Group. There was no individual or small groups of individuals dominate the decisions of the Board. The Executive Directors had demonstrated strong independence character and judgement over the years in discharging their duties and upholding the interest of shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged the Management. As such, there is no necessity that Non-Executive and/or Independent Directors should make up at a majority of the Board of the Company. The key information regarding the Directors are set out on pages 3 to 11 of this Annual Report.

Board Independence

Base on the Code, An "independent" director is one who is independent in conduct, character and judgement, has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

The Board recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The NC takes into consideration of relations or circumstances, identified in the Code and the Practice Guidance in its determination as to whether a Director is independent. In 2020, the Board considered a director to be independent if he or she was independent in conduct, character and judgement, and had no relationship with the Company, its related corporations, its substantial shareholders (i.e., having at least a 5% interest in the Company) 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. Where any of the following circumstances existed, the director would not be considered independent: (i) a director being employed by the Company or any of its related corporations for the current or any of the past three financial years, or (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee. Other circumstances that the Board considers in its determination a Director's independence include (i) a Director being on the Board for an aggregate period of more than nine years; (ii) a Director providing to or receiving from the Company or any of its subsidiaries significant payments or material services during the financial year under review or the previous financial year, other than compensation for board service; and (iii) a Director being related to any organisation to which the Company or any of its subsidiaries, or from which the Company or any of its subsidiaries received, significant payments or material services during the financial year in question or the previous financial year.

The Directors submit annual declaration of independence to the NC for assessment. The NC, in its deliberation of the independence of a Director, took into consideration the relevant provisions of the SGX-ST Listing Manual, the Code and where relevant, the recommendations set out in the Practice Guidance accompanying the Code ("Practice Guidance").

Following its annual review, the NC, having reviewed the independence of the relevant Directors, is satisfied that there are no relationships or circumstances which are likely to affect the following Independent Directors' objective and independent judgement:

i. Kuek Eng Chye, Anthony; and

ii. Chee Sanford.

Accordingly, the Board has, upon the NC's recommendation, affirmed that the above-named Directors, each of whom had served less than nine (9) years as an Independent Director since their date of appointment to the Board, remained independent as contemplated by the Listing Manual and Code.

Board diversity

The Board of Directors consists of members from diverse backgrounds and possess core competencies, qualifications and skills, all of whom, as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. Their combined wealth and diversity of experience enables them to contribute effectively to the strategic growth and governance of the Group.

Roles of Non-Executive Directors

The Independent Directors meet on a need-be basis without the presence of the Management to discuss and evaluate matters such as Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and remuneration of the Executive Directors.

Principle 3: Clear division of responsibilities and balance of power and authority

Separation of the role of Chairman and Chief Executive Officer

The Company has a separate Chairman and Group CEO. The Chairman and the Group CEO are not related to each other. This ensures that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Both Directors are to maintain effective oversight and accountability at Board and Management levels.

As Chairman of the Board, Mr. Kuek is a non-executive and independent Director, and also chairs the NC and RC. He promotes high standards of corporate governance and leads the Board to ensure its effectiveness on all aspects of its role. The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its role and responsibilities, approving agendas of Board Meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between Board and Management, and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

At the AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

Mr. Yeung is the Group CEO, he bears responsibility for the overall management, businesses development and strategic planning of the Group, and ensuring a cohesive working relationship among the Directors and timeliness of information flow between the Management and the Board.

The Group CEO manages the Company and oversees the Group's operations and implementation of the Group's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Group's business, including implementing Board's decisions, is carried out with the assistance of the senior management executives of the Group. Collectively, they are responsible for the day-to-day operations and administration of the Company and the Group, ensuring, *inter alia*, operational and organizational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management.

The Board is of the view that the Company has an effective group of independent non-executive Directors to provide balance within the workings of the Board and oversight for minority shareholders' interests.

Principle 4: Board Membership

Formal and transparent process for the appointment and re-appointment of the Directors to the Board

The Board reviews the composition of the Board and Board Committees, taking into consideration of each director's experience, competencies, contribution and performance. For FY2020, the NC comprised three Directors, namely, Mr Anthony Kuek (Chairman of NC and an Independent Director), Mr Sydney Yeung (Executive Director) and Mr Chee Sanford (Independent Director) as members.

The principal role of the NC include the following:

i) To review succession plans for directors, in particular, the Independent Chairman and Group CEO;

ii) To determine whether a director is independent annually;

iii) To review and recommend nomination and re-nomination of the Directors having regards to the Directors contribution and performance;

iv) To review the composition of the Board annually;

v) To decide whether a Director with multiple board representations is able to carry out his duties as a director; and

vi) To ensure the adherence to the Code of Corporate Governance.

Review of Directors' independence

The NC is satisfied that the current size and composition of the Board has adequate ability to meet the Company's existing scope of needs and the nature of operations. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The independence of each director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgements.

Appointment of New Directors and Re-appointment of Directors

The roles of NC includes identifying candidate and reviewing all nominations for the appointments of new directors when there is a need arises for new director either to replace retiring director or to enhance Board's stretch. The NC, in consultation with the Board, evaluate and determine the selection criteria so as to identify candidates with the appropriate experience and expertise for the appointment as a new director. The selection criteria include attributes such as diversity of competencies, industry knowledge, financial literacy and integrity.

The NC seeks potential candidates widely and beyond directors or management recommendations and is empowered to engage external parties, such as professional search firms and institutions, to undertake research on or assessment of candidates as it deems necessary. The NC then meets with the shortlisted candidates to appraise their calibre and suitability, having regard to the attributes of the existing Board and the requirements of the Group and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as a new Director.

New Directors are appointed by way of a Board resolution, upon their nomination by the NC. In accordance with the Company's Constitution, these new directors are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one third of the remaining Directors are subject to re-election by rotation at each Annual General Meeting ("**AGM**"). This will enable all shareholders to exercise their rights in selecting all Board members.

Pursuant to Article 89 of the Company's Constitution, all Directors of the Board, including the Chairman are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors, being those who have served longest in office since their re-election, are required to retire by rotation.

Pursuant to Rule 720(4) of the Catalist Rules of the SGX-ST, all Directors must submit themselves for re-appointment at least once every 3 years.

The Director seeking for re-appointment at the coming AGM pursuant to the respective regulation stated above, is Mr. Ng Say Tiong.

The NC has recommended Mr. Ng Say Tiong for re-appointment after taking into account the Board's succession plan, directors' independence mindedness, contribution, integrity and performance, and other factors that may be determined by the NC. Each member of the NC shall abstain from voting on any resolutions in respect of his re-appointment.

The Board has accepted the NC's recommendation and has nominated the above Director, who had consented to the re-election, to be put forward for re-election at the forthcoming AGM.

Mr. Chee Sanford, an Independent Director, will also retire by rotation in accordance pursuant to the regulation stated above. He has given notice to the Company that he is not seeking re-election at the Annual General Meeting. His retirement from the Board will take effect upon the conclusion of the Annual General Meeting. Mr Chee Sanford will, upon retirement, cease to be the Independent Director, Chairman of the Audit Committees and a member of the Nominating and Remuneration Committees respectively.

The Company will take appropriate action (i.e. appointing an additional Independent Director) to fill the vacancy so as to meet the requirements of the Catalist Rules, including the minimum number of members in the Audit Committee (within 2 months, but in any case not later than 3 months).

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information set out in Appendix 7F relating to the above Directors to be put forward for re-election at the forthcoming AGM is disclosed below:

Name of Director	**Ng Say Tiong**
Date of Appointment	31 October 2014
Date of last re-appointment (if applicable)	24 April 2017
Age	60
Country of principal residence	Singapore
Whether appointment is executive, and if so, the area of responsibility	Executive, Mr Ng serves as President of Precision Engineering Business ("PE"), he oversees PE overall operation and involved in business development.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, Chief Financial Officer & Company Secretary
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Ng as Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, relevant experience and overall contribution.
Professional qualifications	● Master of Business (International Marketing) ● Bachelor Accountancy Degree ● Diploma in Marketing Management
Working experience and occupation(s) during the past 10 years	2016-Current: President of Giken Sakata (S) Limited 2014-Current: Chief Financial Officer of GSS Energy Limited 1996-2016: Chief Financial Officer of Giken Sakata (S) Limited
Shareholding interest in the listed issuer and its subsidiaries	None
Shareholding details	None
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	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments including Directorships	
Past (for the last 5 years)	None

Name of Director		Ng Say Tiong
Present		Director of ● Giken Sakata (S) Limited ● Giken Precision Engineering Pte. Ltd. ● Changzhou Precision Co., Ltd ● Nusantara Resource Pte. Ltd. ● GEV Pte. Ltd. Commissioner of ● PT Giken Precision Indonesia[(1)]
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
(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?	None
(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?	None
(c)	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?	None
(d)	Whether there is any unsatisfied judgment against him?	None
(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?	None
(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?	None

[(1)] *Mr Ng Say Tiong was appointed as Commissioner of PT Giken Precision Indonesia as at 1 April 2021.*

Name of Director	Ng Say Tiong
(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?	None
(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?	None
(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?	None
(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	None
(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	None
(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	None
(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?	None
(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?	None
If Yes, Please provide full details	
Disclosure applicable to the appointment of Director only.	
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 NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes

Directors' Time Commitments

The roles of the NC also include assessing yearly if each director has any issue with competing time commitments, holds multiple directorships which may impact his or her ability to provide sufficient time and attention to his or her duties as a director of the Company. In addition, the NC will also take into consideration, inter alia, a qualitative assessment of each Director's contributions as well as any other relevant time commitments.

The Board has not set a maximum number of other company directorships which a Director may concurrently hold, taking into consideration that multiple representations can benefit the Group as these Directors bring to the Board greater depth and diversity of experience, knowledge and perspectives. The NC and the Board are satisfied that all the directors were able to and have been adequately carrying out their duties as directors of the Company in FY 2020.

The listed company directorships and profile of each Director is provided in the "Profile of the Board of Directors" section of the Annual Report.

Principle 5: Board performance

The Board has an annual performance evaluation process, carried out by the NC, to access the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contribution of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year. The Board acts on the feedback and in consultation with the NC, proposes, where appropriate, new Directors to be appointed or seeks the resignation of Directors.

Principle 6: Remuneration matters

Remuneration Committee Composition and role

For FY2020, the RC was chaired by Mr Anthony Kuek (Non-Executive Chairman and an Independent Director) and included Mr Chee Sanford (Independent Director) and Mr Glenn Fung (Non-Executive Director) as members. RC members are well-versed in executive compensation matters, given their extensive experience in major appointments and senior corporate positions. The RC has explicit authority within its terms of reference to seek external professional advice on remuneration matters.

During the FY2020, no external evaluation facilitators were engaged with regards to the remuneration of Directors but the RC has drawn reference to the current industry practices and norms in compensation to maintain market competitiveness.

The RC is guided by its terms of reference which is in line with the Code. The principal responsibilities of the RC are:

i) ensuring remuneration policies are in line with Group's strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and interests of individual Directors and key executives;

ii) reviewing and make recommendation to the Board, the fees for the Non-Executive Directors;

iii) reviewing and make recommendation to the Board on Executive Directors and the Group CEO's remuneration packages; and

iv) administering share options scheme.

The RC is tasked for ensuring that a formal and transparent procedure is in place for developing policy and for determining the remuneration packages of individual directors and key management personnel ("KMP"). The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each director and KMPs. The RC also reviews the Company's obligations arising in the event of termination of the executive Director's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. No member of the RC is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him.

Directors do not participate in decision making in determining their own remuneration. Directors' fees are subject to shareholders' approval at the AGM.

Principle 7: Level and Mix of Remuneration

The Group recognises the importance of having a skilled and dedicated workforce to manage and grow the businesses in an increasingly competitive and challenging environment. The Group formulate remuneration policies to provide compensation packages at market rates which reward good performance and attract, retain and motivate the Directors and executive officers. This ensures an appropriate remuneration level and mix that recognizes the performance, potential, and responsibilities of these individuals.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Remuneration of Executive Directors and KMPs

The Executive Directors do not receive any Directors' fee. The Company advocates a performance-based remuneration system for Executive Directors and KMP that is flexible and responsive to the market, comprising a base salary, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Remuneration of Non-Executive Directors

Non-Executive Directors have no service contracts with the Company and are paid with Directors' fees. In determining the quantum of such fees, factors such as effort and time spent, frequency of meetings, responsibilities of Non-Executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. The Chairman of the Company receives higher fees to take into account the nature of his responsibilities. The aggregate fees of the non-executive Directors are subject to the approval of the shareholders at the AGM.

Yearly, the RC conducts review on the structure of Directors' fees and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure. Pursuant thereto, the RC will propose the required changes (if any) to the Board for endorsement.

The RC, with the concurrence of the Board, has recommended to use the same structure for FY2020 Directors' fee after having considered last financial year overall quantum.

Share-based incentive

The Company had previously adopted the GSS Energy Limited Executives' Share Option Scheme (the "**GEL Scheme**") and GSS Energy Limited 2018 Executives' Option Scheme ("**GEL 2018 Scheme**"), to acknowledge the contributions made by key management and staff to the well-being and prosperity of the Group and to allow them to have a real and meaningful stake in the Company at a relatively low direct cost. The Executive Directors, Independent Directors, employees, controlling shareholders and their associates are eligible to participate in the Scheme in accordance with the Rules of the GEL Scheme and GEL 2018 Scheme.

Principle 8: Disclosure on Remuneration

The compensation packages for employees including the executive directors and the KMPs comprised a fixed component (basic salary), a variable component (performance bonus, allowance, employee share option) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, Group's performance (financially and non-financially), industry practices, market condition and guidelines from National Wages Council.

The Code suggests full disclosure of the remuneration of each individual director as well as top five KMP in aggregate. The Board supports and is aware of the need for transparency. Nevertheless, after deliberation, the Board has decided not to include a separate annual remuneration report to shareholders in the annual report on the remuneration of Directors and the top five KMP (who are not Directors or the CEO of the Company) as the Board is of the view that the remuneration packages are confidential and sensitive in nature and full disclosure of the specific remunerations of each individual Director and KMP is not in the best interest of the Group having regard to the highly competitive environment in which it operates. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure to disclose the specific remuneration of each individual Director and KMP.

Remuneration paid to the directors of the Company for the period under review are as follows:

Name of Director/ Key Management	Salary Allowances & Benefits	Bonus	Directors' Fees	Total
Name of Director				
Below S$250,000				
Anthony Kuek	–	–	100%	100%
Chee Sanford	–	–	100%	100%
S$250,000 – S$499,999				
Ng Say Tiong	81%	19%	–	100%
Sydney Yeung	100%	–	–	100%
Lee Kok Beng	86%	14%	–	100%
Name of Key Management				
Below S$250,000				
Lee Tin Yau, Eugene	81%	19%	–	100%
Wong Liong Khoon	88%	12%	–	100%
Orr Bee Lay	89%	11%	–	100%

The Company has disclosed each director and KMP of the Group (excluding Directors of the Company) in bands of S$250,000. The remuneration of each of the KMP does not exceed S$250,000 for FY2020. The total remuneration paid to the KMPs for FY2020 is S$450,000. Save as disclosed above, no other long-term incentives and no termination, retirement or post- employment benefits have been granted to the Directors and KMPs.

The Company does not have any employee who is an immediate family member of a Director, the Chief Executive Officer or a substantial shareholder of the Company for FY2020 and as at 31 December 2020.

Principle 9: Risks Management and Internal Controls

Risk management and internal control systems

The Board, with the assistance of the AC, is committed to maintaining a sound system of internal controls, including financial, operational, information technology, compliance, and risk management systems to safeguard the interests of the shareholders and the Group's assets. Reviews are undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, that transactions are properly authorised, and proper financial records are maintained.

Assurance from the CEO, CFO and KMPs

The Group also periodically reviews operational and compliance control areas through the various heads of department, and has continuously made improvements with the assistance of regular internal reviews.

For the financial year under review, the Board has received assurance from:

i) the Group CEO and the CFO assure that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

ii) the Group CEO and the KMPs that the system of risk management and internal controls in place within the Group (including financial, operational and compliance) are sufficiently adequate and effective in addressing the material risks in the Group in its current business operations.

Adequacy and effectiveness of risk management and internal control systems

The AC conducts a review of the effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment at least annually to ensure the adequacy thereof. In addition, an annual review is also conducted to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor in this respect.

For the year under review, the following were performed to review adequacy and effectiveness of the Company's risk management and internal control systems:

(a) Board Committee meetings were held with key management personnel to discuss and review the financial and operational performance of the Group, internal control issues, where applicable, were discussed and addressed during such meetings;

(b) An external audit was performed by the external auditors and control gaps in financial controls were highlighted to the AC and appropriately addressed. The control gaps were presented and reviewed by AC; and

(c) A review of financial, operational and compliance matters was performed by the internal audit team and significant internal control matters were highlighted to the CFO and key management personnel and appropriately addressed by respective business units; and

(d) Discussions were held between the AC, internal audit team and the external auditors in the absence of key management personnel to address any potential concerns.

For the year under review, no material weaknesses in the systems of risk management and internal controls were identified by the Board.

Pursuant to the above, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls and risk management systems) maintained by the Company's management were adequate and effective as at 31 December 2020 against material financial misstatements or loss, the reliability of financial information, the maintenance of proper accounting records, includes the safeguarding of shareholders' investments, the Company's assets, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

Principle 10: Audit Committee

AC Composition and Role

For FY2020, the AC was chaired by Mr Chee Sanford, an Independent Director and included Mr Anthony Kuek (Non-Executive Chairman and an Independent Director) and Mr Glenn Fung (Non-Executive Director) as members.

The Board considered Mr Chee Sanford, who has extensive and practical financial management and experience, was well qualified to chair the AC.

For FY2020, the Board is satisfied that the AC members, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibility. None of the AC members are former members or directors of the Company's existing auditing firm.

The AC convened two meetings during the period under review, attended by members of the AC and relevant management staff. The AC also meets with the external auditors, without the presence of the Company's management staff, at least once a year.

The AC carries out its functions in accordance with Section 201B (5) of the Companies Act (Cap. 50) ("**Companies Act**") and the Code, including the following:

i) reviewing the audit plans and results of the Company's external audits;

ii) reviewing the adequacy, effectiveness, independence, scope and results of Company's internal audits functions and external audit;

iii) reviewing the Group's financial and operating results and accounting policies;

iv) reviewing the audited financial statements of the Company and the Group for the financial year before their submission to the Directors of the Company for consideration and approval thereafter;

v) reviewing the half-year and full-year results announcements of the Company and the Group to the SGX-ST;

vi) ensuring the co-operation and assistance by management to external auditors;

vii) making recommendations to the Board of Directors on the re-appointment of the external auditors and approved the remuneration and term of engagement of the external auditor;

viii) reviewing "interested person transactions" as defined in Chapter 9 of the Catalist Rules as is required by SGX-ST and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company; and

ix) performing any other functions which may be agreed by the AC and the Board.

The AC has been given full access to the resources required along with the co-operation of, the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the AC.

The AC is kept abreast by the management and the external auditors of change to accounting standards, the Listing Manual and other regulations that could have an impact on the Group's business and financial statements.

Through the half-yearly and annual financial statements and timely announcements to shareholders, the Board aims to provide shareholders with adequate details that would allow a balanced and understandable assessment of the Group's financial performance, position and prospects. This responsibility extends to reports to regulators. The AC has been tasked to review the Company's financial information to ensure that the objective is met.

External auditors

The AC is satisfied with the independence and objectivity of the External Auditors and has recommend that BDO LLP, for re-appointment as the Company's External Auditors in respect of financial year ending 31 December 2021 ("FY2021") at the forthcoming AGM. Aggregate fees paid/payable to the external auditors of the Company for audit services amounted to S$157,000. During FY2020, there was no non-audit related work carried-out by the external auditors. Hence, there was no fee paid on this aspect.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Rules in the appointment of its external auditors.

Internal auditors

The internal audit function is to assist the Board to evaluate the adequacy, effectiveness, reliability of the internal controls and risk management processes of the Group. The AC is tasked to examine the internal audit plan, determines the scope of audit examination, implementation of the improvements required on internal control weakness identified, review findings thereof, and to ensure Management provides the necessary Co-operation for internal auditors to perform their duties.

The internal audit function of the Group is carried out by the Group's internal auditors. The internal audit function is staffed by a team from the finance department, who are qualified and experienced professionals able to handle audit and tax matters for companies of different sizes and industries. The head of internal audit team holds ACCA qualification and he is a member of the Institute of Singapore Chartered Accountants. He was previously from audit line, responsible for auditing companies of different industries. He had also worked as head of accounting in other commercial firms where he was responsible of the financials and information technology management of the companies. The internal auditors have unrestricted access to the documents, records, properties and personnel of the Company and of the Group and report primarily to the Chairman of the AC. Internal auditors adopt a risk based approach with focus on material internal control systems including financial, operational, information technology and compliance controls. The internal audit team maintains its independence as the members do not handle direct operational matters or maintain the accounts for the business units that they are auditing within the Group. The AC is satisfied that the internal audit function is independent of all the areas, effective and adequately resourced.

Furthermore, in the course of the statutory audit, the external auditors also perform a review of the adequacy and effectiveness of the Group's material internal controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during the audit are reported to the AC together with the recommendations of the external auditors.

Meeting Auditors without the Management

The AC meets with the external auditors and the internal auditors, at least once a year, without the presence of the Management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their work directly to the AC.

In line with the Rule 705(5) of the Catalist Rules, the Board provides confirmation to the shareholders in its quarterly financial statements announcements, confirming that to the best of its knowledge, nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company has, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all its Directors and executive officers that they shall each, in the exercise of their powers and duties as Directors and executives officers, comply with the provisions of SGX-ST's Catalist Rules, the Securities and Futures Act (Cap. 289), the Singapore Code on Takeovers & Mergers, and the Companies Act (Cap. 50) and will also procure the Company to do so.

Based on the internal and financial controls established and maintained by the Group and reviews performed by the management and external auditors respectively, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, information technology, compliance risks and the risk management systems, were adequate as at 31 December 2020.

Whistle-blowing policy

The Company adopted a whistle-blowing framework whereby staff, shareholders, clients, vendor and contractors of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The framework includes arrangement for independent investigation and appropriate follow-up of such matters. The AC reviews all whistleblowing complaints, if any. During FY2020, there was no incident of concern reported to the AC.

Interested Person Transactions

The Company has established a procedure for recording and reporting interested person transactions. All interested person transactions are subject to review by the AC to ensure they were carried out on a normal commercial terms.

Pursuant to Rule 907 of the Catalist Rules, there were no interested person transactions involving the interests of any director or controlling shareholder entered into by the Company or any of its subsidiaries for the period under review.

Material Contracts

Pursuant to Rule 1207(8) of the Catalist Rules, no material contracts were entered into between the Company or any of its subsidiaries involving the interest of any director or controlling shareholders, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of previous financial year except for the related party transactions and directors' remunerations disclosed in the financial statement.

Principle 11: Shareholders rights

The Company endeavours to ensure that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. This will allow shareholders to make informed decisions in respect of their investments in the Company. The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Listing Manual and the Companies Act (Cap. 50), the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to all shareholders on a timely basis through:

i) annual reports that are prepared and issued to all shareholders. The Company makes every effort to ensure that all relevant information about the Group and other disclosures that are required by the SGX-ST, the Companies Act (Cap. 50) and Singapore Statements of Accounting Standard, are included in the Annual Report;

ii) periodic financial statements containing a summary of the financial information and affairs of the Group for the period that are reported through the SGXNET;

iii) notices and explanatory notes for annual general meetings and extraordinary general meetings;

iv) disclosures to the SGX-ST; and

v) the Group's website at www.gssenergy.com.sg, at which shareholders can access information on the Group. The website provides, *inter alia*, information on the Group's corporate disclosure, corporate data, corporate profile and annual reports.

Conduct of General Meetings

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and objectives. If shareholders are unable to attend any meetings of the Company, the Constitution of the Company allows shareholders to appoint up to two (2) proxies to vote on their behalf through proxy forms sent in advance. Nominee agencies such as banks, securities custodians and the Central Provident Fund ("CPF") are allowed to appoint more than two (2) proxies. Therefore, shareholders who hold shares through these nominees, including CPF investors, can attend and participate at the meetings as proxies of these agencies. Voting in absentia by mail, facsimile or email is currently not allowed.

CORPORATE GOVERNANCE REPORT

The AGM serves as the principal forum for shareholders to obtain information and give feedback about the Group. The notice of AGM and Circulars will be issued at least 14 days before the scheduled date. The Board welcomes questions from shareholders, either formally at the AGM or informally, before and after the AGM. All Directors were present at the last AGM held on 22 June 2020. The Board, Chairmen of the Board Committees, management and external auditors are available at general meetings to address any questions the shareholders may have concerning the Group.

The Company also solicits the views of the shareholders through analyst briefings and meetings with investors and fund managers. The Company is open to meetings with investors and analysts, and conducting such meetings. All shareholders are treated fairly and equitably to facilitate exercise of their ownership right.

In light of the COVID-19 Pandemic, the Company's sixth AGM will be held via electronic means.

There will be no physical attendance at the AGM. Shareholders must appoint the Chairman of AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. Shareholders may pre-submit any questions they may wish to ask in relation to the resolutions to be tabled at the AGM. The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available on the Company's corporate website.

Separate resolutions at general meetings

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. Shareholders are given the opportunity to raise questions on each of the motions. Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications justifying the same, which will be explained in the notice of meeting.

Dividend Policy

The Company had adopted a dividend policy of paying dividends of not less than 20% of the Group's consolidated profit after tax, excluding non-controlling interests and non-recurring, one-off and exceptional items, in respect of the financial years ending 31 December 2018 ("**FY2018**") and 31 December 2019 ("**FY2019**"). The dividend policy for FY2018 and FY2019 was adopted to give clearer guidance to shareholders of the potential dividend payout, which will be pegged to the financial performance of the Group for the relevant financial years. The Board continues to review the dividend policy and reserves the right to amend, modify or cancel this dividend policy as and when it deems necessary.

The current COVID-19 pandemic situation has caused uncertainties to the business outlook of the Group. Therefore, notwithstanding the dividend policy for FY2018 and FY2019, the Board has not recommended any dividend to be paid for FY2020 for prudence, taking into consideration the Group's resources for ongoing operations and potential expansion plans. The Board believes that the shareholders' interests would be better served by conserving available financial resources which may then be used more efficiently to support growth and shareholder value subsequently.

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.

AGM has been an opportune forum for direct dialogue with shareholders, investor and analysts. They have the opportunity to raise questions to the Board and senior Management, and clarify with them any issues they may have. With the presence of CEO, CFO and Executive Directors to answer any questions raised. Such meetings allow the Company to gather views or inputs, and address shareholders' concerns. The CEO engage with local and foreign investors to garner feedback from the investor community on a range of strategic and topical issues, which provides the Board with valuable insights on investors' views. When opportunities arise, the Group CEO conducts media interviews to give shareholders and the investing public a profound perspective of the Group's business.

The Company and its businesses information is also made available on the Company's website: www.gssenergy.com.sg. Shareholders and the public can access for the latest financial results, media releases, annual report and other corporate information on the Company. Investors can submit feedback and queries to the Company's investor relations team through contact provided in the Company website. Investor relations personnel will attend to their queries to keep the investing public apprised of the Company's corporate developments and financial performance.

Principle 13: Engagement with Stakeholders

The Company values the importance of maintaining positive relationships, engaging and balancing the needs and interests of material stakeholders as part of its overall responsibility to ensure that the best interests of the Company are served. The Company's stakeholders include employees, contractors and suppliers, government and regulators, community, shareholders and investors. Having identified the stakeholders and the material issues, it has provided the necessary guidance on the key areas of focus and the prioritisation of resources for the various sustainability initiatives. More details on the Company's approach to stakeholder engagement and materiality are disclosed in the Sustainability Report on pages 13 to 31 of this Annual Report.

The Company maintains a corporate website at www.gssenergy.com.sg to communicate and engage with stakeholders.

Code of Business Ethics

The Group has adopted a Code of Business Ethics to regulate the standards and ethical conduct of the Group's employees who are required to observe and maintain high standards of integrity.

Dealing in Securities

Following the introduction of the Code, the Company has brought to the attention of its employees the implications of insider trading and recommendations of the Code.

In compliance with the Rule 1204(19) of the Catalist Rules, the Company has adopted and implemented an internal compliance code which prohibits securities dealings by Directors and employees while in possession of unpublished price-sensitive information. Officers are discouraged to deal in the Company's securities on short-term considerations.

Directors, executives and any other employees who have access to material price-sensitive information are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information. They are required to report on all their dealings in the Company's securities to the Company. They are also prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's quarterly or full-year results and ending on the day after the announcement of the quarterly and full-year results.

Catalist Sponsor

In compliance with Rule 1204 (20) of the Catalist Rules, A total amount for non-sponsor fees of S$11,000 was paid to the Morgan Lewis Stamford LLC, an affiliate of Stamford Corporate Services Pte Ltd for the year under review. The nature of the fees incurred was in association with corporate actions which the Company had consulted for.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors of GSS Energy Limited present their statement together with the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020, the statement of financial position of the Company as at 31 December 2020 and the statement of changes in equity of the Company for the financial year ended 31 December 2020.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Mr Yeung Kin Bond, Sydney
Mr Ng Say Tiong
Mr Lee Kok Beng
Mr Chee Sanford
Mr Kuek Eng Chye, Anthony
Mr Fung Kau Lee, Glenn

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 object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except as disclosed in paragraph 5 below.

4. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follow:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
Name of Directors and companies in which interests are held	**As at 1 January 2020**	**As at 31 December 2020**	**As at 1 January 2020**	**As at 31 December 2020**
Company:				
GSS Energy Limited				
(Number of ordinary shares)				
Yeung Kin Bond, Sydney[1]	–	104,733,499	92,675,000	1,400,001
Fung Kau Lee, Glenn[2]	–	–	66,700,000	66,700,000
Lee Kok Beng	905,000	905,000	–	–
Chee Sanford	–	700,000	–	–
Options in respect of ordinary shares[3]				
Yeung Kin Bond, Sydney	7,400,000	7,400,000	–	–
Ng Say Tiong	13,000,000	13,000,000	–	–
Chee Sanford	1,150,000	450,000	–	–
Kuek Eng Chye, Anthony	1,400,000	700,000	–	–
Fung Kau Lee, Glenn	700,000	700,000	–	–
Lee Kok Beng	2,400,000	2,400,000	–	–

(1) Roots Capital Limited ("Roots Capital") owns 1,400,001 shares in the Company and Mr Yeung Kin Bond, Sydney is the sole director of Roots Capital. As at the beginning and end of the financial year, Mr Yeung Kin Bond, Sydney holds 100% of the issued share capital of Roots Capital and accordingly, he is deemed to have an interest in the shares held by Roots Capital.

(2) Sundan Pacific Limited ("Sundan Pacific") owns 66,700,000 shares in the Company and Mr Fung Kau Lee, Glenn is the managing director of Sundan Pacific. As at the beginning and end of the financial year, Mr Fung Kau Lee, Glenn holds 100% of the issued share capital of Sundan Pacific and accordingly, he is deemed to have an interest in the shares held by Sundan Pacific.

(3) Actual number of ordinary shares to be released subject to their share option exercises.

By virtue of Section 7 of the Act, Mr Yeung Kin Bond, Sydney and Mr Fung Kau Lee, Glenn are deemed to have interest in all the subsidiary corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2021 in the shares of the Company have not changed from those disclosed as at 31 December 2020.

5. Share options

The GSS Energy Limited Executives' Share Option Scheme (the "GEL Scheme") for key management personnel and employees of the Group (collectively referred to as "Eligible Persons") was approved by members of the Company at the Annual General Meeting on 24 April 2017.

On 23 April 2018, the members of the Company approved GSS Energy Limited 2018 Executives' Option Scheme ("GEL 2018 Scheme").

The GEL Scheme and GEL 2018 Scheme are share incentive schemes (Collectively known as "GEL Schemes"). The objective of the GEL Schemes is to attract, retain and motivate key employees of the Company and its related companies by providing them the opportunity to acquire a proprietary interest in the Company and to align their interests and efforts with the long-term interests of the Company's shareholders. The GEL Schemes shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the GEL Schemes are adopted by Shareholders.

Under the GEL Schemes, (a) full-time employees of the Company and its related Group companies; (b) Executive-Directors of the Company and its related Group companies; and (c) Non-executive Directors (including Independent Directors) of the Company and its related Group companies are eligible to participate in the GEL Schemes.

The number of shares to be offered to a grantee in accordance with the GEL Schemes shall be determined at the absolute discretion of the GSS Energy Limited Executives' Share Option Scheme Committee ("Committee") comprising four directors namely Mr. Anthony Kuek (Chairman), Mr. Sanford Chee (Member), Mr. Glenn Fung (Member) and Mr. Sydney Yeung (Member), which shall take into account criteria such as the rank and responsibilities, performance, years of service and the potential contributions of the grantee. The Committee shall exercise its discretion judiciously in deciding the number of shares under the GEL Schemes to grant to each grantee.

On 6 January 2020, the Company issued and allotted 700,000 new ordinary shares ("New Shares") in the capital of the Company, at the exercise price of $0.09856 for each New Share with a total consideration of $68,992 pursuant to the exercise of options granted under the GEL Schemes.

The aggregate number of shares in respect of which the Company may grant options, when added to the number of shares issued and issuable in respect of (i) all options granted under the GEL Schemes, and (ii) all options granted under any other incentive schemes or share plans, shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day immediately preceding the grant date. This rule may be amended by the Committee from time to time, but only after all required approvals have been obtained from the Board of Directors and the shareholders of the Company.

The exercise price for each share in respect of which an option is exercisable shall be fixed by the Committee at a price deemed by the Committee to accurately reflect the fair market value per share on the offering date.

(i) **Options granted on 27 February 2017**

The Company granted a total of 39,800,000 options to subscribe for ordinary shares of the Company at market exercise price of $0.1232 per share for 10,000,000 shares and at discounted exercise price of $0.09856 per share for 29,800,000 shares. Letters of Offer for grant of options to selected employees were issued on 27 February 2017 ("grant date"). On 24 April 2017, the Company obtained shareholders' approval to grant 7,400,000 options to a Director of the Company at discounted price of $0.09856 per share. The vesting period for the options ranged from 12 months to 24 months from the grant date.

(ii) **Options granted on 23 February 2018**

The Company granted a total of 27,223,000 options to subscribe for ordinary shares of the Company at exercise price of $0.12512 per share. Letters of Offer for grant of options to selected employees were issued on 23 February 2018 ("grant date"). The vesting period for the options is 24 months from the grant date.

5. **Share options** (Continued)

(iii) **Options granted details**

(a) Options granted to participants of the Company under the GEL Schemes are as follows:

Name	Aggregate options outstanding at 1 January 2020 '000	Aggregate options exercised since commencement of the Scheme or date of appointment, if later, to 31 December 2020 '000	Aggregate options lapsed since commencement of the Scheme or date of appointment, if later, to 31 December 2020 '000	Aggregate options outstanding at 31 December 2020 '000
Directors				
Lee Kok Beng	2,400	–	–	2,400
Yeung Kin Bond, Sydney	7,400	–	–	7,400
Ng Say Tiong	13,000	–	–	13,000
Chee Sanford	1,150	(700)	–	450
Kuek Eng Chye, Anthony	1,400	–	(700)	700
Fung Kau Lee, Glenn	700	–	–	700
Others	2,773	–	–	2,773
	28,823	(700)	(700)	27,423

(b) The options granted to the controlling shareholder, Yeung Kin Bond, Sydney, are as described in paragraph (a) above. There were no options granted to associates of the controlling shareholder during the financial year.

(c) During the financial year, no employee has received 5% or more of the total number of options available under the GEL Schemes.

(d) 2,250,000 (2019: 2,150,000) of the options have been granted to directors of subsidiaries and 523,000 (2019: 1,623,000) of the options have been granted to employees of subsidiaries. The movement of options was due to change in board composition of subsidiaries and employee turnover.

(e) 27,223,000 options were granted at a 20% discount to market price on 23 February 2018. There were no options granted during the financial year.

(f) Under the GEL Schemes, share options granted, exercised and lapsed during the financial year and outstanding as at 31 December 2020 were as follows:

Date granted	Balance at 1 January 2020 '000	Exercised '000	Lapsed/ Cancelled '000	Balance at 31 December 2020 '000	Exercise price	Exercise period
27 February 2017	2,800	–	–	2,800	0.09856	27 Feb 2019 to 26 Feb 2022
27 February 2017	1,400	(700)	(700)	–	0.09856	27 Feb 2019 to 26 Feb 2020
24 April 2017	7,400	–	–	7,400	0.09856	27 Feb 2019 to 26 Feb 2022
23 February 2018	1,150	–	–	1,150	0.12512	23 Feb 2020 to 22 Feb 2021
23 February 2018	16,073	–	–	16,073	0.12512	23 Feb 2020 to 22 Feb 2023
	28,823	(700)	(700)	27,423		

6. Audit committee

As at the date of this statement, the Audit Committee ("AC") is chaired by Mr Chee Sanford (independent Director) and includes Mr Kuek Eng Chye, Anthony (an independent Director) and Mr Fung Kau Lee, Glenn (Non-Independent Director) as members.

The AC convened two meetings during the financial year under review, attended by the members of the AC and relevant management staff. The AC also meets with the external and internal auditor without the presence of the Company's management, at least once a year.

The AC carries out its functions in accordance with Section 201B(5) of the Act and the Code of Corporate Governance 2018, including the following:

(i) Reviews the audit plans and results of the Company's external audits;

(ii) Reviews the scope and results of internal audits conducted by the Company;

(iii) Reviews the Group's financial and operating results and accounting policies;

(iv) Reviews the audited financial statements of the Company and the Group for the financial year before their submission to the Directors of the Company for consideration and approval thereafter;

(v) Reviews the quarterly and full-year results announcements of the Company and the Group to the SGX-ST;

(vi) Ensures the co-operation and assistance by management to external auditors;

(vii) Makes recommendations to the Board of Directors on the re-appointment of the external auditors and approved the remuneration and term of engagement of the external auditor;

(viii) Reviews "interested person transactions" as defined in Chapter 9 of the Catalist Rules as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company; and

(ix) Performs any other functions which may be agreed by the AC and the Board.

The AC has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditor has unrestricted access to the AC.

The AC has reviewed all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditor. There was no non-audit fee paid to the Company's external auditor for the financial year ended 31 December 2020.

The AC has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

Based on the internal and financial controls established and maintained by the Group and the reviews performed by the management and the external auditor's review of the accounting internal controls, the AC and the Board are of the opinion that the Group's internal controls addressing financial, operational and compliance risks, are adequate as at 31 December 2020.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

8. Additional disclosure requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The auditors of the subsidiaries of the Company are disclosed in Note 18 to the financial statements. In the opinion of the Board of Directors and AC, Rule 712 and Rule 715 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited have been complied with.

On behalf of the Board of Directors

Yeung Kin Bond, Sydney Director	**Ng Say Tiong** Director

Singapore
31 March 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of GSS Energy Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GSS Energy Limited (the "Company") and its subsidiaries (the "Group") as set out on page 60 to 133, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity for the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1	Impairment Assessment of Investment in an Associate and Amount Due from an Associate

Key Audit Matter

As at 31 December 2020, the Group's and the Company's investment in an associate comprise of investment in equity interest of $2,763,000 and $2,791,000 respectively and amount due from the associate of $9,392,000 and $9,392,000 respectively. The associate is engaged in the exploration of oil and gas in Indonesia. During the financial year, the associate has secured an extension of the exploration period from February 2020 to February 2022. The impairment assessment of the Group's and the Company's investment in the associate is based on the progress of the exploration project including but not limited to the future plans for the evaluation and exploration project. Management has made the assessment in relation to these factors and concluded that there is no impairment loss as at 31 December 2020.

The Group and the Company concluded there has been no significant increase in credit risk since the initial recognition of the amount due from the associate based on the progress of the exploration project. Accordingly, no expected credit loss has been made for the amount due from the associate.

We focused on this area as a key audit matter as significant management judgements and estimates are involved in the impairment assessment of the underlying exploration assets of the associate, including whether the activities have reached a stage, which permits a reasonable assessment of the existence of oil reserves.

1	**Impairment Assessment of Investment in an Associate and Amount Due from an Associate** (Continued)

Related Disclosures

Refer to Notes 2.15, 2.16, 3(b)(i), 3(b)(ii) and 19 of the accompanying financial statements.

Audit Response

We performed the following procedures, amongst others:

- Read the renewal of exploration permits in the area of interests, minutes of meetings and other relevant supporting documents related to the exploration project;
- Discussed with management on the progress and planned activities of the related exploration project, identified factors used by management in the determination of the existence of oil reserves, and evaluated the feasibility studies undertaken by management in the conduct of the oil and gas exploration project to evaluate management's impairment assessment;
- Evaluated management's assessment of expected credit loss in relation to the amount due from the associate in accordance with SFRS(I) 9 *Financial Instruments* by determining, *inter alia*, the appropriateness of the credit risk level in view of the progress of the exploration project; and
- Assessed the adequacy of the relevant disclosures made by management in the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Siok Yong.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue	4	**106,376**	97,550
Cost of sales		**(88,106)**	(79,118)
Gross profit		**18,270**	18,432
Other items of income			
Other income	5	**3,166**	438
Interest income	6	**100**	126
Other items of expense			
Selling and distribution expenses		**(9,346)**	(10,156)
Administrative expenses		**(4,048)**	(6,118)
Other expenses	8	**(992)**	(414)
Finance costs	9	**(307)**	(302)
Share of loss of associate, net of tax	19	**(5)**	(23)
Profit before income tax	10	**6,838**	1,983
Income tax expense	11	**(1,624)**	(620)
Profit for the financial year		**5,214**	1,363
Other comprehensive income:			
Item that may not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit pension scheme	33	**(64)**	(178)
Income tax relating to item that may not be subsequently reclassified		**–**	–
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations		**747**	(929)
Income tax relating to item that may be subsequently reclassified		**–**	–
Other comprehensive income for the financial year, net of tax		**683**	(1,107)
Total comprehensive income for the financial year		**5,897**	256
Profit attributable to:			
Owners of the parent		**5,592**	2,033
Non-controlling interests		**(378)**	(670)
		5,214	1,363
Total comprehensive income attributable to:			
Owners of the parent		**6,276**	921
Non-controlling interests		**(379)**	(665)
		5,897	256
Earnings per share (cents)			
Basic	12	**1.13**	0.41
Diluted	12	**1.13**	0.41

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**24,466**	11,192	**–**	–
Intangible assets	14	**13**	30	**–**	–
Right-of-use assets	15	**1,756**	1,373	**–**	–
Land use rights	16	**1,373**	1,364	**–**	–
Exploration and evaluation assets	17	**–**	–	**–**	–
Investment in subsidiaries	18	**–**	–	**16,263**	28,683
Investment in an associate	19	**2,763**	2,768	**2,791**	2,791
Due from an associate	19	**9,392**	9,392	**9,392**	9,392
Deferred tax assets	20	**37**	–	**–**	–
Goodwill	21	**112**	112	**–**	–
Due from subsidiaries	22	**–**	–	**5**	181
Deposits	25	**–**	3,446	**–**	–
		39,912	29,677	**28,451**	41,047
Current assets					
Inventories	23	**14,648**	11,450	**–**	–
Trade receivables	24	**37,969**	22,870	**–**	–
Other receivables and deposits	25	**3,073**	3,631	**7**	–
Prepayments		**199**	296	**11**	10
Due from a related party	26	**282**	223	**–**	–
Short-term investments	27	**608**	966	**–**	–
Pledged deposits	28	**–**	337	**–**	–
Cash and bank balances	28	**7,064**	7,251	**6**	21
		63,843	47,024	**24**	31
Total assets		**103,755**	76,701	**28,475**	41,078

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	29	**20,681**	14,557	**–**	–
Other payables and accruals	30	**9,373**	5,358	**260**	348
Lease liabilities	31	**1,133**	1,250	**–**	–
Due to a subsidiary	22	**–**	–	**828**	12,383
Current income tax payable		**1,163**	254	**–**	–
Loans and borrowings	32	**8,807**	5,494	**–**	–
		41,157	26,913	**1,088**	12,731
Net current assets/(liabilities)		**22,686**	20,111	**(1,064)**	(12,700)
Non-current liabilities					
Other payable	30	**1,658**	–	**–**	–
Lease liabilities	31	**617**	151	**–**	–
Loans and borrowings	32	**4,382**	–	**–**	–
Retirement benefit obligations	33	**1,840**	1,726	**–**	–
Deferred tax liabilities	20	**108**	–	**–**	–
		8,605	1,877	**–**	–
Total liabilities		**49,762**	28,790	**1,088**	12,731
Net assets		**53,993**	47,911	**27,387**	28,347
Equity attributable to owners of the parent					
Share capital	34	**58,591**	58,522	**58,591**	58,522
Accumulated losses		**(8,310)**	(13,768)	**(34,928)**	(33,783)
Other reserves	35	**4,830**	3,896	**3,724**	3,608
		55,111	48,650	**27,387**	28,347
Non-controlling interests		**(1,118)**	(739)	**–**	–
Total equity		**53,993**	47,911	**27,387**	28,347
Total equity and liabilities		**103,755**	76,701	**28,475**	41,078

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

Group	Note	Share capital	Accumulated losses	Foreign currency translation reserve	Statutory reserve	Share options reserve	Equity non-controlling interests	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020		**58,522**	**(13,768)**	**(1,126)**	**1,282**	**3,608**	**132**	**48,650**	**(739)**	**47,911**
Profit for the financial year		**–**	**5,592**	**–**	**–**	**–**	**–**	**5,592**	**(378)**	**5,214**
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	33	**–**	**(64)**	**–**	**–**	**–**	**–**	**(64)**	**–**	**(64)**
Exchange differences arising from translation of foreign operations		**–**	**–**	**748**	**–**	**–**	**–**	**748**	**(1)**	**747**
Total comprehensive income for the financial year		**–**	**5,528**	**748**	**–**	**–**	**–**	**6,276**	**(379)**	**5,897**
Total transactions with owners, recognised directly in equity										
Issuance of share capital	34	**69**	**–**	**–**	**–**	**–**	**–**	**69**	**–**	**69**
Transfer to statutory reserve		**–**	**(70)**	**–**	**70**	**–**	**–**	**–**	**–**	**–**
Share option expenses	35	**–**	**–**	**–**	**–**	**116**	**–**	**116**	**–**	**116**
		69	**(70)**	**–**	**70**	**116**	**–**	**185**	**–**	**185**
Balance at 31 December 2020		**58,591**	**(8,310)**	**(378)**	**1,352**	**3,724**	**132**	**55,111**	**(1,118)**	**53,993**
Balance at 1 January 2019		58,522	(15,497)	(192)	1,156	2,747	132	46,868	(411)	46,457
Profit for the financial year		–	2,033	–	–	–	–	2,033	(670)	1,363
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	33	–	(178)	–	–	–	–	(178)	–	(178)
Exchange differences arising from translation of foreign operations		–	–	(934)	–	–	–	(934)	5	(929)
Total comprehensive income for the financial year		–	1,855	(934)	–	–	–	921	(665)	256
Changes in ownership interest in subsidiary										
Disposal of ownership interest in subsidiary		–	–	–	–	–	–	–	337	337
Total changes in ownership interest in subsidiary		–	–	–	–	–	–	–	337	337
Total transactions with owners, recognised directly in equity										
Transfer to statutory reserve		–	(126)	–	126	–	–	–	–	–
Share option expenses	35	–	–	–	–	861	–	861	–	861
		–	(126)	–	126	861	–	861	–	861
Balance at 31 December 2019		58,522	(13,768)	(1,126)	1,282	3,608	132	48,650	(739)	47,911

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

Company	Note	Share capital $'000	Accumulated losses $'000	Share options reserve $'000	Total equity $'000
Balance at 1 January 2020		**58,522**	**(33,783)**	**3,608**	**28,347**
Loss for the financial year, representing total comprehensive income for financial year		**–**	**(1,145)**	**–**	**(1,145)**
Total transactions with owners, recognised directly in equity					
Issuance of share capital	34	**69**	**–**	**–**	**69**
Share option expenses	35	**–**	**–**	**116**	**116**
		69	**–**	**116**	**185**
Balance at 31 December 2020		**58,591**	**(34,928)**	**3,724**	**27,387**
Balance at 1 January 2019		58,522	(36,878)	2,747	24,391
Profit for the financial year, representing total comprehensive income for financial year		–	3,095	–	3,095
Total transactions with owners, recognised directly in equity					
Share option expenses	35	–	–	861	861
		–	–	861	861
Balance at 31 December 2019		58,522	(33,783)	3,608	28,347

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

	Note	2020 $'000	2019 $'000
Operating activities			
Profit before income tax		**6,838**	1,983
Adjustments for:			
Amortisation of intangible assets	14	**17**	23
Amortisation of land use rights	16	**55**	54
Amortisation of right-of-use assets	15	**1,303**	1,224
Depreciation of property, plant and equipment	13	**2,483**	2,251
Finance costs	9	**307**	302
Gain on disposal of property, plant and equipment	5	**(8)**	–
Inventories written off	23	**45**	18
Property, plant and equipment written off	10	**46**	–
Interest income	6	**(100)**	(126)
Unrealised exchange difference		**428**	58
Share of loss of associate		**5**	23
Share option expenses	35	**116**	861
Operating profit before working capital changes		**11,535**	6,671
Working capital changes:			
Inventories		**(3,364)**	(550)
Trade receivables		**(15,506)**	1,225
Other receivables and deposits		**(1,513)**	(2,586)
Prepayments		**98**	(135)
Due from a related party		**(66)**	(213)
Trade payables		**6,578**	(1,810)
Other payables and accruals		**1,289**	1,823
Provision for retirement benefit obligations		**11**	107
Cash (used in)/generated from operations		**(938)**	4,532
Interest received		**100**	126
Income tax refunded		**–**	45
Income taxes paid		**(578)**	(816)
Net cash (used in)/generated from operating activities		**(1,416)**	3,887
Investing activities			
Acquisition of short-term investments		**(6,168)**	(199)
Deposits paid to acquire property, plant and equipment		**–**	(2,106)
Proceeds from disposal of property, plant and equipment		**8**	–
Proceeds from disposal of short-term investments		**6,565**	2,022
Disposal of controlling interest, net of cash disposed	18	**–**	(287)
Purchase of exploration and evaluation assets	17	**–**	(389)
Purchase of intangible assets	14	**–**	(5)
Purchase of property, plant and equipment	13	**(5,858)**	(1,904)
Net cash used in investing activities		**(5,453)**	(2,868)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

	Note	**2020** **$'000**	2019 $'000
Financing activities			
Proceeds from bank loans	A	**37,229**	34,466
Proceeds from issue of ordinary shares		**69**	–
Repayment of bank loans	A	**(29,436)**	(33,960)
Repayments of principal of lease liabilities	31	**(1,337)**	(1,195)
Repayments of interest of lease liabilities	31	**(67)**	(115)
Interest paid		**(240)**	(187)
Decrease in bank deposits pledged		**337**	1,259
Net cash generated from financing activities		**6,555**	268
Net change in cash and cash equivalents		**(314)**	1,287
Effect of foreign exchange rate changes in cash and cash equivalents		**127**	(147)
Cash and cash equivalents at beginning of financial year		**7,251**	6,111
Cash and cash equivalents at end of financial year	28	**7,064**	7,251

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes	
	At the beginning of the financial year $'000	**Cash flows $'000**	**Foreign exchange differences $'000**	**At the end of the financial year $'000**
2020				
Bank borrowings	**5,494**	**7,793**	**(98)**	**13,189**
2019				
Bank borrowings	5,033	506	(45)	5,494

The accompanying notes form an integral part of these financial statements.

1. General corporate information

GSS Energy Limited (the "Company" or "GSS") is a public company limited by shares incorporated and domiciled in Singapore. The Company is listed since 12 February 2015 on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registration number is 201432529C. Its registered office is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 and its principal place of business is at Blk 4012 Ang Mo Kio Ave 10 #05-01 Techplace 1, Singapore 569628.

The principal activity of the Company is that of investment holding and provides management support strategic direction for its Group's companies. The principal activities of the subsidiaries and an associate are disclosed in Notes 18 and 19, respectively, to the financial statements.

The ultimate controlling party is Yeung Kin Bond, Sydney. Related companies in these financial statements refer to members of the GSS Energy Limited group.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires the management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

The Company's current liabilities exceeded its current assets by approximately $1,064,000 (2019: $12,700,000). Therefore, the question arises as to whether current liabilities can be met as and when they fall due.

Management had assessed that the going concern assumption is appropriate and has asserted that the Company's principal liabilities are amount due to a subsidiary of approximately $828,000 (2019: $12,383,000) and therefore, the timing of repayment is within the control of the Company and the risk of being called into default is minimal. In addition, undistributed reserves in the subsidiary may, if required, be utilised to rectify the net current liabilities position.

<u>Changes in accounting policies</u>

New standards, amendments and interpretations effective from 1 January 2020

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group and the Company are not expected to impact the Group and the Company as they are either not relevant to the Group's and the Company's business activities or require accounting which is consistent with the Group and the Company's current accounting policies, except as detailed below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2020 (Continued)

Amendments to SFRS(I) 3 *Business Combinations*: Definition of a Business

These amendments make changes to Appendix A Defined terms, the application guidance, and the illustrative examples of SFRS(I) 3 *Business Combinations* only. It clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The definitions of a business and of outputs focus on goods and services provided to customers and the reference to an ability to reduce costs has been removed. The amendments add guidance and illustrative examples to help entities assess whether a substantive process has been acquired. The assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs has been removed. An optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business has been added.

The Group applied these amendments to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. The Group does not expect any significant impact arising from applying these amendments.

Amendment to SFRS(I) 16 *Leases*: COVID-19 Related Rent Concessions

Effective 1 June 2020, the amendment provides a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to June 2020. The impact of rent concessions recognised as other income in profit or loss amounted to $60,000 (Note 5).

Accounting for the rent concessions as lease modifications would have resulted in the Company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

SFRS(I) issued but not yet effective

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following SFRS(I) that have been issued but are not yet effective:

			Effective date (annual periods beginning on or after)
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 17	:	Insurance contracts	1 January 2023
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 3 (Amendments)	:	Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	:	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	:	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 (Amendments)		Interest Rate Benchmark Reform – Phase 2	1 January 2021
SFRS(I) 4 (Amendments)	:	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
SFRS(I) 17 (Amendments)	:	Various Amendments	1 January 2023
Various amendments	:	Annual improvements to SFRS(I)s 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above SFRS(I) in future periods, if applicable, will have no material impact on the financial statements of the Group and the Company in the period of initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Control is reassessed whenever the facts and circumstances indicate that there may be a change in the elements of control.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the asset concerned.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

In the separate financial statements of the Company, investments in subsidiaries and associate are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

2.4 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both.

Sale of mechanism and microshaft products

The Group is involved in the supply of mechanism, microshaft and other related precision engineering products. The revenue is recognised at a point in time when control of the goods is transferred to the customers. This is generally when the goods are delivered to the customers. For overseas sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract. Revenue is measured at transaction price agreed under contract with credit term of 30 to 95 days.

Rendering of services – Product assembly

The product assembly services involved assembling of parts and material, packaging and labelling. There is only one distinct performance obligation identified under the contracts with customers which is to provide assembly services to the customers. Revenue is recognised at a point in time when the significant acts have been completed and when transfer of control occurs.

The revenue is measured at the transaction price agreed under the contract with a credit term of 30 to 90 days.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Cost recovery for termination of contract with customers

Cost recovery from customers for costs incurred for terminated contracts is included in profit or loss when the amount becomes unconditionally receivable.

2. Summary of significant accounting policies (Continued)

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.6 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as expenses as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the financial year.

Retirement gratuity

Retirement benefits payable to certain categories of employees upon their retirement are provided for in the financial statements based on their entitlement under the staff benefit plan.

The Group's net obligation in respect of retirement benefits is the amount of future benefits that employees have earned in return for their service in current and prior periods. The obligation is calculated using projected salary increases and is discounted to its present value, and the fair value of any related assets is deducted.

Employee service entitlement benefits

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit plan surpluses and deficits are measured at:

– The fair value of plan assets at the reporting date; less

– Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on government bonds that have maturity dates approximating to the terms of the liabilities.

Remeasurements of the net defined benefit obligation are recognised directly within equity. The remeasurements include:

– Actuarial gains and losses

– Return on plan assets (interest exclusive)

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

2. Summary of significant accounting policies (Continued)

2.6 Employee benefits (Continued)

Employee service entitlement benefits (Continued)

Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the year.

Gains or losses arising from changes to plan benefits or plan curtailment are recognised immediately in profit or loss.

Settlements of defined benefit plan are recognised in the period in which the settlement occurs.

2.7 Equity-settled share-based payment

The Group operates GSS Energy Limited Executives' Share Option Scheme which allows it to issue equity-settled share-based payments to selected key management personnel and employees of the Group. For equity-settled share-based payment, the fair value of the services received is recognised as an employee expense, with a corresponding increase in equity, over the vesting period during which the executives become unconditionally entitled to the equity instrument. The fair value of the services is determined by reference to the fair value of the equity instrument granted at the grant date.

The cumulative expense recognised for equity-settled transactions at each reporting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for the financial year represents the movement in cumulative expense recognised as at the beginning and end of that financial year.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of equity instrument, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

2.8 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Unrecognised deferred tax assets are reassessed at the end of each financial year and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currency") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are re-translated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2. Summary of significant accounting policies (Continued)

2.9 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlements of monetary items and on re-translation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.10 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

Leasehold buildings	20 years
Leasehold improvements	10 years
Machinery, furniture and equipment	3 to 6 years
Motor vehicles	4 years

2. Summary of significant accounting policies (Continued)

2.10 Property, plant and equipment (Continued)

Construction-in-progress, which represents direct cost incurred for construction of factory and office premises. No depreciation is charged on construction-in-progress as they are not yet in use.

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

The residual values, estimated useful life and depreciation method are reviewed at the end of each reporting period to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.11 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill of subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Computer software

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets (Continued)

Computer software (Continued)

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

2.12 Land use rights

Land use rights are initially recognised at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment loss. Land use rights are amortised over a lease term of 50 years.

2.13 Exploration, evaluation and development assets ("EE&D")

Exploration and evaluation assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets comprise costs that are directly attributable to: researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development assets or oil and gas properties, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. If no potentially commercial oil and gas reserves are discovered, the exploration asset is written off as dry hole in profit or loss. If extractable oil and gas reserves are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an exploration and evaluation asset while sufficient/continued progress is made in assessing the commerciality of the oil and gas reserves.

2. Summary of significant accounting policies (Continued)

2.13 Exploration, evaluation and development assets ("EE&D") (Continued)

Development assets

Development assets are incurred within an area of interest as a component of a commercial development phase only upon commitment to a commercial development.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development on delineation wells, is capitalised within development assets.

Depletion is not charged on costs carried in respect of areas of interest in the development phase until production commences. When production commences, carried forward development expenditure are transferred to oil and gas properties.

Development assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of non-financial assets as set out in Note 2.15 to these financial statements.

2.14 Associates

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

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2. Summary of significant accounting policies (Continued)

2.15 Impairment of non-financial assets excluding goodwill and exploration and evaluation assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in profit or loss.

2.16 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group and the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the provision matrix to determine the lifetime expected credit losses. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for other receivables and deposits, pledged deposits, cash and bank balances, and due from subsidiaries, an associate and a related party, are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade receivables, other receivables (excluding advance payment), pledged deposits, cash and bank balances, and amount due from an associate and a related party in the statements of financial position.

Financial assets at fair value through profit or loss ("FVTPL")

Debt instruments that are held for trading as well as those that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other items of income".

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Offsetting and netting

Financial assets and financial liabilities are only offset and the net amount reported on the statements of financial position when there is a legally enforceable right to set off the recognised amounts and where the Group and the Company intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classified ordinary shares as equity instruments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost

Trade payables, other payables and accruals, and amount due to a subsidiary

Trade payables, other payables and accruals (excluding advances received from customers), and amount due to a subsidiary are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Loans and borrowings

Interest-bearing bank loans are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.5).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. Costs include all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and manufactured products, costs include materials, direct labour and an appropriate proportion of production overhead expenditure.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of completion and costs of realisation. Allowance is made for obsolete, slow moving and defective inventories.

2.18 Cash and bank balances

Cash and bank balances consist of cash on hand, cash and deposits with banks and financial institutions. Cash and bank balances are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents excludes pledged deposits.

2.19 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2. Summary of significant accounting policies (Continued)

2.19 Leases (Continued)

As lessee (Continued)

Initial measurement (Continued)

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset on the following bases:

	Years
Leasehold lands, office premises and warehouse	2 to 3
Equipment	3
Machinery	2

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.15 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

2. Summary of significant accounting policies (Continued)

2.19 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to asset are deducted against the carrying amount of the asset.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under “Other income”. Government grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as government grant receivables and deferred government grants, classified as current assets and current liabilities in the statements of financial position.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, which are described in Note 2 to the financial statements, the management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) Impairment assessment of investment in an associate

The principal activities of the Group's and the Company's investment in an associate is in the exploration of oil and gas as per disclosed in Note 19 to the financial statements. The impairment assessment of the investment in the associate depends on the validity of the exploration permits, the progress of the exploration project including but not limited to the future plans for the evaluation and exploration project. During the financial year, management carried out an impairment assessment on investment in an associate and concluded that there is no impairment loss as at 31 December 2020. The carrying amounts of the Group's and the Company's investment in an associate as at 31 December 2020 were approximately $2,763,000 and $2,791,000 (2019: $2,768,000 and $2,791,000) respectively.

(ii) Loss allowance for amount due from an associate

The Group and the Company are required to assess and recognise a loss allowance for expected credit loss on amount due from an associate in accordance with three-stage impairment model. Management has made the assessment based on whether there has been a significant increase in the credit risk of the amount due from an associate since its initial recognition. Based on the progress of the exploration project, the Group and the Company assessed the amount of allowance to be recognised based on either 12-month expected credit loss or lifetime expected credit loss, to be recognised in future periods and concluded that there was no significant increase in credit risk as at 31 December 2020. The amount due from an associate was subject to immaterial credit loss allowances as at 31 December 2020. The carrying amounts of the Group's and the Company's amount due from an associate at the end of the financial year was $9,392,000 and $9,392,000 (2019: $9,392,000 and $9,392,000) respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

(b) Key sources of estimation uncertainty (Continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below: (Continued)

(iii) Defined benefit plan

The expenses, assets and liabilities of the defined benefit plan managed by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 33 to the financial statements. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position. The carrying amount of the Group's defined benefit plan at the end of the financial year was $1,602,000 (2019: $1,499,000) in Indonesia.

(iv) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The average incremental borrowing rate applied to lease liabilities as at 31 December 2020 was 3.20% (2019: 3.61%). The carrying amount of lease liabilities as at 31 December 2020 was $1,750,000 (2019: $1,401,000). If the incremental borrowing rate had been 5% higher or lower than management's estimates, the Group's lease liabilities would have been approximately $88,000 (2019: $70,000) lower or higher for the Group.

(v) Loss allowance for trade receivables

Management establishes the loss allowance for trade receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade debtors based on their historical loss pattern, historical payment profile and adjusted for the forward looking information such as industry performance.

Additionally, management also evaluates expected credit loss for customer in financial difficulties separately (credit-impaired). The carrying amount of trade receivables of the Group as at 31 December 2020 was approximately $37,969,000 (2019: $22,870,000).

4. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categorical in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in Note 37 to the financial statements.

Segments	**Mechanisms**		**Microshafts**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Primary geographical markets						
Singapore	**11,126**	14,364	**915**	1,112	**12,041**	15,476
Indonesia	**66,053**	47,308	**570**	647	**66,623**	47,955
Germany	**39**	–	**1,362**	2,189	**1,401**	2,189
China	**6,429**	6,141	**7,327**	9,758	**13,756**	15,899
Thailand	**1**	–	**1,346**	1,968	**1,347**	1,968
Malaysia	**90**	470	**956**	950	**1,046**	1,420
Others	**4,094**	6,995	**6,068**	5,648	**10,162**	12,643
	87,832	75,278	**18,544**	22,272	**106,376**	97,550
Type of good or services						
Sale of goods	**79,124**	64,807	**18,544**	22,272	**97,668**	87,079
Services rendered	**8,708**	10,471	**–**	–	**8,708**	10,471
	87,832	75,278	**18,544**	22,272	**106,376**	97,550
Timing of transfer of goods and services						
Point in time	**87,832**	75,278	**18,544**	22,272	**106,376**	97,550

5. Other income

	Group	
	2020	2019
	$'000	$'000
Gain on disposal of property, plant and equipment	**8**	–
Government grants		
- Jobs support scheme	**716**	–
- Foreign worker levy rebate	**57**	–
- Rent concessions arising from COVID-19	**60**	–
- Others	**207**	221
Income from disposal of scrap materials	**95**	195
Cost recovery for termination of contract with customers	**2,016**	–
Others	**7**	22
	3,166	438

During the financial year, the Group received one-off cost recovery amounted to approximately $2,016,000 from customers for the termination of contracted manufacturing projects.

6. Interest income

	Group	
	2020	2019
	$'000	$'000
Financial assets measured at amortised cost		
- Bank and short-term deposits	**51**	67
- Short-term investments	**–**	59
Financial assets measured at FVTPL		
- Short-term investments	**49**	–
	100	126

7. Employee benefits expense

	Group	
	2020	2019
	$'000	$'000
Short-term employee benefits	**19,721**	22,723
Defined contribution plans	**1,342**	1,732
Defined benefit plan	**241**	201
Employee share options expenses	**116**	861
Other personnel expenses	**1,246**	1,165
	22,666	26,682

The above includes remuneration of Directors and key management as disclosed in Note 36 to the financial statements.

7. Employee benefits expense (Continued)

The employee benefits expense are recognised in the following line items in the consolidated statement of comprehensive income:

	Group	
	2020	2019
	$'000	$'000
Cost of sales	**13,400**	15,728
Selling and distribution expenses	**6,966**	7,085
Administrative expenses	**2,300**	3,869
	22,666	26,682

8. Other expenses

	Group	
	2020	2019
	$'000	$'000
Foreign exchange loss, net	**992**	411
Others	**–**	3
	992	414

9. Finance costs

	Group	
	2020	2019
	$'000	$'000
Interest expense		
- loans and borrowings	**240**	187
- lease liabilities (Note 31)	**67**	115
	307	302

10. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2020	2019
	$'000	$'000
Cost of sales		
Cost of inventories recognised as expenses	**62,557**	51,846
Depreciation of property, plant and equipment	**2,007**	1,820
Amortisation of land use rights	**55**	54
Amortisation of right-of-use assets	**991**	1,001
Inventories written off	**45**	18
Lease expenses on:		
- short-term leases	**–**	141
- low value assets	**8**	–
Property, plant and equipment written off	**46**	–
Selling and distribution expenses		
Amortisation of right-of-use assets	**163**	141
Depreciation of property, plant and equipment	**122**	68
Lease expenses on:		
- short-term leases	**–**	35
- low value assets	**5**	14
Professional fees	**25**	78
Administrative expenses		
Amortisation of intangible assets	**18**	23
Amortisation of right-of-use assets	**149**	82
Audit fees		
- Auditor of the Company	**157**	156
- Other auditors	**41**	52
Depreciation of property, plant and equipment	**354**	363
Lease expenses on:		
- short-term leases	**–**	1
- low value assets	**20**	7
Professional fees	**190**	351

11. Income tax expense

Major components of income tax expense for the financial year are:

	Group	
	2020	2019
	$'000	$'000
Current income tax		
- current financial year	**1,127**	620
- under provision in respect of prior financial years	**389**	–
	1,516	620
Deferred income tax		
- current financial year	**29**	–
- under provision in respect of prior financial years	**79**	–
	108	–
	1,624	620

Reconciliation of effective tax rate

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit before income tax as a result of the following differences:

	Group	
	2020	2019
	$'000	$'000
Profit before income tax	**6,838**	1,983
Share of loss of associate, net of tax	**5**	23
	6,843	2,006
Income tax at the applicable tax rate of 17% (2019: 17%)	**1,163**	341
Tax effect of:		
- Income not taxable for income tax purposes	**(162)**	(153)
- Expenses not deductible for income tax purposes	**15**	272
Effect of different tax rates of overseas operations	**152**	(108)
Utilisation of deferred tax assets previously not recognised	**(108)**	–
Under provision for income tax in respect of prior years	**468**	–
Deferred tax assets not recognised during the financial year	**–**	262
Foreign tax on dividend income	**–**	10
Others	**96**	(4)
	1,624	620

12. Earnings per share (cents)

Basic earnings per share is calculated by dividing net profit for the financial year attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial year. For the calculation of diluted earnings per share, the profit for the year attributable to the owners of the parent and the weighted average number of ordinary shares are adjusted for the effects of dilutive potential ordinary shares assuming all options have been converted or exercised.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2020	2019
Earnings ($'000)		
Profit for the year attributable to owners of the parent (for the purpose of basic and diluted earnings per share)	**5,592**	2,033
Number of shares ('000)		
Number of shares	496,859	496,159
Weighted average number of ordinary shares		
- Basic	496,845	496,159
Basic earnings per share (cents)	1.13	0.41

The diluted earnings per share for the financial years ended 31 December 2020 and 2019 are the same as the basic earnings per share as the potential ordinary shares as disclosed in Note 35 to the financial statements are anti-dilutive because the average market prices during the respective periods were below the respective exercise prices.

13. Property, plant and equipment

Group	Leasehold buildings $'000	Construction in Progress $'000	Leasehold improvements $'000	Machinery, furniture and equipment $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 January 2020	4,391	–	6,327	44,618	691	56,027
Additions	–	12,948	18	2,613	7	15,586
Written off	–	–	–	(58)	(52)	(110)
Disposal	–	–	–	–	(8)	(8)
Currency realignment	211	–	86	(699)	(63)	(465)
At 31 December 2020	4,602	12,948	6,431	46,474	575	71,030
Accumulated depreciation						
At 1 January 2020	654	–	5,032	38,500	649	44,835
Depreciation charge for the year	220	–	289	1,947	27	2,483
Written off	–	–	–	(12)	(52)	(64)
Disposal	–	–	–	–	(8)	(8)
Currency realignment	35	–	(72)	(582)	(63)	(682)
At 31 December 2020	909	–	5,249	39,853	553	46,564
Net carrying amount						
At 31 December 2020	3,693	12,948	1,182	6,621	22	24,466

Group	Leasehold Buildings $'000	Leasehold improvements $'000	Machinery, furniture and equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2019	4,510	6,333	43,571	681	55,095
Additions	–	97	1,787	20	1,904
Disposal of controlling interest in a subsidiary (Note 18)	–	–	(31)	–	(31)
Currency realignment	(119)	(103)	(709)	(10)	(941)
At 31 December 2019	4,391	6,327	44,618	691	56,027
Accumulated depreciation					
At 1 January 2019	453	4,804	37,402	617	43,276
Depreciation charge for the year	218	307	1,684	42	2,251
Disposal of controlling interest in a subsidiary (Note 18)	–	–	(4)	–	(4)
Currency realignment	(17)	(79)	(582)	(10)	(688)
At 31 December 2019	654	5,032	38,500	649	44,835
Net carrying amount					
At 31 December 2019	3,737	1,295	6,118	42	11,192

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

13. Property, plant and equipment (Continued)

The construction-in-progress relate to capital expenditure for a new factory building in Batam Indonesia.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial year were financed as follows:-

	Group	
	2020	2019
	$'000	$'000
Additions to property, plant and equipment	**15,586**	1,904
Deposits	**(5,371)**	–
Other payables	**(4,357)**	–
Cash payments to acquire property, plant and equipment	**5,858**	1,904

14. Intangible assets

	Group	
	2020	2019
	$'000	$'000
Computer software		
Cost		
At 1 January	**248**	245
Additions	**–**	5
Currency realignment	**(2)**	(2)
At 31 December	**246**	248
Accumulated amortisation		
At 1 January	**218**	197
Amortisation	**17**	23
Currency realignment	**(2)**	(2)
At 31 December	**233**	218
Carrying amount		
At 31 December	**13**	30

The amortisation of intangible assets is included in "administrative expenses" line item in profit or loss.

15. Right-of-use assets

Group	Leasehold lands, office premises and warehouse $'000	Equipment $'000	Machinery $'000	Total $'000
Cost				
Balance at 1 January 2020	1,336	37	–	1,373
Additions	1,596	–	104	1,700
Amortisation charge	(1,278)	(19)	(6)	(1,303)
Currency realignment	(16)	2	–	(14)
Balance at 31 December 2020	1,638	20	98	1,756
Balance at 1 January 2019				
- Adoption of SFRS(I) 16	2,198	56	–	2,254
Additions	352	–	–	352
Amortisation charge	(1,205)	(19)	–	(1,224)
Currency realignment	(9)	–	–	(9)
Balance at 31 December 2019	1,336	37	–	1,373

Restrictions

Included in the above, machinery with carrying amount of $98,000 (2019: $Nil), is secured over the lease liabilities of $87,000 (2019: $Nil) as at 31 December 2020. The machinery will be seized and returned to lessor in the event of default in repayment by the Group.

16. Land use rights

	Group 2020 $'000	Group 2019 $'000
Cost		
At 1 January	**1,594**	1,637
Currency realignment	**76**	(43)
At 31 December	**1,670**	1,594
Accumulated amortisation		
At 1 January	**230**	182
Amortisation	**55**	54
Currency realignment	**12**	(6)
At 31 December	**297**	230
Carrying amount		
At 31 December	**1,373**	1,364

At 31 December 2020, the Group has land use rights over 1 plot (2019: 1 plot) of state-owned land in China where the Group's operations reside. The land use rights are non-transferable and have remaining tenure of 44 years (2019: 45 years).

17. Exploration and evaluation assets

	West Jambi[1] $'000
Group	
Cost	
As at 1 January 2020 and 31 December 2020	2,999
Accumulated impairment loss	
As at 1 January 2020 and 31 December 2020	2,999
Carrying amount	
As at 31 December 2020	–

	West Jambi[1] $'000	Trembul[2] $'000	Total $'000
Group			
Cost			
As at 1 January 2019	2,999	12,973	15,972
Additions	–	389	389
Disposal of controlling interest in a subsidiary (Note 18)	–	(13,433)	(13,433)
Currency realignment	–	71	71
As at 31 December 2019	2,999	–	2,999
Impairment loss			
As at 1 January 2019 and 31 December 2019	2,999	–	2,999
Carrying amount			
As at 31 December 2019	–	–	–

(1) The Group through its wholly-owned subsidiary, GSS Energy Sumatra Limited ("GESL"), entered into an Investment Agreement between Ramba Energy West Jambi Limited ("REWJ") and Ramba Energy Exploration Limited ("REEL") to fund drilling cost for exploration of 2 wells in West Jambi, Sumatra, Indonesia up to US$6.0 million for a period up to 30 September 2018.

In the previous financial year, the Group carried out an impairment assessment of the recoverable amount of West Jambi project in the oil and gas segment. The exploration and drilling right expired on 30 September 2018 and has not been formally extended. The Group has not been provided with budget or future plan of the project. In view of the uncertainty surrounding the project, the Group has fully impaired the investment cost and recognised impairment loss of $2,999,000 in other expenses. The recoverable amount of the investment has been determined to be $Nil, on the basis of fair value less cost of disposal. The impairment loss is based on the fair value hierarchy of Level 3.

(2) As of 31 December 2019, the Group entered into a sale and purchase agreement with Oakhurst Investment Pte. Ltd. to dispose of 80 Class A ordinary shares representing 80% of the issued and paid-up share capital in its wholly owned subsidiary, GSS Energy Trembul Limited ("GETL") and its subsidiary which constitutes a disposal of controlling interest and subsequently accounted it as investment in an associate. The Group's exploration and evaluation assets were derecognised as a result of the disposal.

18. Investment in subsidiaries

	Company	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost	**16,343**	44,340
Allowance for impairment losses	**(80)**	(15,657)
	16,263	28,683

Movement in unquoted equity shares, at cost was as follows:

	Company	
	2020	2019
	$'000	$'000
Balance at beginning of financial year	**44,340**	44,340
Share capital reduction by subsidiary GSS*	**(12,340)**	–
Struck off of subsidiaries	**(15,657)**	–
Balance at end of financial year	**16,343**	44,340

Movement in allowance for impairment loss was as follows:

	Company	
	2020	2019
	$'000	$'000
Balance at beginning of financial year	**15,657**	15,657
Impairment loss recognised during the financial year	**80**	–
Impairment written off upon struck off of a subsidiary	**(15,657)**	–
Balance at end of financial year	**80**	15,657

During the financial year, the Company carried out a review of the recoverable amount of its investment in Nusantara Resources Pte. Ltd. due to the losses reported by this subsidiary which is dormant during the financial year. The review led to the recognition of full impairment loss of approximately $80,000 (2019: $Nil) in the investment in this subsidiary. This impairment loss had been recognised in the Company's profit or loss.

18. Investment in subsidiaries (Continued)

Details of subsidiaries:

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2020	2019	**2020**	2019
		%	%	**%**	%
Held by the Company					
Giken Sakata (S) Limited[1] (Singapore)	Manufacture and sale of microshafts and other precision parts and assembly of mechanisms used in computers and a range of electronic products	**100**	100	**–**	–
GSS Energy Sumatra Limited[4] (British Virgin Island)	Investment holding	**100**	100	**–**	–
GSS Energy Oilfield Management Limited[5][b] (British Virgin Island)	Dormant	**–**	100	**–**	–
GSS Energy Investment Holdings Limited[5][b] (British Virgin Island)	Investment holding	**–**	100	**–**	–
Nusantara Resources Pte. Ltd. [4] (Singapore)	Dormant	**100**	100	**–**	–
Held by Giken Sakata (S) Limited					
Changzhou Giken Precision Co., Ltd.[3] (People's Republic of China)	Manufacture and sale of microshafts and other precision parts	**100**	100	**–**	–
Giken Precision Engineering (S) Pte. Ltd.[1] (Singapore)	Manufacture of basic precious and non-ferrous metal products	**100**	100	**–**	–

18. Investment in subsidiaries (Continued)

Details of subsidiaries: (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2020	2019	**2020**	2019
		%	%	**%**	%
Held by Giken Sakata (S) Limited (Continued)					
P.T. Giken Precision Indonesia[2] (Indonesia)	Assembly of mechanisms and manufacture of precision parts used in computers and a range of electronic products	**100**	100	**–**	–
Turbo Charge Limited[4] (British Virgin Island)	Investment holding	**80**	80	**20**	20
P.T. Giken Technology Indonesia[4] (Indonesia)	Dormant	**100**	100	**–**	–
Giken Trading (S) Pte. Ltd.[1] (Singapore)	Sale and distribution of consumer electronics and other products	**100**	100	**–**	–
PT Gading Prima Indo[4] (Indonesia)	Sale and distribution of consumer electronics	**100**	100	**–**	–
I-Motor Asia Limited[4] (British Virgin Island)	Manufacture and distribution of motorcycles	**51**	51	**49**	49
Giken Mobility Pte. Ltd.[1][c] (Singapore)	Manufacture and assembly of motorcycles and scooters	**100**	–	**–**	–
Held by Changzhou Giken Precision Co., Ltd					
Changzhou Giken Technology Co., Ltd.[3] (People's Republic of China)	Manufacture and sale of moulding parts and assembly of mechanisms used in computers and a range of electronic products	**100**	100	**–**	–
Changzhou Giken Import & Export Co., Ltd[3] (People's Republic of China)	Manufacture and sale of microshafts and other precision parts	**100**	100	**–**	–

18. Investment in subsidiaries (Continued)

Details of subsidiaries: (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2020	2019	**2020**	2019
		%	%	**%**	%
Held by Turbo Charge Limited					
Turbo Charge (S) Pte. Ltd.[1] (Singapore)	Sale and distribution of consumer electronics	**80**	80	**20**	20
Turbo Charge (M) Sdn. Bhd.[6][a] (Malaysia)	Sale and distribution of consumer electronics	**–**	80	**–**	20
Held by I-Motor Asia Limited					
I-Motor Korea Co., Ltd[4] (Republic of Korea)	Manufacture and distribution of motor bike	**100**	100	**–**	–
Held by Giken Mobility Pte. Ltd.					
GEV Pte. Ltd.[4][d] (Singapore)	Investment in electronic vehicles (EV) sector, market and promote EV total solution including providing advisory or solution on manufacture and assemble electric bikes, swapping and charging stations and software development	**51**	–	**49**	–

(1) Audited by BDO LLP, Singapore.

(2) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited, for consolidation purposes.

(3) Audited by Shu Lun Pan Certified Public Accountants, PRC, a member firm of BDO International Limited, for consolidation purposes.

(4) Not required to be audited and not considered as a significant subsidiary under Rule 718 of the SGX-ST Listing Manual

(5) Struck off on 1 November 2020

(6) Struck off on 18 September 2020

**Decrease in share capital in a subsidiary*

On 2 January 2020, the Company reduced its investment in Giken Sakata (S) Limited ("GSS") amounted to $12,340,000 as a result of share capital reduction carried out by GSS, which satisfied by offsetting the amount of $12,340,000 owing by the Company to GSS.

18. Investment in subsidiaries (Continued)

Struck off of subsidiaries

(a) On 18 September 2020, Turbo Charge (M) Sdn. Bhd. had been struck off. The Company has since derecognised the subsidiary.

(b) On 1 November 2020, GSS Energy Investment Holdings Limited ("GEIHL") and GSS Energy Oilfield Management Limited ("GEOML") had been struck off. The Company has since derecognised the subsidiaries. The investments in GEIHL and GEOML amounted to approximately $15,657,000 and $1 respectively and an impairment of $15,657,000 provided for investment in GEIHL in respect of prior financial year have been derecognised upon struck off of the subsidiaries.

Incorporation of new subsidiaries

(c) On 17 January 2020, the Company's subsidiary, Giken Sakata (S) Limited ("GSS"), incorporated Giken Mobility Pte. Ltd. ("GM"), a wholly-owned subsidiary in Singapore with a registered capital of $100.

(d) On 2 September 2020, GM established GEV Pte. Ltd., a partially-owned subsidiary with 51% equity interest in Singapore with a registered capital of US$102 (equivalent to $135). The remaining 49% equity interest of the subsidiary is held by third parties.

Disposal of controlling interest in a subsidiary

(e) On 17 June 2019, the Company entered into a sale and purchase agreement with Oakhurst Investment Pte. Ltd. to dispose of 80 Class A ordinary shares representing 80% of the issued and paid up share capital in its wholly owned subsidiary, GSS Energy Trembul Limited ("GETL") and its subsidiary, P.T. Sarana GSS Trembul ("PTSGT") for a consideration of US$1. As at previous financial year ended 31 December 2019, the investment in GETL and its subsidiary is accounted as investment in an associate company.

Following the disposal of shareholding in GETL, the remaining interest in GETL and its subsidiary is accounted for as investment in an associate and amount due from an associate as at 31 December 2019.

The effect of disposal as at the date of disposal were:

	Carrying amount $'000
Plant and equipment	27
Exploration and evaluation assets (Note 17)	13,433
Inventories	756
Other receivables	1,236
Cash and cash equivalent	287
Total assets	15,739
Other payable and accruals	3,666
Amount owing to immediate holding company	9,619
Total liabilities	13,285
Retained earnings as at date of disposal	2,454
Non-controlling interest as at date of disposal	337
Net identified assets disposed of	2,791

18. Investment in subsidiaries (Continued)

The effect of disposal on cash flows are as follows:

	Carrying amount $'000
Net identified assets disposed of (as above)	2,791
Fair value of interest retained (Note 19)	(2,791)
Gain on disposal	–
Less: Cash and cash equivalents disposal	(287)
Net cash flow on disposal	(287)

19. Investment in an associate

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Equity shares, at cost	**2,791**	2,791	**2,791**	2,791
Share of reserves of associate, net of tax	**(28)**	(23)	**–**	–
	2,763	2,768	**2,791**	2,791
Non-current				
Due from an associate (non-trade)	**9,392**	9,392	**9,392**	9,392

In the previous financial year, the Company capitalised the amount due from GSS Energy Trembul Limited ("GETL") and its subsidiary, P.T. Sarana GSS Trembul ("PTSGT") amounting to $6,692,000 (Note 36), representing 20 Class B ordinary shares of GETL, prior to the disposal of controlling interest in GETL. On 17 June 2019, the Company entered into a sale and purchase agreement with Oakhurst Investment Pte. Ltd. ("Oakhurst") to dispose of 80 Class A ordinary shares representing 80% of the issued and paid-up share capital in its wholly owned subsidiary, GETL and its subsidiary, PTSGT which constitutes a disposal of controlling interest. Following the disposal of shareholding in GETL, the investment in GETL is accounted as investment in an associate company with cost amounting to $2,791,000 and $9,392,000 in amount due from an associate ("remaining interest"). The associate continues to engage in exploration of oil & gas in Indonesia.

The amount due from an associate forms part of the Group's and the Company's net investment in an associate and is non-trade in nature, unsecured, non-interest bearing and has no fixed terms of repayment. The settlement of such balances is not planned and is dependent upon the generation of revenue from the evaluation and exploration asset.

During the financial year, the associate has secured an extension of the exploration period from February 2020 to February 2022. The associate engaged in the exploration of oil and gas in Indonesia. The impairment assessment of the Group's and the Company's investment in the associate is based on the progress of the exploration project including but not limited to the future plans for the evaluation and exploration projects. Management has made the assessment in relation to these factors and concluded that there is no impairment loss as at 31 December 2020.

The Group and the Company have reviewed the expected credit loss in accordance with SFRS(I) 9 and concluded there has been no significant increase in credit risk since the initial recognition based on the progress of the exploration project. The amount due from the associate is measured at 12-month expected credit loss model and subject to immaterial credit loss.

19. Investment in an associate (Continued)

The details of the associate is as follows:

Name of associate (Country of incorporation and principal place of business)	Principal activities	Portion of ownership interest held by the Group	
		2020	2019
		%	%
GSS Energy Trembul Limited [(1)] (British Virgin Island)	Investment holding	**20**	20

(1) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited for consolidation purpose

The primary business of GETL and its subsidiary, P.T. Sarana GSS Trembul (Indonesia) is in alignment with the Group's oil and gas segments.

Set out below are the summarised financial information of the Group's significant associate:

Summarised statement of financial position as at 31 December	2020	2019
	$'000	$'000
GETL		
Current assets	**3,669**	3,733
Non-current assets	**13,691**	13,810
Current liabilities	**(3,106)**	(3,595)
Non-current liabilities	**(11,976)**	(11,671)

Summarised statement of comprehensive income for the financial year ended 31 December	2020	2019
	$'000	$'000
Revenue	**–**	–
Loss	**(33)**	(675)
Other comprehensive income	**–**	(189)
Total comprehensive income	**(33)**	(864)

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts), adjusted for fair value adjustments and differences in accounting policies between the Group and the associate.

20. Deferred tax assets/(liabilities)

	Group	
	2020	2019
	$'000	$'000
Deferred tax assets	**37**	–
Deferred tax liabilities	**(108)**	–

Deferred tax assets

Movement in deferred tax assets are as follows:

	Group	
	2020	2019
	$'000	$'000
Balance at beginning of financial year	**–**	–
Credited to profit or loss	**37**	–
Balance at end of financial year	**37**	–

Deferred tax assets are attributable to the following temporary differences:

	Group	
	2020	2019
	$'000	$'000
Unutilised tax losses	**37**	–

Deferred tax assets are attributable to temporary differences arising from unutilised tax losses of approximately $148,000 (2019: $Nil) which are available for set-off against future taxable profits subject to the agreement by the tax authorities and provisions of tax legislations of the People's Republic of China ("PRC"). The expiry date for tax losses arising in certain foreign tax jurisdiction is as follows:

		Group	
Year incurred	**Year of expiry**	**2020**	2019
		$'000	$'000
2020	2030	**367**	–

Deferred tax liabilities

Movement in deferred tax liabilities are as follows:

	Group	
	2020	2019
	$'000	$'000
Balance at beginning of financial year	**–**	–
Charged to profit or loss	**(108)**	–
Balance at end of financial year	**(108)**	–

20. Deferred tax assets/(liabilities) (Continued)

Deferred tax liabilities (Continued)

Deferred tax liabilities arising from the aggregate amount of temporary differences associated with undistributed earnings of certain subsidiaries for which is estimated by the management to be distributed in the future.

As at 31 December 2020, total unremitted earnings of certain subsidiaries in the PRC and Indonesia amounted to approximately $20,433,000. Management estimates that only Changzhou Giken Precision Co., Ltd in PRC's unremitted earnings will be distributed as dividends in the foreseeable future. As at 31 December 2020, a deferred tax liability of approximately $108,000 (2019: $Nil) was recognised on the withholding tax that would be payable.

No deferred tax liabilities have been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries, as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future.

Unremitted earnings totalled $18,262,000 (2019: $16,233,000) as at 31 December 2020.

Unrecognised deferred tax assets

	Group	
	2020	2019
	$'000	$'000
At beginning of financial year	**475**	350
Utilisation of deferred tax assets previously not recognised	**(108)**	–
Deferred tax assets not recognised during the financial year	**–**	262
Over provision of unrecognised deferred tax assets in respect of prior financial year	**–**	(137)
At end of financial year	**367**	475

Unrecognised deferred tax assets are attributable to:

	Group	
	2020	2019
	$'000	$'000
Unabsorbed capital allowances on plant and equipment	**47**	47
Unutilised tax losses	**320**	428
	367	475

At the end of the financial year, the Group had unutilised tax losses of approximately $2,672,000 (2019: $2,735,000) which is available for set-off against future taxable profits. These deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.8 to the financial statements.

The realisation of the future income tax benefits from unutilised tax loss and temporary differences from unabsorbed capital allowances is available for an unlimited future period and subject to the conditions imposed by law including the retention of majority shareholders as defined.

21. Goodwill

	Group	
	2020	2019
	$'000	$'000
Cost		
At beginning and end of the financial year	**112**	112

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following segments:

	Group	
	2020	2019
	$'000	$'000
Microshafts		
China	**112**	112

22. Due from/(to) subsidiaries

Due from subsidiaries

	Company	
	2020	2019
	$'000	$'000
Non-current		
Due from subsidiaries (non-trade)	**3,303**	3,313
Allowance for impairment loss	**(3,298)**	(3,132)
	5	181

The non-current amount due from subsidiaries is non-trade in nature, unsecured, non-interest bearing and settlement is neither planned nor likely to occur in the foreseeable future. As the amount was, in substance, a part of the Company's net investments in subsidiaries, it was stated at cost less impairment.

The currency profile of amount due from subsidiaries at each reporting date is United States dollar.

Due to a subsidiary

The amount due to a subsidiary is non-trade in nature, non-interest bearing, repayable on demand and is expected to be settled in cash.

The currency profile of amount due to a subsidiary at each reporting date is Singapore dollar.

23. Inventories

	Group	
	2020	2019
	$'000	$'000
Finished goods	**2,655**	2,393
Work-in-progress	**1,186**	1,117
Raw materials	**10,807**	7,940
	14,648	11,450

The Group's cost of inventories recognised as expense under "cost of sales" to the Group's profit or loss during the financial year amounted to $62,557,000 (2019: $51,846,000).

During the financial year, the Group has written off approximately $45,000 (2019: $18,000) of its inventories. The written off is recognised in the Group's profit or loss under "cost of sales".

24. Trade receivables

	Group	
	2020	2019
	$'000	$'000
Trade receivables – third parties	**37,746**	22,589
Notes receivables	**223**	281
	37,969	22,870

Trade receivables from third parties are non-interest bearing and are generally on 30 to 95 (2019: 30 to 95) days credit terms.

Notes receivables are secured by bank guarantee, non-interest bearing and recoverable within 180 days (2019: 180 days).

The currency profiles of trade receivables at each reporting date are as follows:

	Group	
	2020	2019
	$'000	$'000
Singapore dollar	**3,677**	1,465
United States dollar	**28,742**	16,884
Chinese renminbi	**3,989**	4,086
Indonesia rupiah	**809**	297
Korean won	**501**	–
Euro	**171**	115
Others	**80**	23
	37,969	22,870

25. Other receivables and deposits

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Non-current				
Deposits	**–**	3,446	**–**	–
Current				
Other receivables - third parties	**180**	146	**3**	–
Advance payment	**2,548**	591	**–**	–
Deposits	**270**	2,894	**–**	–
Government grant receivables	**75**	–	**4**	–
	3,073	3,631	**7**	–
Total other receivables and deposits	**3,073**	7,077	**7**	–

The Group's non-current deposits were attributable to deposits paid for purchase of land and construction of new factory building in Batam, Indonesia. During the financial year, the construction of the new factory building commenced and accordingly, the amount was reclassified to construction-in-progress.

Government grant receivables relate to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management evaluated the Company is impacted from April 2020 onwards following the circuit-breaker measures, hence grant income is recognised in the profit or loss on a systematic basis over the fourteen months period of economic uncertainty from April 2020 to May 2021.

The currency profiles of other receivables and deposits at each reporting date are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**193**	95	**7**	–
Chinese renminbi	**870**	211	**–**	–
United States dollar	**1,668**	1,105	**–**	–
Indonesia rupiah	**–**	5,433	**–**	–
Korean won	**184**	229	**–**	–
Others	**158**	4	**–**	–
	3,073	7,077	**7**	–

26. Due from a related party

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Due from a related party (non-trade)	**282**	223	**–**	–

The related party is an entity where one of the Company's directors has beneficial interests.

Amount due from a related party is non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The currency profile of amount due from a related party at each reporting date is United States dollar.

27. Short-term investments

	Group	
	2020	2019
	$'000	$'000
Short-term investments	**608**	966

The short-term investments represent interest bearing short-term deposits placed with financial institutions with credit rating of AA to A, for average period of 3 months. These deposits are invested in various marketable financial instruments such as securities and bonds by the financial institutions.

The average effective interest rate of the short-term investments range from 2.80% to 3.10% (2019: 2.95% to 3.40%) per annum.

In previous financial year, the short-term investments were accounted for as financial assets at amortised cost as the investments were principal guaranteed by the financial institutions. In the current financial year, the investments were measured, based on FVTPL.

The currency profile of short-term investments at each reporting date is Chinese renminbi.

28. Cash and bank balances

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**6,759**	6,757	**6**	21
Short-term deposits	**305**	831	**–**	–
	7,064	7,588	**6**	21
Less: Bank deposits pledged	**–**	(337)	**–**	–
Cash and cash equivalents for purpose of consolidated statement of cash flows	**7,064**	7,251	**6**	21

28. Cash and bank balances (Continued)

Short-term deposits

Short-term deposits are made for varying periods of between 1 month to 1 year (2019: 1 month to 1 year) depending on the immediate cash requirement of the Group and earns effective interest rates ranging from 2.35% to 3.10% (2019: 3.00% to 3.35%) per annum. Those deposits (excluding pledged deposits) are freely convertible to cash as and when such funds are required and will mature within the next 3-6 months (2019: within the next 3 months).

In previous financial year, bank deposits of the Group amounting to $337,000 were pledged to bank to secure short-term bank loans granted to a subsidiary (Note 32).

The currency profiles of cash and bank balances at each reporting date are as follows:

	Group		**Company**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**999**	1,898	**3**	15
Chinese renminbi	**3,215**	2,876	**–**	–
Indonesian rupiah	**668**	687	**–**	–
United States dollar	**2,036**	2,068	**3**	6
Others	**146**	59	**–**	–
	7,064	7,588	**6**	21

Significant restrictions

Cash and bank balances of $3,218,000 (2019: $2,876,000) in Chinese renminbi held in People's Republic of China ("PRC") are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

29. Trade payables

Trade payables are non-interest bearing and are normally settled in 30 to 90 (2019: 30 to 90) days credit terms.

The currency profiles of trade payables at each reporting date are as follows:

	Group	
	2020	2019
	$'000	$'000
Singapore dollar	**2,961**	2,449
United States dollar	**12,435**	5,959
Japanese yen	**27**	26
Korean won	**1,002**	1,006
Chinese renminbi	**2,486**	2,738
Indonesian rupiah	**1,770**	2,379
	20,681	14,557

30. Other payables and accruals

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Non-current				
Other payable	**1,658**	–	**–**	–
Current				
Other payables	**5,047**	1,179	**58**	51
Accrued operating expenses	**4,258**	3,752	**202**	297
Advances received from customers	**68**	427	**–**	–
	9,373	5,358	**260**	348
Total other payables and accruals	**11,031**	5,358	**260**	348

Current other payables are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in other payables is an amount of $4,357,000 that is for the purchase of property, plant and equipment.

The carrying amount of the non-current other payable approximates its fair value due to the insignificant effects of discounting.

The currency profiles of other payables and accruals at each reporting date are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**5,178**	1,700	**260**	348
United States dollar	**2,666**	1,083	**–**	–
Chinese renminbi	**1,248**	1,020	**–**	–
Indonesia rupiah	**1,451**	988	**–**	–
Korean won	**449**	566	**–**	–
Others	**39**	1	**–**	–
	11,031	5,358	**260**	348

31. Lease liabilities

	Leasehold lands, office premises and warehouse $'000	Equipment $'000	Machinery $'000	Total $'000
Group				
Balance at 1 January 2020	1,364	37	–	1,401
Additions	1,596	–	104	1,700
Interest expense (Note 9)	65	1	1	67
Lease payments				
- Principal portion	(1,301)	(19)	(17)	(1,337)
- Interest portion	(65)	(1)	(1)	(67)
Currency realignment	(15)	1	–	(14)
Balance at 31 December 2020	1,644	19	87	1,750
Balance at 1 January 2019	2,198	56	–	2,254
Additions	352	–	–	352
Interest expense (Note 9)	113	2	–	115
Lease payments				
- Principal portion	(1,176)	(19)	–	(1,195)
- Interest portion	(113)	(2)	–	(115)
Currency realignment	(10)	–	–	(10)
Balance at 31 December 2019	1,364	37	–	1,401

The maturity analysis of lease liabilities at each reporting date are as follows:

	2020 **$'000**	2019 $'000
Group		
Contractual undiscounted cash flows		
- Not later than a year	**1,203**	1,285
- Between two to five years	**641**	123
	1,844	1,408
Less: Future interest expense	**(94)**	(7)
Present value of lease liabilities	**1,750**	1,401
Presented in the statements of financial position		
- Current	**1,133**	1,250
- Non-current	**617**	151
	1,750	1,401

31. Lease liabilities (Continued)

The Group leases leasehold lands, office premises and warehouse, equipment and machinery in Singapore, Indonesia, China and Korea. As at 31 December 2020, the average incremental borrowing rate applied in the lease was 3.20% (2019: 3.61%).

As at 31 December 2020, the Group leased a machinery under finance lease and the discount rate implicit in finance lease was 3.52%.

The Group's lease liabilities of $87,000 (2019: $Nil) are secured by the leased assets (Note 15), which will be repossessed by the lessors in the event of default in repayment by the Group.

The currency profiles of lease liabilities at each reporting date are as follows:

	Group	
	2020	2019
	$'000	$'000
Singapore dollar	**1,655**	1,194
Chinese renminbi	**21**	38
Korean won	**74**	169
	1,750	1,401

32. Loans and borrowings

	Group	
	2020	2019
	$'000	$'000
Non-current		
Term loans	**4,382**	–
Current		
Trust receipts	**6,432**	3,754
Short-term bank loans	**1,758**	1,740
Term loans	**617**	–
	8,807	5,494
Total loans and borrowings	**13,189**	5,494

The effective interest rates per annum of the loans and borrowings are as follows:

	Group	
	2020	2019
	%	%
Trust receipts	**1.5 - 2**	1.5 - 2
Short-term bank loans	**2 - 4.75**	1 - 3
Term loans	**2.75 - 4.55**	–

Trust receipts are repayable within 30 to 180 days (2019: 30 to 180 days) and are secured by trade receivable invoices of US$4,850,000 (equivalent to $6,432,000) (2019: US$3,127,000, equivalent to $4,208,000).

32. Loans and borrowings (Continued)

Short-term bank loans are repayable on demand.

Term loans are mainly temporary bridging loan under the Enterprise Financing Scheme for working capital requirements. The government of Singapore introduced a general financial support scheme in response to the economic impacts of the COVID-19 coronavirus pandemic.

Loans and borrowings are secured by corporate guarantee provided by the Company (Note 41).

The carrying amount of the Group's term loans approximates the fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

As at each reporting date, the Group has banking facilities as follows:

	Group	
	2020	2019
	$'000	$'000
Banking facilities granted	**20,115**	13,115
Banking facilities utilised	**13,189**	5,494

The currency profiles of loans and borrowings at each reporting date are as follows:

	Group	
	2020	2019
	$'000	$'000
Singapore dollar	**6,499**	1,000
United States dollar	**6,690**	4,494
	13,189	5,494

33. Retirement benefit obligations

	Group	
	2020	2019
	$'000	$'000
Retirement gratuities	**238**	227
Employee service entitlement benefits	**1,602**	1,499
	1,840	1,726

33. Retirement benefit obligations (Continued)

Retirement gratuities

Retirement gratuities is calculated based on employment scheme according to Japanese Expatriates Termination Handbook:

	Group	
	2020	2019
	$'000	$'000
At beginning of the financial year	**227**	206
Currency realignment	**11**	21
At end of the financial year	**238**	227

Employee service entitlement benefits

The Group has defined benefit plan (the "Plan") and made provision for employee benefits for all its permanent employees of a subsidiary as required under the Labour Law No. 13/2003, Indonesia. The number of employees entitled to the benefits as at 31 December 2020 is 241 (2019: 253).

The Plan is funded by P.T. Giken Precision Indonesia ("GPI") contribute a certain percentage of employee salaries to P.T. Asuransi Jiwa Manulife Indonesia ("Manulife"). The fund is administered by Manulife.

The Plan is exposed to a number of risks:

i) Investment risk : movement of discount rate used for defined benefit obligation;

ii) Salary risk : increase in future salaries increasing the gross defined benefit obligation;

iii) Interest rate risk : decrease/increase in the discount rate used will increase/decrease the defined benefit obligation; and

iv) Longevity risk : changes in the estimation of mortality rates of current and former employee.

The provision for employee benefit is calculated by an external independent actuary, PT Tama Aktuaria (2019: PT Tama Aktuaria) using the "Projected Unit Credit Method".

The principal actuarial assumptions used in determining the present value of the defined employee benefits include:

	Group	
	2020	2019
Annual discount rate	**6.36%**	7.51%
Annual salary growth rate	**0.5%**	1.5%
Mortality rate	**0.1%**	0.1%
Turnover rate	**1.0%**	1.0%
Normal retirement age	**55 years**	55 years

33. Retirement benefit obligations (Continued)

Employee service entitlement benefits (Continued)

The amount recognised in the statements of financial position is determined as follow:

	Group	
	2020	2019
	$'000	$'000
Defined benefit plan		
Present value of defined benefit obligation	**1,792**	1,781
Fair value of the Plan assets	**(190)**	(282)
Net defined benefit liabilities	**1,602**	1,499

Reconciliation of defined benefit obligation:

	Group	
	2020	2019
	$'000	$'000
At beginning of financial year	**1,781**	1,506
Discharge of obligation due to resignation	**(75)**	(88)
Included in profit or loss		
Current service costs	**92**	96
Interest costs	**105**	105
Expectations of return on program	**(3)**	(4)
Amount recognised as expenses	**194**	197
Included in other comprehensive income		
Remeasurement of post-employment benefits from:		
- Demographic assumptions	**91**	133
- Financial assumptions	**60**	60
Net actuarial losses recognised	**151**	193
Others		
Effects of movements in exchange rates	**(147)**	65
Benefits paid	**(112)**	(92)
At end of the financial year	**1,792**	1,781

33. Retirement benefit obligations (Continued)

Employee service entitlement benefits (Continued)

Reconciliation of fair value of the Plan assets:

	Group	
	2020	2019
	$'000	$'000
At beginning of financial year	**(282)**	(182)
Included in profit or loss		
Interest costs	**5**	4
Included in other comprehensive income		
Return on plan assets (excluding interest)	**(87)**	(15)
Others		
Effects of movements in exchange rates	**5**	(3)
Employer contributions	**(82)**	(89)
Benefits paid	**251**	3
	174	(89)
At end of the financial year	**(190)**	(282)

The fair value of the premium invested by Manulife is analysed as follow:

	Group	
	2020	2019
	$'000	$'000
Fixed income	**103**	147
Syariah fund	**87**	135
	190	282

Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumption	**Reasonably possible change**	**Defined benefit obligation Increase by**	**Decrease by**
		$'000	**$'000**
Group			
2020			
Discount rate	6.36% (+/- 1%)	1,674	1,935
Wages and salary growth rate	0.5% (+/- 1%)	1,935	1,673
Mortality rate	0.1% (+/- 1%)	1,851	1,740
Turnover rate	1.0% (+/- 1%)	1,851	1,740
Retirement age	55 (+/- 1%)	1,771	1,938

33. Retirement benefit obligations (Continued)

Employee service entitlement benefits (Continued)

Sensitivity analysis (Continued)

Actuarial assumption	Reasonably possible change	Defined benefit obligation Increase by $'000	Defined benefit obligation Decrease by $'000
Group			
2019			
Discount rate	7.51% (+/- 1%)	1,632	1,879
Wages and salary growth rate	1.5% (+/- 1%)	1,893	1,619
Mortality rate	0.1% (+/- 1%)	1,812	1,682
Turnover rate	1.5% (+/- 1%)	1,811	1,682
Retirement age	55 (+/- 1%)	1,733	1,882

The average duration of the post-employment benefits at the end of the financial year is 12 years (2019: 14 years).

34. Share capital

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares			
	'000	'000	$'000	$'000
Issued and paid-up:				
At beginning and end of the financial year	**496,159**	496,159	**58,522**	58,522
Issuance of share capital:				
- Exercise of share options (Note 35)	**700**	–	**69**	–
At end of financial year	**496,859**	496,159	**58,591**	58,522

The Group and the Company have one class of ordinary shares which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

35. Other reserves

Other reserves comprise the following:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Equity non-controlling interest	**132**	132	**–**	–
Foreign currency translation reserve	**(378)**	(1,126)	**–**	–
Share options reserve	**3,724**	3,608	**3,724**	3,608
Statutory reserve	**1,352**	1,282	**–**	–
	4,830	3,896	**3,724**	3,608

Equity non-controlling interest

The equity non-controlling interest is the effect of transaction with non-controlling interest where there is no change in control.

Foreign currency translation reserve

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

	Group	
	2020	2019
	$'000	$'000
At 1 January	**(1,126)**	(192)
Exchange differences arising from translation of foreign operations	**748**	(934)
At 31 December	**(378)**	(1,126)

Share options reserve

The share options reserve represents the value of service received from employees of the Group and the Company relating to equity settled share-based payment transactions.

As disclosed in Directors' Statement Note 5, the Board of Directors and GSS Energy Limited Executives' Share Option Scheme Committee approved and granted two equity-settled share-based payment option to Directors of the Company, Directors of subsidiaries and certain senior management to subscribe for ordinary shares of the Company. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited on the grant date; or may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. If the options, after the vesting period, remain unexercised before the expiry date, the options expire. The options will lapse or forfeited if the individual leaves before the options vest.

35. Other reserves

Share options reserve (Continued)

Detail of the share options outstanding at the end of the financial year are as follows:

Date granted	Balance at 1 January '000	Exercised '000	Cancelled/ Lapsed '000	Balance at 31 December '000	Exercise price $	Exercise period
2020						
27 February 2017	2,800	–	–	2,800	0.09856	27 Feb 2019 to 26 Feb 2022
27 February 2017	1,400	(700)	(700)	–	0.09856	27 Feb 2019 to 26 Feb 2022
24 April 2017	7,400	–	–	7,400	0.09856	27 Feb 2019 to 26 Feb 2022
23 February 2018	1,150	–	–	1,150	0.12512	23 Feb 2020 to 22 Feb 2021
23 February 2018	16,073	–	–	16,073	0.12512	23 Feb 2020 to 22 Feb 2023
	28,823	(700)	(700)	27,423		
2019						
27 February 2017	10,000	–	(10,000)	–	0.12320	27 Feb 2018 to 26 Feb 2022
27 February 2017	28,400	–	(25,600)	2,800	0.09856	27 Feb 2019 to 26 Feb 2022
27 February 2017	1,400	–	–	1,400	0.09856	27 Feb 2019 to 26 Feb 2022
24 April 2017	7,400	–	–	7,400	0.09856	27 Feb 2019 to 26 Feb 2022
23 February 2018	1,150	–	–	1,150	0.12512	23 Feb 2020 to 22 Feb 2021
23 February 2018	25,073	–	(9,000)	16,073	0.12512	23 Feb 2020 to 22 Feb 2023
	73,423	–	(44,600)	28,823		

27,423,000 (2019: 11,600,000) shares had vested and are exercisable at the end of the financial year.

During the financial year, 700,000 (2019: Nil) options were exercised for the equity-settled share option scheme and 700,000 (2019: 44,600,000) options lapsed due to expiry (2019: resignation of a director).

The weighted average share price at the date the options were exercised during the financial year is $0.09856.

The exercise price of options outstanding at 31 December 2020 ranged between $0.09856 and $0.12512 (2019: $0.09856 and $0.12512). The options outstanding at end of the reporting period have remaining contractual life of 0.5 to 2.5 years (2019: 1.5 to 3.5 years).

The Group and the Company recognised share-based payment expenses and a corresponding share option reserve of $116,000 (2019: $861,000) for the financial year ended 31 December 2020.

The Group did not enter into any share-based transactions with parties other than employees during the financial year.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

36. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group's and Company's transactions and arrangements are based on the rates and terms agreed between the parties and the effect of this basis is reflected in these financial statements.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
With a related party				
Payment on behalf of related party	**59**	223	**–**	–
With subsidiaries				
Advances from a subsidiary	**–**	–	**544**	2,210
Capital reduction in the investment in a subsidiary	**–**	–	**12,340**	–
Capitalisation of amount owing to the Company (Note 19)	**–**	6,692	**–**	6,692
Dividends received from a subsidiary	**–**	–	**–**	9,000
Payment on behalf by a subsidiary	**–**	–	**12**	221
Payment made on behalf of subsidiaries	**–**	–	**3**	86
Management fee income	**–**	–	**290**	496
Management expense	**–**	–	**108**	164
Interest charged by a subsidiary	**–**	–	**22**	160
Interest charged to a subsidiary	**–**	–	**–**	87
Advances to a subsidiary	**–**	–	**–**	697

36. Significant related party transactions (Continued)

Compensation of key management personnel

Key management personnel compensation included in employee benefits expense is as follows:

	Group	
	2020	2019
	$'000	$'000
Directors' fees	**88**	72
Salaries, bonuses and allowances	**1,825**	2,061
Provident fund and pension contributions	**102**	108
Employee share options expenses	**116**	861
Total compensation paid to key management personnel	**2,131**	3,102
Comprise amounts paid to:		
- Directors of the Company	**1,370**	2,281
- Other key management personnel	**761**	821
	2,131	3,102

The remuneration of key management personnel is determined by the RC having regard to the performance of individuals and market trends.

37. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including interest income and interest expenses and share of results of equity accounted joint venture.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

37. Segment information (Continued)

The Group's reportable segments are organised on a regional basis into three main operating businesses, namely:

- Mechanisms division
- Microshafts division
- Oil extraction

Mechanisms division provides advanced production technology to multi-national manufacturers in the field of home and car audio entertainment, communication, computer and office automation industries and medical industries.

Microshafts division concentrates on the manufacturing of high precision shafts.

Oil extraction represents the operation of drilling and distribution of oil in Indonesia.

Other operations include marketing and provision of sales support services.

(a) Analysis by business activities

	Mechanisms $'000	Microshafts $'000	Oil extraction $'000	Unallocated segment $'000	Eliminations $'000	Group $'000
31 December 2020						
Revenue						
External customers	96,250	10,126	–	–	–	106,376
Intersegment revenues	20,316	1,356	–	–	(21,672)	–
	116,566	11,482	–	–	(21,672)	106,376
Results:						
Operating profit/(loss)	6,404	1,726	(7)	(1,073)	–	7,050
Interest income						100
Interest expense						(307)
Income tax expense						(1,624)
Non-controlling interests						378
Share of loss of associate						(5)
Net profit to owners of the parent						5,592
Segment assets and liabilities						
Segment assets	68,048	23,528	12,155	24	–	103,755
Total assets						103,755
Segment liabilities	43,136	6,366	–	260	–	49,762
Total liabilities						49,762
Other segment information						
Capital expenditure	(15,324)	(366)	–	–	–	(15,690)
Depreciation and amortisation	(2,590)	(1,269)	–	–	–	(3,859)
Inventories written off	–	(45)	–	–	–	(45)

37. Segment information (Continued)

(a) Analysis by business activities (Continued)

	Mechanisms $'000	Microshafts $'000	Oil extraction $'000	Unallocated segment $'000	Eliminations $'000	Group $'000
31 December 2019						
Revenue						
External customers	75,278	22,272	–	–	–	97,550
Intersegment revenues	16,699	1,953	–	–	(18,652)	–
	91,977	24,225	–	–	(18,652)	97,550
Results:						
Operating profit/(loss)	3,141	1,883	(670)	(2,172)	–	2,182
Interest income						126
Interest expense						(302)
Income tax expense						(620)
Non-controlling interests						670
Share of loss of associate						(23)
Net profit to owners of the parent						2,033
Segment assets and liabilities						
Segment assets	43,370	21,140	12,160	31	–	76,701
Total assets						76,701
Segment liabilities	23,559	4,883	–	348	–	28,790
Total liabilities						28,790
Other segment information						
Capital expenditure	(1,859)	(50)	(389)	–	–	(2,298)
Depreciation and amortisation	(2,027)	(1,525)	–	–	–	(3,552)
Inventories written off	(18)	–	–	–	–	(18)

(b) Analysis by geographical activities

Revenues from external customers

Revenue is analysed by the location of the customers and by products and services are disclosed in Note 4 to the financial statements. The revenue from the top three customers of the Group's Mechanisms segment represent approximately $68,719,000 (2019: $57,739,000) of the Group's total revenue.

37. Segment information (Continued)

(b) Analysis by geographical activities (Continued)

Locations of non-current assets

Segment assets and capital expenditure are analysed by location of the assets. Non-current assets consist of property, plant and equipment, intangible assets, right-of-use assets, land use rights, goodwill, investment in an associate and exploration and evaluation assets.

	Non-current assets		**Capital expenditure**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore	**3,869**	3,200	**128**	23
Indonesia	**18,426**	8,123	**15,324**	1,593
China	**7,759**	8,324	**238**	212
Other countries	**429**	638	**–**	470
	30,483	20,285	**15,690**	2,298

38. 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, foreign currency risk and liquidity risk. The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the Chief Executive Officer, Executive Director and Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous reporting period, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

38.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

The Group's major classes of financial assets are trade receivables and cash and bank balances.

As at 31 December 2020, the Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for 1 (2019: 16) customers altogether accounted for 58% (2019: 82%) of trade receivables.

38. Financial risk management objectives and policies (Continued)

38.1 Credit risk (Continued)

Trade receivables

The exposure to credit risk for trade receivables at each reporting date is as follows:

	2020 $'000	2019 $'000
Group		
Not past due	**10,674**	16,262
Past due less than 30 days	**9,370**	5,761
Past due 30 to 60 days	**9,476**	450
Past due 61 to 90 days	**7,083**	259
Past due over 90 days	**1,366**	138
	37,969	22,870

The Group applies simplified approach and uses provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In determining the expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The Group considers the historical customers' payment profile of respective countries, past due status of the receivables, historical loss rate and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers of respective countries to settle the receivables. The Group has identified the country risk in which it sells goods and services to be the most relevant factor and the historical loss rates is adjusted accordingly based on the expected changes in this factor.

Trade receivables are written off when there is no reasonable expectation of recovery, such as the debtor is in severe financial difficulty. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Based on the above assessment, the Group has concluded that the trade receivables are subject to immaterial expected credit loss and as such no lifetime expected credit loss has been recognised for these receivables.

Cash and bank balances

The cash and bank balances are held with bank and financial institution counterparties, which are rated A-1 to A-1+ based on S&P Global's ratings and F3 to F2 based on Fitch's ratings. The management monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group and Company did not expect any credit losses from non-performance by the counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the financial statements, except for the following:

	Company	
	2020 $'000	2019 $'000
Corporate guarantees provided to banking facilities of subsidiaries (Note 41)	**13,189**	5,494

38. Financial risk management objectives and policies (Continued)

38.1 Credit risk (Continued)

Cash and bank balances (Continued)

These corporate guarantees are subject to the impairment requirement of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

For amount due from subsidiaries (Note 22), Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. At the end of the reporting date, the Company has assessed its subsidiaries financial performance to meet the contractual cash flow obligations and has recognised expected credit loss allowance of approximately $166,000 (2019: $Nil) for non-trade amount due from a subsidiary.

38.2 Market risk

Foreign currency risk

The Group are exposed to foreign currency risk on transactions and balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore dollar ("SGD"), United States dollar ("USD") and Indonesian rupiah ("IDR").

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Group	
	2020	2019
	$'000	$'000
Financial assets		
SGD	**2,748**	3,556
USD	**2,087**	1,076
IDR	**900**	2,877
Others	**455**	470
Financial liabilities		
SGD	**12,778**	4,122
USD	**–**	1
IDR	**8,222**	4,171
Others	**85**	26

38. Financial risk management objectives and policies (Continued)

38.2 Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly Singapore dollar, United States dollar and Indonesian rupiah.

The following table details the Group's sensitivity to a 5% (2019: 5%) change in Singapore dollar, United States dollar and Indonesian rupiah against the functional currencies respectively. The sensitivity analysis assumes an instantaneous 5% (2019: 5%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in Singapore dollar, United States dollar and Indonesian rupiah are included in the analysis.

	Increase/(Decrease) Profit or loss	
	2020	2019
	$'000	$'000
Group		
Singapore dollar		
Strengthen against functional currency[1]	**(513)**	(44)
Weaken against functional currency[1]	**513**	44
United States dollar		
Strengthen against functional currency[2]	**104**	54
Weaken against functional currency[2]	**(104)**	(54)
Indonesian rupiah		
Strengthen against functional currency[1]	**(366)**	(68)
Weaken against functional currency[1]	**366**	68

(1) Primarily United States dollar

(2) Primarily Chinese renminbi

38.3 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 arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

38. Financial risk management objectives and policies (Continued)

38.3 Liquidity risk (Continued)

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 payments:

	Group					
	2020			2019		
	Within one financial year	After one financial year but within five financial years	Total	Within one financial year	After one financial year but within five financial years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	20,681	–	20,681	14,557	–	14,557
Other payables and accruals	9,305	1,658	10,963	4,931	–	4,931
Lease liabilities	1,203	641	1,844	1,285	123	1,408
Loans and borrowings	8,971	4,593	13,564	5,570	–	5,570
	40,160	6,892	47,052	26,343	123	26,466

	Company	
	2020	2019
	Within one financial year	Within one financial year
	$'000	$'000
Other payables and accruals	260	348
Due to a subsidiary	828	12,383
Financial guarantee	13,564	5,570
	14,652	18,301

38.4 Capital management policy

The Group and the Company manage their capital to ensure the Group and the Company maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group and the Company may make adjustments to their capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on gearing ratio. The Group's and the Company's strategies were unchanged from 2019. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

As disclosed in Note 35 to the financial statements, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group and the Company are in compliance with the above externally imposed capital requirements at the end of each reporting period.

38. Financial risk management objectives and policies (Continued)

38.4 Capital management policy (Continued)

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade payables	**20,681**	14,557	**–**	–
Other payables and accruals	**11,031**	5,358	**260**	348
Due to a subsidiary	**–**	–	**828**	12,383
Loans and borrowings	**13,189**	5,494	**–**	–
Lease liabilities	**1,750**	1,401	**–**	–
Less: cash and cash equivalents	**(7,064)**	(7,251)	**(6)**	(21)
Net debt	**39,587**	19,559	**1,082**	12,710
Equity attributable to the equity holders of the Company	**55,111**	48,650	**27,387**	28,347
Total capital	**55,111**	48,650	**27,387**	28,347
Capital and total debt	**94,698**	68,209	**28,469**	41,057
Gearing ratio	**41.80%**	28.68%	**3.80%**	30.96%

38.5 Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at each reporting date due to the relatively short-term maturity of these financial instruments. The fair value of the non-current financial assets and financial liabilities are disclosed in Notes 30 and 32 to the financial statements.

38. Financial risk management objectives and policies (Continued)

38.5 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments carried at fair value

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at each reporting date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2020				
Short-term investments	–	608	–	608
2019				
Short-term investments	–	–	–	–

In previous financial year, the short-term investments were accounted for as financial assets at amortised cost as the investments were principal guaranteed by the financial institutions and the fair value of these investments approximate their fair value due to their short term maturity. In the current financial year, the fair value of these short-term investments was based on quarterly statements from the financial institutions which represent the fair value of these investments.

38.6 Categories of financial instruments

The following table sets out the financial instruments as at each reporting date:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets				
Financial assets measured at amortised cost	**55,157**	42,154	**9,406**	9,594
Financial assets at FVTPL	**608**	–	**–**	–
	55,765	42,154	**9,406**	9,594
Financial liabilities				
Financial liabilities measured at amortised cost	**46,583**	26,383	**1,088**	12,731

39. Dividends

The Company did not recommend any dividend in respect of the financial year ended 31 December 2020 and 31 December 2019.

40. Capital commitments

Capital commitments contracted for at the end of the financial year but not recognised in the financial statements were as follows:

	Group	
	2020	2019
	$'000	$'000
Property, plant and equipment	**–**	7,789

41. Financial guarantees, unsecured

At each reporting date, the total amount of loans outstanding due from subsidiaries covered by the guarantees provided by the Company amounting to $13,564,000 (2019: $5,570,000). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the subsidiaries failed to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility. Accordingly, the Company do not expect any net cash outflows resulting from the financial guarantee contracts. The Company issues guarantees only for their subsidiaries.

42. Comparative figures

A reclassification pertains to interest paid recorded under operating activities had been reclassified to financing activities in the consolidated statement of cash flows for the financial year ended 31 December 2019. The reclassification is made to enhance the comparability with current year's consolidated financial statements of the Group and also better reflect the nature of the transactions.

	Group	
	31.12.2019	**31.12.2019**
	As previously reported	**After reclassification**
	$'000	**$'000**
Consolidated statement of cash flows		
Operating activities		
Net cash generated from operating activities	3,700	3,887
Financing activities		
Net cash generated from financing activities	455	268

43. Impact of Novel Coronavirus ("COVID-19") on the Group's Operations

On 31 January 2020, the World Health Organisation ("WHO") has announced that the novel coronavirus ("COVID-19") outbreak as a global health emergency. The Group had taken precautionary measures and implemented operational protocols in its operations globally since January 2020 in response to the COVID-19 outbreak to ensure the safely and well being of all the Group's employees. The Group does not expect that the pandemic will have any significant impact on the Group's business operation.

The Group has considered the challenges arising from the outbreak and assessed the impact of COVID-19 on its operations, and anticipated that adequate funds are available for its operating requirements and meeting debt obligations.

44. Authorisation of financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2020, the statement of financial position of the Company as at 31 December 2020 and the statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors on 31 March 2021.

STATISTICS OF SHAREHOLDINGS

As at 22 MARCH 2021

SHARE CAPITAL

Paid-up capital	S$58,521,779
Class of shares	Ordinary shares with equal voting rights
Treasury shares	Nil (there are no shares held in treasury)
Subsidiary holdings	Nil
Percentage of treasury shares and subsidiary holdings	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.17	87	0.00
100 - 1,000	332	11.51	306,548	0.06
1,001 - 10,000	1,063	36.85	5,662,100	1.14
10,001 - 1,000,000	1,440	49.91	172,360,207	34.69
1,000,001 AND ABOVE	45	1.56	318,529,715	64.11
TOTAL	**2,885**	**100.00**	**496,858,657**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	73,194,500	14.73
2	KGI SECURITIES (SINGAPORE) PTE. LTD.	53,596,799	10.79
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	45,234,000	9.10
4	RAFFLES NOMINEES (PTE.) LIMITED	23,177,800	4.66
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	16,008,133	3.22
6	DBS NOMINEES (PRIVATE) LIMITED	13,582,000	2.73
7	CITIBANK NOMINEES SINGAPORE PTE LTD	11,266,724	2.27
8	OCBC SECURITIES PRIVATE LIMITED	10,751,200	2.16
9	UOB KAY HIAN PRIVATE LIMITED	9,468,300	1.91
10	LIN GUODONG	3,570,000	0.72
11	TAN WEY LING	2,832,200	0.57
12	IFAST FINANCIAL PTE LTD	2,527,500	0.51
13	LIM CHIN HOCK	2,500,000	0.50
14	SEAH SEOW CHER	2,400,000	0.48
15	QUEK HAN BOON	2,310,000	0.46
16	CHRISTOPH OLIVER SEIBOLD-GRAF	2,300,000	0.46
17	HSBC (SINGAPORE) NOMINEES PTE LTD	2,265,000	0.46
18	TAN KENG PENG	2,125,100	0.43
19	YZELMAN GEOFFREY ERIC	2,022,800	0.41
20	FOO SIEW JIUAN	2,000,000	0.40
	TOTAL	**283,132,056**	**56.97**

64.89% of the company's share are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the listing manual of SGX-ST.

STATISTICS OF SHAREHOLDINGS

As at 22 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Deemed Interest	Total No. of shares	%
SUNDAN PACIFIC LIMITED	66,700,000	–	66,700,000	13.42%
GLENN FUNG KAU LEE	–	66,700,000	66,700,000	13.42%
YEUNG KIN BOND, SYDNEY	104,733,499	–	104,733,499	21.08%
ROOTS CAPTIAL ASIA LIMITED	–	1,400,001	1,400,001	0.28%

Notes:

1) Mr Glenn Fung Kau Lee is deemed to have an interest in the 66,700,000 shares held by Sundan Pacific Limited.

2) Mr Yeung Kin Bond Sydney is deemed to have an interest in the 1,400,001 shares held by Roots Capital Asia Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("**AGM**") of GSS Energy Limited will be convened and held by way of electronic means on 23 April 2021 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Reports thereon. **(Resolution 1)**

2. To approve the payment of Directors' Fees of S$80,000 for the financial year ended 31 December 2020 (2019: S$80,000). **(Resolution 2)**

3. To re-elect Mr Ng Say Tiong, Director of the Company retiring pursuant to Regulation 89 of the Constitution of the Company and Rule 720 (4) of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited ("**SGX-ST**"): **(Resolution 3)**

   In addition, to note:

   Mr. Chee Sanford, an Independent Director, will also retire by rotation in accordance pursuant to the regulation stated above. He has given notice to the Company that he is not seeking re-election at the Annual General Meeting. His retirement from the Board will take effect upon the conclusion of the Annual General Meeting. Mr Chee Sanford will, upon retirement, cease to be the Independent Director, Chairman of the Audit Committees and a member of the Nominating and Remuneration Committees respectively.

   The Company will take appropriate action (i.e. appointing an additional Independent Director) to fill the vacancy so as to meet the requirements of the Catalist Rules, including the minimum number of members in the Audit Committee (within two months, but in any case not later than three months).

4. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of the shares to be allotted and issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, of which the aggregate of shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by the law to be held, whichever is earlier; or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Ordinary Resolution 5, until the issuance of such shares in accordance with the terms of such convertible securities.

   (See Explanatory Note 2) **(Resolution 5)**

7. **Authority to grant share options, allot and issue shares under GSS Energy Limited Executives' Share Option Scheme**

   That the Directors of the Company be and are hereby authorised, pursuant to Section 161 of the Companies Act, Cap. 50, to offer and grant options ("**Options**") in accordance with the GSS Energy Limited Executives' Share Option Scheme (the "**GEL Scheme**"), and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the GEL Scheme and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that:

   (a) the aggregate number of shares over which Options may be granted on any date (when added to the number of shares issued and/or are issuable upon the exercise of all Options and the number of shares issued and/or issuable in respect of all shares, options or awards granted under any other share option or share scheme of the Company then in force (if any)) shall not exceed fifteen per cent (15%) of the total number of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date; and

   (b) the aggregate number of shares to be offered to certain participants collectively and individually during the duration of the GEL Scheme (subject to adjustments, if any, made under the GEL Scheme) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the GEL Scheme.

   (See Explanatory Note 3) **(Resolution 6)**

8. **Authority to grant share options, allot and issue shares under GSS Energy Limited 2018 Executives' Share Option Scheme**

   That the Directors of the Company be and are hereby authorised, pursuant to Section 161 of the Companies Act, Cap. 50, to offer and grant options ("**Options**") in accordance with the GSS Energy Limited 2018 Executives' Share Option Scheme (the "**GEL 2018 Scheme**"), and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the GEL 2018 Scheme and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that:

   (a) the aggregate number of shares over which Options may be granted on any date (when added to the number of shares issued and/or are issuable upon the exercise of all Options and the number of shares issued and/or issuable in respect of all shares, options or awards granted under any other share option or share scheme of the Company then in force (if any)) shall not exceed fifteen per cent (15%) of the total number of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date; and

   (b) the aggregate number of shares to be offered to certain participants collectively and individually during the duration of the GEL 2018 Scheme (subject to adjustments, if any, made under the GEL 2018 Scheme) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the GEL 2018 Scheme.

   (See Explanatory Note 4) **(Resolution 7)**

9. **The proposed renewal of the Share Buy-Back Mandate**

That:

(a) pursuant to Section 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), and Part XI of Chapter 8 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases through the ready market of the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalist Rules (the "**Off-Market Share Buy-Back**");

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-Back Mandate**");

(b) any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the proposed renewal of the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; and

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;

(d) In this resolution:

"**Maximum Limit**" means the number of Shares representing ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the issued share capital of the Company shall be taken to be the amount of the issued share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-Back, one hundred and five per centum (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Share Buy-Back, one hundred and twenty per centum (120%) of the Average Closing Price,

where:

"**Relevant Period**" means the period commencing from the date on which on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, or until it is varied or revoked by the Company in a general meeting, after the date of the passing of this resolution;

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, preceding the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to an Off-Market Share Buy-Back, as deemed to be adjusted for any corporate action that occurs during the relevant five (5) market day period and the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to the Off-Market Share Buy-Back;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back; and

(e) The Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

(See Explanatory Note 5) **(Resolution 8)**

By Order of the Board

Ng Say Tiong/Wong Liong Khoon
Company Secretaries
Singapore, 8 April 2021

Explanatory Notes:

1. The Ordinary Resolution 5 in item 6 above, if passed, will empower the Directors from the date of this meeting until the date of the next annual general meeting or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed one hundred per centum (100%) of the total number of issued shares of the Company at the time of passing this Resolution. For issue of shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed fifty per centum (50%) of the total number of issued shares of the Company.

   For the purpose of Ordinary Resolution 5, the percentage of issued shares is based on the total number of issued shares at the time Ordinary Resolution 5 is passed after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Ordinary Resolution 5 is passed, provided the options and awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus issue, consideration or subdivision of shares.

2. The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the GEL Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the GEL Scheme as well as any shares, options or awards granted under any other share option or share scheme of the Company then in force (if any), shall not, in aggregate, exceed fifteen per centum (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding that date.

3. The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the GEL 2018 Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the GEL 2018 Scheme as well as any shares, options or awards granted under any other share option or share scheme of the Company then in force (if any), shall not, in aggregate, exceed fifteen per centum (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding that date.

4. The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix to this Notice of Annual General Meeting, the Act and the Catalist Rules. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debentures Holders) Order 2020.

2. The Notice of AGM will accordingly be sent to the members solely by electronic means via publication on the Company's website at the URL https://gssenergy.com.sg/agm/. This notice will also be available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **There will be no physical attendance at the AGM. A member of the Company will not be able to vote online on the resolutions to be tabled for approval at the AGM. A member of the Company (including a Relevant Intermediary) must appoint the Chairman of the AGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.**

Alternative arrangements relating to:

(a) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream);

(b) submission of questions to the Chairman of the AGM in advance of the AGM, and addressing of substantial and relevant questions at the AGM; and

(c) voting by appointing the Chairman of the AGM as proxy at the AGM,

are set out in the notes 4, 5, 6 and 7 below.

"Relevant intermediary" means:

(a) A banking corporation licensed under the Banking Act, Cap. 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Cap. 289 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. **Attendance via electronic means:** Members may participate in the AGM by:

   (a) watching the live audio-visual webcast of the AGM proceedings; or

   (b) listening to the live audio-only stream of the AGM proceedings.

   Members will need to pre-register at the Company's website for either of these accesses. They may visit the AGM page of the Company's website at the URL https://gssenergy.com.sg/registration/ to pre-register. Full instructions and details are available at Company's website URL https://gssenergy.com.sg/agm/. The registration deadline is **10.00 a.m. on 20 April 2021**.

5. **Submission of questions in advance:** Members may pre-submit any questions they may wish to ask in relation to the resolutions to be tabled at the AGM by (a) visiting the AGM page of the Company's website at the URL https://gssenergy.com.sg/registration/, or (b) email to: srs.teamc@boardroomlimited.com, or (c) submitting by post, be deposited at the Company's Registered Office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, to pre-submit their questions. The submission deadline is **10.00 a.m. on 20 April 2021**.

   The Company will consider all questions and endeavour to address all substantial and relevant questions relating to the annual report for the financial year ended 31 December 2020 ("**AR2020**") and the other AGM agenda items set out in the Notice of AGM received from members via an announcement on SGXNET and the Company's website at URL https://gssenergy.com.sg/announcements/ prior to the AGM, or during the AGM.

6. **Voting by appointing the Chairman of the AGM as proxy:** A member must:

   (a) use the proxy form to appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the proxy form. The proxy form can be obtained electronically from the AGM page of the Company's website at the URL https://gssenergy.com.sg/agm/, or from the SGX website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of the AGM Proxy Form will not be sent to the members;

   (b) give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid; and

   (c) submit the proxy form in the following manner:

      (i) if submitted by post, be deposited at Company's Registered Office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or

      (ii) if submitted electronically, be submitted via email to Company's Share Registrar at srs.teamc@boardroomlimited.com, in either case not less than seventy-two (72) hours before the time appointed for the AGM (i.e. by **10.00 a.m. on 20 April 2021**) or any adjournment thereof.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit proxy forms electronically by email.

(d) The form of proxy in the case of an individual shall be signed by the appointer or his/her attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid

(e) Investors who hold the Company's shares via a securities sub-account with a DA and wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact their respective DAs as soon as possible in order of the necessary arrangements to be made by their DAs for such appointment.

(f) The Chairman of the AGM, as proxy, need not be a member of the Company.

7. **Persons who hold shares through relevant intermediaries:**

(a) Central Provident Fund Investment Scheme investor ("**CPF Investor**") and/or Supplementary Retirement Scheme inventor ("**SRS Investor**") who hold the Company's shares through the respective CPF Agent Banks/ SRS Operators (being relevant intermediaries) and who wish to participate in the AGM by (a) watching or listening to the AGM proceedings via the live audio-visual webcast or the live audio-only stream, and/or (b) submitting questions in advance of the AGM, may pre-register at the AGM page of the Company's website at the URL https://gssenergy.com.sg/agm/ or email to srs.teamc@boardroomlimited.com.

CPF/SRS investors who wish to participate in the AGM by appointing Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM should approach their respective CPF Agent Bankers/SRS Operators to submit their votes by 10 a.m. on 13 April 2021 if they wish to appoint the Chairman of the meeting as proxy. The proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

(b) Investors who hold the Company's shares via a securities sub-account with a Depository Agent ("**DA**") (being a relevant intermediary) and who wish to participate in the AGM by (a) watching or listening to the AGM proceedings via the live audio-visual webcast or the live audio-only stream, and/or (b) submitting questions in advance of the AGM, may pre-register at the AGM of the Company's website at the URL https://gssenergy.com.sg/agm/ or email to srs.teamc@boardroomlimited.com. However, such investors should note that they will not be registered unless their DA has written to the Company to confirm that they are a securities sub-account holder with the DA, and that they hold the Company's shares. Such investors should inform their DA that they have pre-registered for the AGM webcast/audio stream, and provide their DA with the same name, email address, identification number and contact number as they have provided on the registration page. If such investors wish to appoint the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, they should contact their respective DAs as soon as possible in order for the necessary arrangements to be made by their DAs as for such appointment.

8. The AR2020 and the Appendix to the Notice of AGM are available on the Company's website at the URL https://gssenergy.com.sg/agm/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements. Printed copies will not be sent to members.

9. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its arrangements for the AGM at shorter notice. Members should check the AGM page of the Company's website at the URL https://gssenergy.com.sg/agm/ for the latest updates on the status of the AGM.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) pre-registering for the live audio-visual webcast or live audio-only stream of the AGM ("**Virtual Meeting**"), or (c) submitting any questions prior to the AGM in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the following purposes:

(a) processing and administration by the Company (or its agents) of the appointment of the Chairman of the AGM as proxy 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);

(b) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the Virtual Meeting and providing them with any technical assistance where necessary;

(c) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and

(d) in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

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GSS ENERGY LIMITED

(Company Registration No. 201432529C)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Proxy Form will not be sent to members. Instead, this Proxy Form will be sent to the members solely by electronic means via publication on the Company's website at the URL https://gssenergy.com.sg/agm/. This Proxy Form will also be available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. **There will be no physical attendance at the AGM. A member of the Company will not be able to vote online on the resolutions to be tabled for approval at the AGM. A member of the Company (including a Relevant Intermediary) must appoint the Chairman of the AGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.**
3. Alternative arrangements relating to (a) the attendance of the AGM through electronic means, (b) submission of questions to the Chairman of the AGM in advance of the AGM, and (c) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in Notes 4, 5, 6 and 7 of the Notice of AGM.
4. For investors who holds shares under Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable), 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 them. CPF/SRS Investors should contact their respective CPF Agent Banks/SRS Operators to submit their votes by 5 p.m. on 13 April 2021 if they wish to appoint the Chairman of the AGM as proxy.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ____________________ (NRIC/Passport/Company

Registration number) of ____ (Address)

being a member/members of GSS ENEREGY LIMITED (the "**Company**") hereby appoint the **Chairman of the AGM** as my/our proxy to vote for me/us on my/our behalf at the AGM of the Company to be held by electronic means on 23 April 2021 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for, against or abstain from the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	For*	Against*	Abstain*
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	To approve the payment of Directors' Fees of S$80,000 for the financial year ended 31 December 2020			
3	To re-elect Mr Ng Say Tiong as a Director pursuant to Regulation 89 of the Constitution of the Company and Rule 720 (4) of the Listing Rule of Singapore Exchange Securities Trading Limited ("SGX-ST")			
4	To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
5	Authority to allot and issue shares			
6	Authority to grant share options, allot and issue shares under GSS Energy Limited Executives' Share Option Scheme			
7	Authority to grant share options, allot and issue shares under GSS Energy Limited 2018 Executives' Share Option Scheme			
8	Proposed renewal of the Share Buy-Back Mandate			

* If you wish your proxy to cast all your votes **For** or **Against** a resolution, please tick with "✓" in the **For** or **Against** box. Alternatively, please indicate the number of votes **For** or **Against** each resolution. If you wish your proxy to **Abstain** from voting on a resolution, please tick with "✓" in the **Abstain** box. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting. All resolutions put to the vote at the AGM shall be decided by way of poll. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this __________ day of ____________________ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

The Company is taking the relevant steps in accordance with the COVID-19 (Temporary Measure) Act 2020.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.

2. **There will be no physical attendance at the AGM. A member of the Company will not be able to vote online on the resolutions to be tabled for approval at the AGM. A member of the Company (including a Relevant Intermediary) must appoint the Chairman of the AGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.**

   "Relevant intermediary" means:

   (a) A banking corporation licensed under the Banking Act, Cap. 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Cap. 289 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The instrument appointing Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, must be deposited at the Registered Office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at srs.teamc@boardroomlimited.com,

   in either case not less than seventy-two (72) hours before the time appointed for the AGM and at any adjournment thereof.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. The instrument appointing a proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

5. The Chairman of the AGM, as proxy, need not be a member of the Company.

6. The proxy form is not valid for use by CPF/SRS investor and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investor should contact their respective CPF Agent Banks/SRS Operators to submit their votes by 5 p.m. on 13 April 2021 if they wish to appoint the Chairman of the AGM as proxy. For investors who hold the Company's shares via a securities sub-account with a Depository Agent ("**DA**") (being a relevant intermediary) and wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact their respective DAs as soon as possible in order of the necessary arrangements to be made by their Das for such appointment.

General:

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

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2021.

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