



Atlantic Navigation Holdings (Singapore) Limited



Towards Greater Heights **RESOLVE | RESILIENCE**

ANNUAL REPORT 2023





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

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

Cover page: Pictures of recently acquired vessels, namely Vega Egypt 1, Atlantic Capella, Team Clio and Discovery. See page 15 for fleet details.

Atlantic Navigation Holdings (Singapore) Limited (the “Company” and together with its subsidiaries, the “Group”) is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) since October 2012.

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

As an integrated offshore service provider, we operate mainly out of our base in UAE, serving primarily customers in the Middle East region, specifically in the Arabian Gulf. We manage our operations mainly through our subsidiaries, namely Atlantic Maritime Group FZE (based in Hamriyah Free Zone, Sharjah, UAE) and Atlantic Ship Management LLC (based in Abu Dhabi, UAE), as well as Energy Marine Services and Trading LLC in Qatar.

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

MARINE LOGISTICS SERVICES

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

Our marine logistics services are supported by our owned fleet of 20 vessels (excluding 1 vessel under construction for delivery in 2Q2024) which comprise of 2 lift-boats (a.k.a. jack-up barges), 1 recently acquired Accommodation Work Boat (“AWB”), 2 mid-sized DP2 Platform Supply Vessels (“PSVs”), 6 various Anchor Handling Tug and Supply vessels (“AHTSs”) (including 1 being DP2, 3 being DP1 and 2 being shallow draft), 5 Maintenance Utility Vessels (“MUV”), as well as 1 work utility vessel, 1 AHT with Azimuth Stern Drive, 1 crew boat and 1 Dive Support Vessel (“DSV”). Please see page 10 for a brief summary of our fleet and the vessel specifications.

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

In relation to the oil and gas industry, the Group is diversified to provide services supporting across different phases of oil-field life-cycle, i.e. the exploration, construction and development, maintenance, production and post-production of offshore oil and gas.

SHIP REPAIR, FABRICATION AND OTHER MARINE SERVICES

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

Corporate PROFILE

PROJECT WORK

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

The project with contract value of US\$45.2 million involving the decommissioning of offshore and onshore facilities work execution was successfully concluded in first quarter of 2020. The Group has successfully completed one project contract in December 2021 and is now on on-going basis being involved in the chartering of vessels complemented with substantive project management including managing the outsourcing of services (i.e. operating of remote operated vehicle, survey equipment, gangway) cumulating to a packaged service to an international Engineering Procurement Construction (“EPC”) contractor.

In 2023, the Group completed 2 spot projects for an existing client, i.e. firstly for the recovery of offshore heavy equipment which required project management, coordination and planning involving chartering-in of heavy-lift vessel, dive support vessel and their respective crew as required to complete the project under MLS Division, and thereafter the servicing, maintenance and repair of the equipment under SRM Division.

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

OUR CUSTOMERS

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

We are a pre-qualified marine support and service provider to various Middle East National Oil Companies (“MENOCs”) and oil majors such as Saudi Aramco, Abu Dhabi National Oil Company (ADNOC), its marine operating companies such as Bunduq Oil Company, Safeen Group, Qatar Energy and independent oil companies such as Masirah Oil, as well as international offshore EPC including Saipem, McDermott, Subsea 7 and NMDC Group.



Chairman's STATEMENT



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

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the annual report for the financial year ended 31 December ("FY") 2023.

The Group reported a strong set of financial results for FY2023. With the improvement in activities for oil exploration, development and production, demand for OSV continues to rise, amidst a situation where supply of relatively new and newbuild vessels are limited. Bank financing for vessels is difficult to obtain. Generally, banks will only finance young and newbuild vessels with secured cashflow. Our Group achieved record revenue of US\$91.0 million in FY2023 vs US\$64.9 million in FY2022, reflecting 40.3% increase. The increase is mainly due to improvement in daily charter rates and 2 vessels added to the fleet in FY2023. Fleet utilisation was 88.5% in FY2023 vs 91.4% in FY2022, due mainly to 6 vessels being off hire for special survey.

The Group registered a gross profit of US\$32.0 million in FY2023 vs US\$22.8 million in FY2022. Net profit after tax was US\$18.1 million in FY2023 vs US\$11.2 million in FY2022. Return on Equity improved from 13.7% in FY2022 to 18.1% in FY2023. Strong cash flow generated from operations was US\$34.4 million in FY2023 vs US\$21.8 million in FY2022. This has allowed the Group to reduce its gearing from 45.2% in FY2022 to 38.0% in FY2023 despite incurring capital expenditure of US\$23.8 million.

Looking ahead, I remain cautiously optimistic that the offshore support vessel market will continue to improve in the near term. We remain watchful of challenges and uncertainties for the remaining period of FY2024, due mainly to the ongoing conflicts between Russia and Ukraine and the Israel-Hamas war. It is intended that the Group will continue to embark on steady growth path with gradual fleet expansion on steady cashflow.

On this note, I would like to express my immense gratitude to our bankers for their continued trust and support in our funding requirements. We are also grateful to our customers, business partners and suppliers for their unwavering support, enabling the smooth execution of our contracts and projects.

Last but not the least, I wish to also express my deepest appreciation to the Board members for their guidance and stewardship as well as the management, staff and crew for their dedication, the combination of which culminated in the Group's record financial performance in FY2023. I commend all shareholders for their patience and trust placed in the Group.

Yours faithfully,

Mr Kum Soh Har, Michael

Non-Executive Non-Independent Chairman

CEO'S STATEMENT

DEAR SHAREHOLDERS,

FY2023 had been an eventful year for the Group. While the global COVID-19 pandemic had turned endemic, the Russia/Ukraine conflict continues on into its third year as new flashpoints emerged in the Middle East since October 2023 which had led to disruptions to shipping routes and supply chains. Against this backdrop, the exploration and development activities of offshore oil and gas sector in the Middle East which are largely concentrated in the Arabian Gulf had not been significantly impacted as evident by the strong turnaround culminating to record performance of our Group in FY2023.

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



I would first provide the financial and operational performance for FY2023, and later discuss our focuses and strategies for FY2024.

FINANCIAL PERFORMANCE

The Group's revenue for the MLS segment for FY2023 increased by US\$27.1 million or 44.0% compared to FY2022 mainly due to increase in revenue from its own vessels including two vessel additions to fleet, general increase in daily charter rates, revenue from two spot projects relating to the recovery of offshore heavy equipment and repair for an existing client and increase in cross charter revenue, partially offset by lower utilisation of certain vessels due to scheduled special surveys including drydocking. The Group's revenue for the SRM segment before inter-segment elimination for FY2023 of US\$6.0 million represented an increase by US\$1.8 million or 41.8% as compared to FY2022 of US\$4.3 million mainly due to the higher level of repair works undertaken in FY2023 on the Group's vessels.

The Group reported gross profit of US\$29.3 million for the MLS segment during FY2023, compared to a gross profit of US\$21.0 million in FY2022. The MLS segment recorded a gross profit margin of 33.0% in FY2023 as compared to a gross profit margin of 34.0% in FY2022. The increase in gross profit while the gross profit margin remained stable for the MLS segment was mainly due to overall higher contribution from its owned vessels including two vessel additions to fleet, cross charters as well as the spot projects, partially offset by lower contribution by 6 vessels due to scheduled special surveys including drydocking in FY2023.

The Group's gross profit of US\$2.7 million and gross profit margin of 44.5% for SRM segment for the FY2023 represented increases of US\$0.9 million and 3.1 percentage points respectively as compared to FY2022 of US\$1.8 million and 41.4% respectively mainly due to the higher level of repair jobs undertaken with higher margins.

Other income for FY2023 of US\$0.3 million mainly consists of insurance claim in relation to a vessel and aged account payables written off during the year. Administrative expenses of US\$8.8 million for FY2023, or increases by US\$1.4 million or 18.8%, as compared to FY2022 of US\$7.4 million was mainly due to increases in staff compensation and bonus provision.

The increase in finance costs of US\$1.1 million in FY2023 was mainly due to higher loan reference interest rates and bank borrowings as compared to FY2022. The withholding tax expense relates to withholding tax on foreign charter income.

Consequently, the Group recorded a higher profit before tax of US\$18.2 million in FY2023 compared to US\$11.2 million in FY2022. Minimal income tax expense assessed for both FY2023 and FY2022 as the Group's significant subsidiaries are incorporated in jurisdictions where such taxes were either considered exempted or not applicable.

With the introduction of UAE Corporate Income Tax being substantively enacted with effect from 1 July 2023, the corporate tax of the Group in the UAE will be payable, if any, for financial years beginning from 1 January 2024 taxable at the nominal rate of 9.0%,

CEO'S STATEMENT

subject to relevant provisions including entities being incorporated or operating in free trade zone, or activities related to those of a ship manager, for assessment being tax-exempted.

FINANCIAL POSITION

Non-current assets increased by US\$12.8 million from US\$129.3 million as at 31 December 2022 to US\$142.0 million as at 31 December 2023. This was mainly due to the addition of two vessels aggregating to US\$16.2 million, construction in progress of a vessel of US\$1.0 million, capitalisation of drydocking expenses of US\$6.4 million and additions to motor vehicle and office equipment aggregating to US\$0.2 million, partially offset by depreciation charges of US\$10.9 million.

Current assets increased by US\$4.5 million from US\$23.4 million as at 31 December 2022 to US\$27.9 million as at 31 December 2023. This was mainly due to increase in advances, deposits and other receivables of US\$0.5 million, increase in cash and bank balances of US\$1.5 million and increase in restricted cash of US\$3.9 million, partially offset by decrease in inventories of US\$0.3 million and decrease in trade receivables of US\$1.1 million.

Non-current liabilities decreased by US\$1.1 million from US\$35.6 million as at 31 December 2022 to US\$34.4 million as at 31 December 2023. The decrease was mainly due to a reclassification of amount due to shareholders from non-current to current of US\$6.0 million, partially offset by increase in loans and borrowings of US\$4.8 million.

Current liabilities increased by US\$0.4 million from US\$35.3 million as at 31 December 2022 to US\$35.7 million as at 31 December 2023, mainly due to increase in amount due to shareholders of US\$4.5 million after the reclassification from non-current to current and increase in accruals and other payables of US\$0.6 million, partially offset by decrease in trade payables of US\$0.9 million and decrease in current portion of the loans and borrowings of US\$3.8 million.

Net current liabilities decreased by US\$4.1 million from US\$11.9 million as at 31 December 2022 to US\$7.8 million as at 31 December 2023, mainly due to increase in current assets of US\$4.5 million offset by increase in current liabilities of US\$0.4 million.

LIQUIDITY AND CAPITAL RESOURCES

Net cash flows generated from operating activities amounted to US\$30.4 million in FY2023. This was mainly due to operating cash inflows before changes in working capital of US\$34.4 million, partially offset by interest paid of US\$4.0 million.

Net cash flows used in investing activities of US\$23.7 million in FY2023 was mainly due to additions to property, vessels and equipment consisting of the purchase of vessels aggregating to US\$17.4 million and drydocking expenses capitalised of US\$6.4 million.

Net cash flows used in financing activities of US\$5.2 million in FY2023 was mainly due to principal repayment of loans and borrowings of US\$19.1 million, repayment of amount due to shareholders of US\$2.3 million and increase in bank deposits pledged and restricted cash of US\$3.9 million, partially offset by proceeds from loan and borrowings of US\$20.1 million.

OPERATIONAL REVIEW

Mainly due to the high level of offshore activities supported by international Brent oil prices averaging above US\$85 per barrel as at the time of writing, our vessel fleet utilisation continued to be sustained at an elevated level of about 88.5% in FY2023. It was slightly lower than the 91.4% achieved in FY2022, as 6 vessels were off-hired due to scheduled special surveys which were completed in FY2023.

For MLS, our vessels are operating mainly in the Arabian Gulf which had not been significantly impacted by the current Middle East conflict. Qatar has moved up as our highest revenue generating market accounting for about 48.9% of MLS segment revenue while Saudi Arabia remained strong at 31.6% with Oman stable at 17.1% in FY2023 compared to 25.1%, 43.3% and 16.0% in FY2022. We are consolidating our presence in Qatar with establishment of a new Qatari entity in June 2023 to hopefully capitalise on the growing demands. We are also aiming to strengthen our market share in Oman by expanding our relationship with existing clients and cultivating new clients.

Our SRM division continues to support strategically the operation of our own fleet of vessels for their repair and maintenance requirements which is an internal service generally demanded by reputable clients. With total revenue at US\$6.0 million in FY2023 vs FY2022 of US\$4.3 million in FY2022, SRM external revenue i.e. after inter-segment elimination, had declined from US\$3.2 million in FY2022 to US\$2.2 million in FY2023 given the focus on internal work. Overall gross profit had increased from US\$1.8 million in FY2023 to US\$2.7 million, with overall gross margin improvement from 41.4% in FY2022 to 44.5% in FY2023.

OUTLOOK

While global oil prices have recovered to above US\$85 per barrel for International Brent Crude at the time of writing, it can be expected to remain volatile in view of the uncertainties ahead. However, in view of the ongoing increase in investment spending from the national oil companies in the Middle East, coupled with the under-investment in newbuilt offshore vessels in general over the past few years, we expect market demand to be reasonably sustained in FY2024.

Although the Russia/Ukraine conflict and certain geopolitical tensions in the Middle East have so far not materially impacted our Group's operations, we will continue to closely monitor these evolving developments. We remain vigilant in the situation of COVID-19 as well as other potential market disruptive outbreaks which may affect our operations and impact on the safety and wellbeing of our crew and employees.

CEO'S STATEMENT

STRATEGIES

With the global challenges and outlook characterised by uncertainties, we will continue to focus on maintaining our fleet utilisation which underpinned the record revenue and profits in FY2023 without compromising on margins.

In view of the current positive market sentiment while being cognisant of the macroeconomic conditions and geo-political situation, the Group intends to enhance its fleet capabilities through fleet renewal and opportunistic acquisitions to meet the expected market demands for the longer term as we welcome Atlantic Capella (formerly Berkat Teguh) and the new-built multi-purpose PSV into our fleet by end of second quarter 2024.

Going forward the Group intends to focus on fleet renewal and acquisition of strategic assets to ensure high utilisation sustainability. Compliance with increasing localisation requirements in our key geographical markets will be an important consideration in order to position ourselves as a preferred service provider. In this regard, the Group had incorporated an operating entity in Qatar, and in the process of incorporating other operating entities to manage the localisation demands of these key markets.

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

DIVIDENDS AND PAYOUT

No dividend had been declared or recommended for FY2023 in view of the operational and financial requirements of the Group.

MY EXPRESSION OF GRATITUDE

Firstly, what we had emphasised is teamwork and dedication over the past few years. I wish to commend and express my gratitude to both onshore and the crew onboard vessels for the professionalism which had led to record revenue and profits achieved in FY2023 backed by high operational uptime.

To this end, I would like to express my immense appreciation to our Middle East principal bank for its steadfast support including the recently concluded US\$12.0 million loan facilities in January 2024 to support our growth plans as well as our clients and suppliers for their strong trust in our operational capabilities.

Last and not least, I wish to thank the Board of Directors especially the Chairman as the Group continues to benefit from its stewardship of corporate governance and guidance as well as the trust its places in the management and staff. With their invaluable contribution and guidance, we look forward to overcoming the challenges as we embark on greater heights in FY2024 and beyond, and to reward our shareholders shortly in due course for their unrelenting support.

Yours sincerely,

Mr Wong Siew Cheong, Bill

Executive Director and CEO

Board of DIRECTORS

MR KUM SOH HAR, MICHAEL

Non-Executive Non-Independent Chairman

Age: 79

Country of principal residence: Singapore

Date of last re-election: 25 April 2023

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

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

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

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

MS KUM WAN MEI, GWENDOLYN (GAN WANMEI)

Alternate Director to Mr Kum Soh Har, Michael

Age: 50

Country of principal residence: Singapore

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

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

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

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

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

MR WONG SIEW CHEONG, BILL

Executive Director and Chief Executive Officer

Age: 71

Country of principal residence: United Arab Emirates

Date of last re-election: 29 June 2022 and due for re-election at the forthcoming AGM to be held on 29 April 2024

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

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

Board of DIRECTORS

MR GWEE LIAN KHENG

Lead Independent Director

Age: 83

Country of principal residence: Singapore

Date of last re-election: 29 June 2022

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

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

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

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

MR WONG CHEE MENG, LAWRENCE

Independent Director

Age: 56

Country of principal residence: Singapore

Date of last re-election: 25 April 2023

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

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

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

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

MR SAM CHEE LEONG

Independent Director

Age: 76

Country of principal residence: Singapore

Date of last election: 29 June 2021 and due for re-election at the forthcoming AGM to be held on 29 April 2024

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

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

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

Executive OFFICERS

MR STOYAN RADEV IALAMOV

Deputy Chief Executive Officer (CEO) and Chief Operating Officer

Mr Ialamov is currently the Deputy CEO and Chief Operating Officer of the Group, having re-joined the Group in June 2022. With more than 30 years of combined seagoing and shore management experience in the offshore oil & gas industry, he is responsible for the day-to-day operations of the Group and for supporting the CEO in setting and driving organisation vision, business growth and operational strategy.

Prior to joining the company, Mr Ialamov held senior roles mainly in the Middle East with various operators such as Seafox Middle East, Marinia LLC Qatar and Zakher Marine International LLC. He holds a Master of Science in Maritime Studies, from the Marine Naval Academy in Varna, Bulgaria.

MR HSU CHONG PIN

Chief Financial Officer

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

Mr Hsu has more than 20 years of experience in accounting and finance, corporate finance, financial advisory, business development and investor relations across various industries including offshore oil and gas, fund management and property real estate. Mr Hsu completed his Master of Philosophy in Management from the University of Cambridge in 1999 and a Bachelor of Science in Economics and Finance (First Class Honours) from the University of York, UK in 1998.

MR MOHAMMAD REZA SADEGHI

Project Director

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

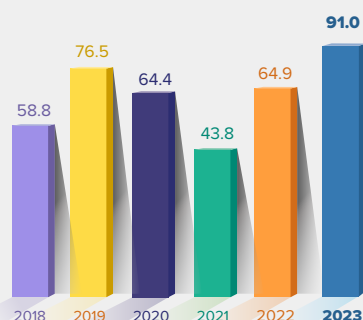
Mr Sadeghi graduated with a Bachelor of Science in Marine Engineering in 1985 from the Marine Engineering College of Calcutta, India, and attained the certificate of competency of Chief Engineer in 1993.



Group FINANCIAL HIGHLIGHTS IN FY2023

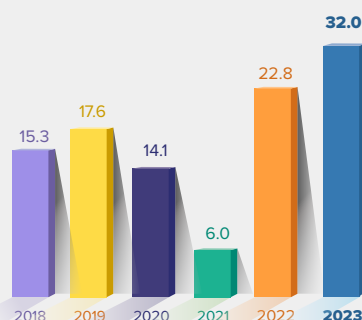
Group Revenue (US\$ million)

Record revenue of US\$91.0 million in FY2023 representing 40.3% increase over FY2022 of US\$64.9 million



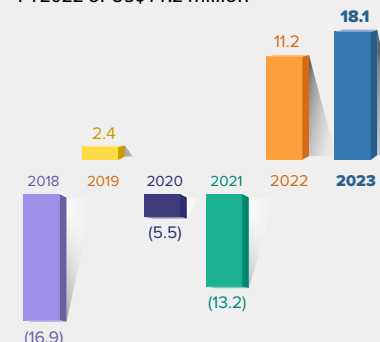
Group Gross Profit (US\$ million)

Significant increase leading to record gross profit of US\$32.0 million in FY2023 representing 40.6% over FY2022 of US\$22.8 million



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

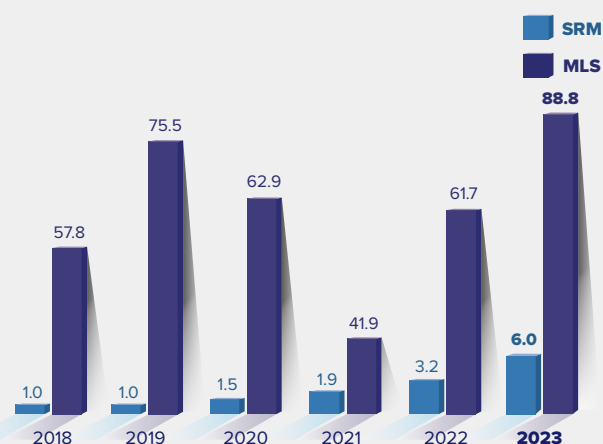
Continual strong performance resulting in record net profit of US\$18.1 million in FY2023 representing 61.6% increase over FY2022 of US\$11.2 million



Revenue by Segments (US\$ million) (net of inter-segment elimination)

MLS Division generated record revenue of US\$88.8 million in FY2023, representing increase of 44.0% over FY2022 of US\$61.7 million.

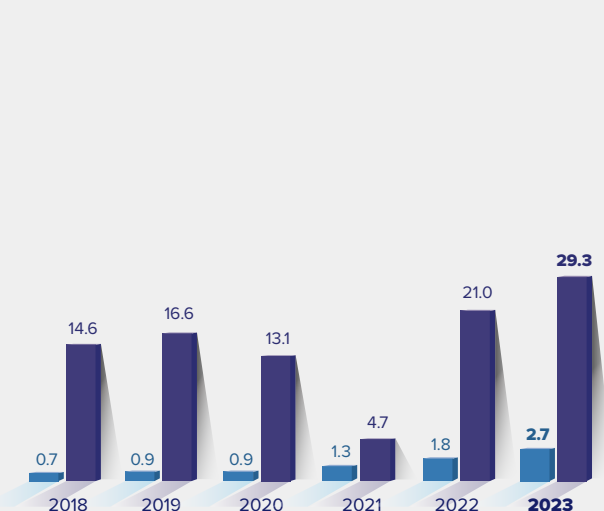
While revenue for SRM Division in aggregate (i.e. including internal jobs for MLS Division) increased to US\$6.0 million in FY2023 from US\$4.3 million, revenue for SRM net of inter-segment elimination decreased by 31.0% to US\$2.2 million in FY2023 from US\$3.2 million in FY2022.



Gross Profit by Segments (US\$ million)

MLS Division generated record gross profit of US\$29.3 million in FY2023 representing an increase of 39.6% over FY2022 of US\$21.0 million.

Gross profit for SRM Division increased to US\$2.7 million in FY2023 representing an increase of 52.4% over FY2022 of US\$1.8 million.



Financial Indicators

Financial Indicators	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Basic Earnings/(Loss) per share (US\$ cents)	(6.15)	0.46	(1.04)	(2.53)	2.14	3.46
Diluted Earnings/(Loss) per share (US\$ cents)	(6.15)	0.46	(1.04)	(2.53)	2.14	3.46
Net Asset Value per share (US\$ cents)	16.1	16.4	15.5	13.2	15.6	19.1
Return on Total Assets	(8.4)%	1.2%	(3.1)%	(8.6)%	7.3%	10.7%
Return on Shareholders' Equity	(20.1)%	2.8%	(6.7)%	(19.2)%	13.7%	18.1%
Net Gearing Ratio	57.0%	55.2%	52.4%	54.3%	45.2%	38.0%

Vessel FLEET LIST

As at 31 March 2024:

Average age of owned vessel fleet : **8.7 Years**

Name of Vessel	Type	Size	Deck Area	Crane Capacity	Year Built / Re-purposed**	
Jack-Up Accommodation Barge / Accommodation Work Boat						
AOS Maintainer I	DP-1 Jack-Up Accommodation Barge	85.1m / 260 men	1200 sqm	Main: 190T Aux: 20T	2015	
Delta 22	Jack-Up Barge	46.0m Leg length / 92 men	700 sqm	Main: 45T Aux: 5.4T	2013*	
Atlantic Capella **	Accommodation Work Boat	70.5m Length Overall / 193 men	550 sqm	Main: 40T Aux: 3.0T	2016	
Platform Supply Vessel - DP2						
Name of Vessel	BHP / Deadweight	Size / Accommodation	Deck Area	Crane Capacity	Built	
AOS Neptune	6000 / 3241T	75.0m Length Overall / 58 men	700 sqm	32T	2015	
Vega Egypt 1***	5916 / 3263T	75.0m Length Overall / 57 men	520 sqm	40T	2017	
Anchor Handling Tug Supply Vessel - DP2						
Name of Vessel	BHP	Bollard Pull	Deck Area	Crane Capacity	Built	
AOS Victory	6500	83TBP	360 sqm	3T	2014	
Recent New-Built Vessels / Shallow Draft Vessels						
Name of Vessel	Type	BHP / Draft	Deck Area / Accommodation	Crane Capacity	Built	
AOS Valiant	Maintenance Utility Vessel	2600 / 3.5m maximum	200 sqm/34 men	20T @ 4m; 30m Boom	2018	
AOS Valor	Maintenance Utility Vessel	2600 / 3.5m maximum	200 sqm/34 men	20T @ 4m; 30m Boom	2018	
AOS Venture	Maintenance Utility Vessel	2600 / 3.5m maximum	200 sqm/34 men	20T @ 4m; 30m Boom	2018	
AOS Vision	Maintenance Utility Vessel	2600 / 3.5m maximum	200 sqm/34 men	20T @ 4m; 30m Boom	2018	
Team Clío****	Maintenance Utility Vessel	3150 / 3.0m maximum	235 sqm/50 men	10T@5m,5T@11.5m,1.5T@19m	2019	
AOS Eagle	Work Utility Vessel	2600 / 3.0m maximum	175 sqm/30 men	10T @ 3.1m; 18.3m Boom	2018	
AOS Emerald	Shallow Draft AHTS	4800 / 3.2m operational	360 sqm/26 men	4T @ 2m-12m, 3T @ 9m-12m Boom	2018	
AOS Sapphire	Shallow Draft AHTS	4800 / 3.2m operational	360 sqm/26 men	4T @ 2m-12m, 3T @ 9m-12m Boom	2018	
Anchor Handling Tug Supply Vessel - DP1						
Name of Vessel	BHP	Bollard Pull	Deck Area	Crane Capacity	Built	
AOS Handler	5150	66TBP	370 sqm	NA	2010	
AOS Hauler	5150	67TBP	370 sqm	NA	2010	
AOS Provider	5150	70TBP	370 sqm	NA	2010	
Anchor Handling Tug - Azimuth Stern Drive						
Name of Vessel	BHP	Bollard Pull	Deck Area	Crane Capacity	Built	
AOS Power	5470	70.2TBP	150 sqm	4T @ 8m	2012	
Dive Support Vessel						
Name of Vessel	BHP	Displacement	Deck Area / Accommodation	Crane Capacity	Built	
Discovery	3120	948T	110 sqm / 42men	10T @ 8m	2010	
Crew Boat						
Name of Vessel	BHP	Size / Capacity	Deck Area	Speed	Built	
AOS Swift	2400	26.3m Length Overall / 35 men	100 sqm	25 knots	2015	
* Year re-purposed, with reference to Delta 22						
** Acquired in January 2024, formerly known as Berkart Teguh						
*** Acquired in April 2023						
**** Acquired in May 2023						
Under Construction, with specifications subject to change or enhancement. Expected delivery in end 2Q2024						
Name of Vessel	Type	BHP / Deadweight	Size	Accommodation	Deck Area	Crane Capacity
TBC AOS Glory	DP2 Multi-purpose PSV	6000 / 3300T	80.0m Length Overall / 21m beam	54 men	835 sqm	10T @ 8m

Significant Development MILESTONES

Date	Significant development/Milestones	Description	Reference
Jan-16	The Company secured a convertible loan of US\$13 million for expansion with proceeds used to partially finance the purchase of liftboat, i.e. AOS Maintainer I. The vessel was delivered and started work since September 2016.	The Company had entered into a convertible loan agreement with SCF-VIII, L.P. ("SCF") pursuant to which SCF had extended to the Company a loan of a principal amount of US\$13 million ("SCF Loan"), to partially fund the cash portion for the Company's purchase of a liftboat, i.e. AOS Maintainer I, and related mobilisation costs.	https://links.sgx.com/FileOpen/ANH_Convertible%20Loan%20Agreement.ashx?App=Announcement&FileID=384878
May-16	The Company secured US\$236 million long-term charters for 10 vessels with a MENOC. Fulfilment of contracts started since July 2016 with progressive deployment of front runner vessels comprising of owned vessels and charter-in vessels.	The Company was awarded long-term charters for 10 vessels with a combined value of approximately US\$236 million by a MENOC. The Group will supply 5 Maintenance/Work/Utility vessels and 5 Anchor-Handling Tug, Supply and Safety Standby vessels, of which 7 will be new builds. The vessels, on a firm five-year charter with a two-year extension option, will support the MENOC's operations in the Arabian Gulf.	https://links.sgx.com/FileOpen/ANH_Media_Release_Atlantic_Navigation_secures_USD236million_long_term_charters_for_10_vessels.ashx?App=Announcement&FileID=404692
Jun-16	Purchase of and commissioning to build 7 new vessels to support the long-term charters. First delivery of vessel in March 2018 and last of which in December 2018.	The Company signed Shipbuilding Agreements with a shipyard in the People's Republic of China for the supply of 5 Maintenance/Work/Utility vessels and 2 Anchor-Handling Tug, Supply and Safety Standby vessels at a total cost of approximately US\$45 million. The vessels will, upon delivery, be deployed under firm five-year charters to support the operations of a MENOC in the Arabian Gulf.	https://links.sgx.com/FileOpen/Media_Release_Acquisition_of_7_new_vessels.ashx?App=Announcement&FileID=408372
Mar-17	The Company secured US\$44 million charter for its liftboat, i.e. AOS Maintainer I, with a MENOC. Contract started in June 2017 and had since extended until end June 2019.	The vessel, on a firm one-year charter with two one-year extension options, will support the MENOC's operations in the Arabian Gulf.	https://links.sgx.com/FileOpen/ANHSL_Announcement_Maintainer_I.ashx?App=Announcement&FileID=443163
Apr-17	The Company received support from one of its principal bankers with the revision of repayment and extension of tenure of term loan revolving credit facilities of US\$46 million until April 2023.	On 11 April 2017, the Company executed agreements to revise the repayment and to extend the tenure of term loans and revolving credit facilities of US\$46 million with Maybank Singapore (the "Loan Facilities"). The Loan Facilities has been extended to an average of 8 years from an average of 4 years previously. The Group's loan principal repayment will be reduced by an aggregate of US\$9 million over the next 3 years.	https://links.sgx.com/FileOpen/ANHSL_Announcement_Refinancing.ashx?App=Announcement&FileID=451549
Apr-17	The Group and its Korean Consortium partner secured a US\$45.2 million project with a MENOC for the purchase and removal of decommissioned offshore and onshore facilities. Physical aspect of the work execution has concluded and closure of the project is expected to be fully completed by end April 2019.	The Company's subsidiary, Atlantic Ship Management LLC ("ASM"), and Oceanus Co. Ltd. Korea c/o Oceanus Co. Ltd. Abu Dhabi formed a consortium in which ASM had a 49% interest and had on 19 April 2017 been awarded a US\$45.2 million project for the purchase and removal of decommissioned offshore and onshore facilities by a MENOC. ASM's interest in the consortium was subsequently reduced to 40% with the introduction of an additional partner in March 2018.	https://links.sgx.com/FileOpen/ANHSL_Announcement_Arzanah.ashx?App=Announcement&FileID=449871
Mar-18	The Group secured US\$8.5 million loan from its Middle East partner which is payable over 5 years to partially finance the cash portion and mobilisation cost due for the 5 out of the 7 new vessels.	The Company's wholly-owned subsidiary, Atlantic Maritime Group FZE ("AMG"), had on 28 March 2018 entered into a loan agreement with Mr. Mubarak Abdullah Al-Suwaiket ("Middle East partner"), for the grant of a loan of a principal amount of US\$8.5 million by the Middle East partner to AMG, maturing 365 days after the date of receipt by AMG of the loan amount. AMG had undertaken to repay the loan and the financial charges to the Middle East partner within 5 years commencing on the date on which the loan is received by AMG in 5 instalments.	https://links.sgx.com/FileOpen/ANH%20Announcement.ashx?App=Announcement&FileID=495279
Apr-18	AMG obtained a 7-year commodity term loan facility of up to US\$29.8 million from its United Arab Emirates banker to finance the acquisition of the 7 new vessels.	AMG had on 3 April 2018 executed a 7-year Term Loan Facility of up to US\$29.8 million (the "Facility") from its United Arab Emirates banker. The Facility will be utilised to finance the acquisition of 7 new vessels. The Company had drawn down US\$20.4 million of the loan from the Facility to pay for the first batch of 5 out of 7 new vessels.	https://links.sgx.com/FileOpen/Announcement%20-%20Term%20Loan%20Facility%20-%20Final.ashx?App=Announcement&FileID=496441

Significant Development

MILESTONES

Date	Significant development/Milestones	Description	Reference
Jul-18	Proposed subscription of 262,918,394 new ordinary shares in the share capital of the Company ("Subscription Shares") by Saeed Investment Pte. Ltd. ("Saeed Investment") to raise US\$26 million, for majority 50.2% stake in the enlarged share capital of the Company.	On 15 July 2018, the Company had entered into a conditional share subscription agreement with Saeed Investment ("Subscription Agreement") pursuant to which the Company has agreed to issue and allot an aggregate of 262,918,394 Subscription Shares to the Saeed Investment, and Saeed Investment has agreed to subscribe for the Subscription Shares, at the subscription price of US\$0.09889 per Subscription Share, for an aggregate amount of US\$26 million.	https://links.sgx.com/FileOpen/ANH%20Announcement%20-%20Subscription%20Agreement%20-%20final.ashx?App=Announcement&FileID=516356
Oct-18	Delivery of the remaining 2 out of 7 new vessels to support the long-term charter contracts with a MENOC. Remaining firm contract duration for the full 10-vessel marine spread is expected to least until end August 2022.	On 18 October 2018, the Company drawn down on the balance of US\$9.4 million of the Facility to pay for the remaining 2 out of 7 new vessels. The Group has taken the delivery of these 2 vessels for mobilisation to the Middle East to support the long-term contracts with the MENOC.	https://links.sgx.com/FileOpen/ANHSL%20Announcement%20NBF%20Loan%20Drawdown%20-%20Final.ashx?App=Announcement&FileID=530817
Dec-18	Completion of proposed subscription of Subscription Shares by Saeed Investment, which is controlled and helmed by Mr Kum Soh Har, Michael.	On 11 December 2018, 262,918,394 Subscription Shares were allotted and issued to Saeed Investment in accordance with the Subscription Agreement. The Company's total issued and paid-up share capital has increased from 260,593,750 shares to 523,512,144 shares.	https://links.sgx.com/FileOpen/ANH%20Announcement%206%20-%20Completion.ashx?App=Announcement&FileID=537063
Dec-18	Repayment of outstanding principal and interests of the SCF Loan funded by the new cash-for-equity injection by Saeed Investment.	The Company has, in accordance with the terms of the Subscription Agreement, utilised part of the subscription proceeds amounting to US\$17.2 million to fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 for the SCF Loan.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Repayment%20of%20SCF.ashx?App=Announcement&FileID=537951
Dec-18	Appointment of Mr Kum Soh Har, Michael as the Non-Executive Non-Independent Chairman, with Mr Wong Siew Cheong, Bill being re-designated as Executive Director and Chief Executive Officer, along with other Board appointments and resignations.	Completion of renewal of members of Board of Directors as well as strengthening of Management team to meet the challenges of the future.	https://links.sgx.com/1.0.0/corporate-announcements/50HH16YLF16B45F4/b73f917af8d768ffc2683a6f83fd80082c2f355501ccf20c70989dadaa0687e5
Mar-19	Completion of changes to members of the Board of Directors and the Board Committees culminating with the appointment of Mr Gwee Lian Kheng as Lead Independent Director in March 2019.	Completion of renewal of members of Board of Directors as well as strengthening of Management team to meet the challenges of the future.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Board%20Composition%20-%20final.ashx?App=Announcement&FileID=545991
May-19	The Group announced the extension of contract for lift-boat i.e. AOS Maintainer I for one more year with MENOC for a contract which started since July 2017.	On 23 May 2019, the Group announced the extension of contract for lift-boat AOS Maintainer I for second year with the daily charter rates and other conditions remaining unchanged. It also announced that the other lift-boat, i.e. Delta 22, had secured a 6-month firm contract with 2-month extension option contract with same repeat customer which started on 1 May 2019.	https://links.sgx.com/FileOpen/ANH%20-%20Annct%20-%20Extension%20of%20Maintainer%20I%20and%20Delta%2022%20contracts.ashx?App=Announcement&FileID=560624
Jun-19	The Group announced the disposal of 15% minority interest in Bravo Shipping and Trading Co. Ltd ("Bravo") which is an investment in joint operation.	On 29 June 2019, the Group disposed of its interest in Bravo which is the owner of vessel AOS Triumph for a total cash consideration of about US\$1.15 million including an ascribed value of US\$6.0 million for the vessel. Apart from FY2015, Bravo has been loss-making (including depreciation) and generating limited cash flow on a declining basis.	https://links.sgx.com/FileOpen/ANH%20-%20Final%20Announcement%20-%20Disposal%20of%20minority%20interest%20in%20BRAVO%20-%2020280619.ashx?App=Announcement&FileID=565331
Jul-19	Resumption of trading of the Company's shares on the SGX Catalyst with the restoration of free float of more than 10%.	With the restoration of free float, the Company's shares resumed trading on 5 July 2019 which were suspended since December 2018. The loss of free float was due to the cash-for-equity injection by Saeed Investment to bolster the balance sheet of the Group.	https://links.sgx.com/FileOpen/ANH%20-%20Annct%20-%20Restoration%20and%20resumption%20of%20trading%20040719.ashx?App=Announcement&FileID=567038
Feb-20	The Group announced its financial results for FY2019 with improvement in profits.	The Group reported its unaudited financial results on 28 February 2020 with improvement in profit for the year 2019 of US\$2.4 million, with EBITDA generated US\$19.8 million in FY2019 compared to US\$16.3 million in FY2018, or an increase of more than 20%.	https://links.sgx.com/FileOpen/Financial%20Results%20Announcement%20FY2019%20Final.ashx?App=Announcement&FileID=598689

Significant Development MILESTONES

Date	Significant development/Milestones	Description	Reference
Jul-20	Following the commencement of the arbitration by claimant with regard to the rescission of a liftboat vessel contract by the Group as announced on September 2018, the Group announced that it had entered into settlement agreement with the claimant.	On 7 July 2020, the arbitration notices had hence been withdrawn by the claimant with the Group has agreed to pay the claimant and the claimant has agreed to accept a total sum of US\$500,000 as full and final settlement in five (5) equal monthly installments, starting from July 2020 which had since been fully repaid.	https://links.sgx.com/1.0.0/corporate-announcements/1NNSSSX1FYR01TPA/8015e29d27f62261b14fa8601165e0bc92f9e73683bff9bd066afbecc70521fc
Mar-21	The Group announced its financial results for FY2020 with lower revenue and net loss for the year adversely impacted by the ongoing COVID-19 pandemic.	As announced on 31 March 2021, notwithstanding loss for the year of US\$5.5 million (including impairment loss of US\$5.78) million, the Group continue to generate positive EBITDA of US\$13.9 million as well as net cash flows generated by operating actives (i.e. after working capital changes and interest payments) of US\$10.3 million.	https://links.sgx.com/1.0.0/corporate-announcements/SZRG2MINCEMW6KBK/af9db0c96b02758f82b9000eb827a161a5871445ad67a7941392a5b611603552
Jun-21	The Group had by end May 2021 completed the re-profiling of the secured loan obligations with both of its principal bankers.	In summary, the re-profiling would result in US\$14.1 million in aggregate of principal repayments originally due in 2H2020 and FY2021 to be re-scheduled, and repayable from FY2022 to FY2025.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Approval%20from%20SGX-ST%20for%20EOT%20to%20release%20Q12021%20Results%20and%20AGM%20030621.ashx?App=Announcement&FileID=670085
Sep-21	The Group had accepted an unsolicited offer from Norden Gabon A/S for the sale of 2 vessels, AOS Star and AOS Energy.	On 24 September 2021, an unsolicited offer from an unrelated third party, Norden Gabon A/S based in Denmark via an unrelated third party broker for the sale of two vessels, namely AOS Star and AOS Energy for gross considerations of US\$1,050,000 and US\$900,000 respectively, or US\$1,950,000 in aggregate.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Disposal%20of%20AOS%20Star%20and%20AOS%20Energy_final.ashx?App=Announcement&FileID=684729
Mar-22	The company had secured a contract for its liftboat, i.e. Delta-22 for a firm duration of 730 operational days with 2 semi-annual extensions of up to 12 months with Masirah Oil Limited.	On 4 March 2022, the Group announced that it secured a contract for its liftboat, i.e. Delta-22 for a firm duration of 730 operational days with 2 semi-annual extensions of up to 12 months with Masirah Oil Limited which is 91.8% indirectly owned by Rex International Holding Limited ("Rex").	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Delta%2022%20Time%20Charter%20and%20Purchase%20Option%20Agreement_20220304.ashx?App=Announcement&FileID=706128
Jun-22	Disposal of utility vessel, i.e. AOS Honour.	Sale of AOS Honour sold pursuant to Sale & Purchase Agreement entered into on 10 June 2022 with unrelated third party.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Sale%20of%20AOS%20Honour%2010%20June%202022.ashx?App=Announcement&FileID=720498
Jun-22	The Group secured Loan Refinancing and Loan Re-profiling with its principal bankers respectively.	On 13 June 2022, the Group announced that it had secured Loan Refinancing of US\$9.0 million from its Primary Bank for repayment of certain existing loans of approximately US\$5.7 million with the Relevant Bank and remaining proceeds for working capital purposes. Remaining debt with Relevant Bank is expected to be US\$9.0 million as at 30 June 2022 to be re-profiled for full repayment by original maturity in April 2023.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Loan%20Refinancing%20and%20Loan%20Re-profiling_20220613.ashx?App=Announcement&FileID=720681
Nov-22	The Group had secured a mid-term time charter contract for one of its vessels.	On November 15, 2022, the Group had secured a contract for one of its vessels for a firm duration of 2 years, with monthly extension options of up to 3 months thereafter with a third-party charterer.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Mid-Term%20Time-Charter%20Contract%20Secured_15%20November%202022.ashx?App=Announcement&FileID=738951
Mar-23	The Group reports strong turnaround performance in FY2022.	The Group generated revenue of US\$64.9 million in FY2022 or about 48% increase over FY2021. Gross profit of US\$22.8 million and cash generated from operations of US\$21.8 million for FY2022 represented more than 200% increases over FY2021. The improvement in gross profit and cash generated from operations were mainly due to the higher revenue year-on-year through the increases in utilisation rates, daily charter rates of its lift-boats and OSVs in general and, to a lesser extent, repair jobs undertaken, at higher margins on average.	https://links.sgx.com/FileOpen/Media%20Release%20for%20FY2022%20results%20-%201%201%20March%202023%20final%20for%20upload_ashx?App=Announcement&FileID=748603

Significant Development

MILESTONES

Date	Significant development/Milestones	Description	Reference
Mar-23	The Group had secured a new 5-year medium term loan from its existing principal bank.	On 16 March 2023, the Group had entered into revised Facilities Agreement to include a new medium term loan up to US\$20.0 million (the "New MTL") in aggregate with one of its principal bankers which will be utilised mainly for the repayment of loan outstanding of US\$5.0 million to another bank as at 28 February 2023 in relation to the Refinanced Vessel, and the remaining amount for general corporate purposes including potential acquisition of vessels within a 9-month availability period.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20New%20MTL%20Secured%20of%20DT%20to%20US\$20.0%20million_16%20March%202023.ashx?App=Announcement&FileID=750108
Apr-23	The Group had on 6 April 2023 entered into agreement for proposed acquisition of a Multi-purpose PSV for US\$10.0 million.	The Seller of the Vessel, i.e. Vega Egypt 1, is Saeed Investment Pte. Ltd. which is the majority shareholder of the Company whereby constituting an IPT for the transaction to be approved by independent shareholders at EGM to be convened on 25 April 2023.	https://links.sgx.com/FileOpen/Atlantic%20Navigation%20Holding%20-%20DT%20and%20IPT%20for%20Acquisition%20of%20Vessel_20230406.ashx?App=Announcement&FileID=753196
May-23	The Group had entered into an agreement for proposed acquisition of a Multi-purpose utility vessel ("MUV") for approximately US\$5.5 million.	On 4 May 2023, the Group announced the acquisition of marine vessel, i.e. Team Clio for approximately US\$5.5 million from an unrelated third party in the Middle East.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Acquisition%20of%20Team%20Clio%20th%20May%202023.ashx?App=Announcement&FileID=758014
May-23	The Group had on 31 May 2023 entered into an agreement for proposed acquisition of OSV under construction for slightly less than US\$9.0 million.	The Group had entered into an agreement for the acquisition of a marine vessel for slightly less than US\$9.0 million with an unrelated third-party shipyard. The Vessel is currently under construction which is expected to be completed and ready for operation by end 2Q2024 as updated.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Acquisition%20of%20Vessel%2031%20May%202023.ashx?App=Announcement&FileID=761277
Jun-23	The Group announced the incorporation of new company in Qatar.	On 5 June 2023, the Group had a new company incorporated in Qatar which is Energy Marine Services and Trading LLC ("EMST LLC"). EMST LLC is 49% owned by Oasis Marine Inc., which is an indirect wholly-owned subsidiary of the Company, with the other 51% shareholder being an unrelated third-party entity based in Qatar. The principal activities of EMST LLC are in vessel operations and vessel management, and other related activities.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20on%20Incorporation%20of%20Qatar_20230605.ashx?App=Announcement&FileID=761605
Aug-23	The Group announced its 1H2023 financial results with significant year-on-year increases in revenue and profits.	Supported mainly by strong utilisation rate across its fleet of vessels of 89.4% for 6M2023 compared to 87.9% for 6M2022, the Group generated revenue of US\$43.6 million for 6M2023 or 48.0% increase over 6M2022 of US\$29.4 million. Gross profit was US\$16.5 million for 6M2023 or 69.4% increase over 6M2022 of US\$9.7 million. The net cash flows generated from operating activities for 6M2023 of US\$14.1 million which represented 105.8% increase over 6M2022 of US\$6.9 million.	https://links.sgx.com/FileOpen/Media%20Release%20for%206M2023%20financial%20results%20-%202014%20August%202023.ashx?App=Announcement&FileID=769096
Jan-24	The Group had on 16 January 2024 entered into an agreement for proposed acquisition of an accommodation work boat ("AWB") for US\$11.0 million and concurrently entered into a new 4-year term loan facility.	The Group had entered into an agreement for the acquisition of a marine vessel i.e. Berkat Teguh, now known as Atlantic Capella for approximately US\$11.0 million with an unrelated third-party shipyard. In relation to the acquisition, the Group had entered into a revised Facilities Agreement to include a new 4-year medium-term loan of up to US\$12.0 million (the "New MTL") in aggregate with one of its principal bankers in the Middle East.	https://links.sgx.com/FileOpen/ANH%20-%20Announcement%20-%20Acquisition%20of%20Berkat%20Teguh%20and%20entering%20into%20the%20new%20MTL%20Loan%20Facilities_16%20January%202024.ashx?App=Announcement&FileID=783069
Feb-24	The Group reports strong financial performance for FY2023 with record revenue and profits.	The Group achieved strong financial performance with record Group's revenue and gross profit at US\$91.0 million and US\$32.0 million respectively compared to US\$64.9 million and US\$22.8 million respectively in FY2022 mainly due to overall higher contribution from its owned vessels including 2 vessel additions to fleet, cross charters as well as two spot projects, partially offset lower contributions from 6 vessels due to scheduled special survey which were completed in FY2023.	https://links.sgx.com/1.0.0/corporate-announcements/UOSFTWV0N9D8CJW3/de21da04d83dbdbe18957d6a2ae84a0ec9dd4f8acc729cc253cb24fbf28b13fe

HSE DESCRIPTION



HEALTH, SAFETY AND ENVIRONMENT (“HSE”)

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

As an established reputable ship manager, Atlantic Maritime Group FZE (“**AMG FZE**”) has successfully implemented and maintained an integrated management system in compliance with the latest ISO standards in Quality, Safety and Environment. Our HSE policy in compliance with ISO 45001 and ISO 14001 guides us in minimizing and mitigating any health and safety issues and the negative environmental impact caused from day-to-day operations and ensuring compliance with all HSE related regulations.

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

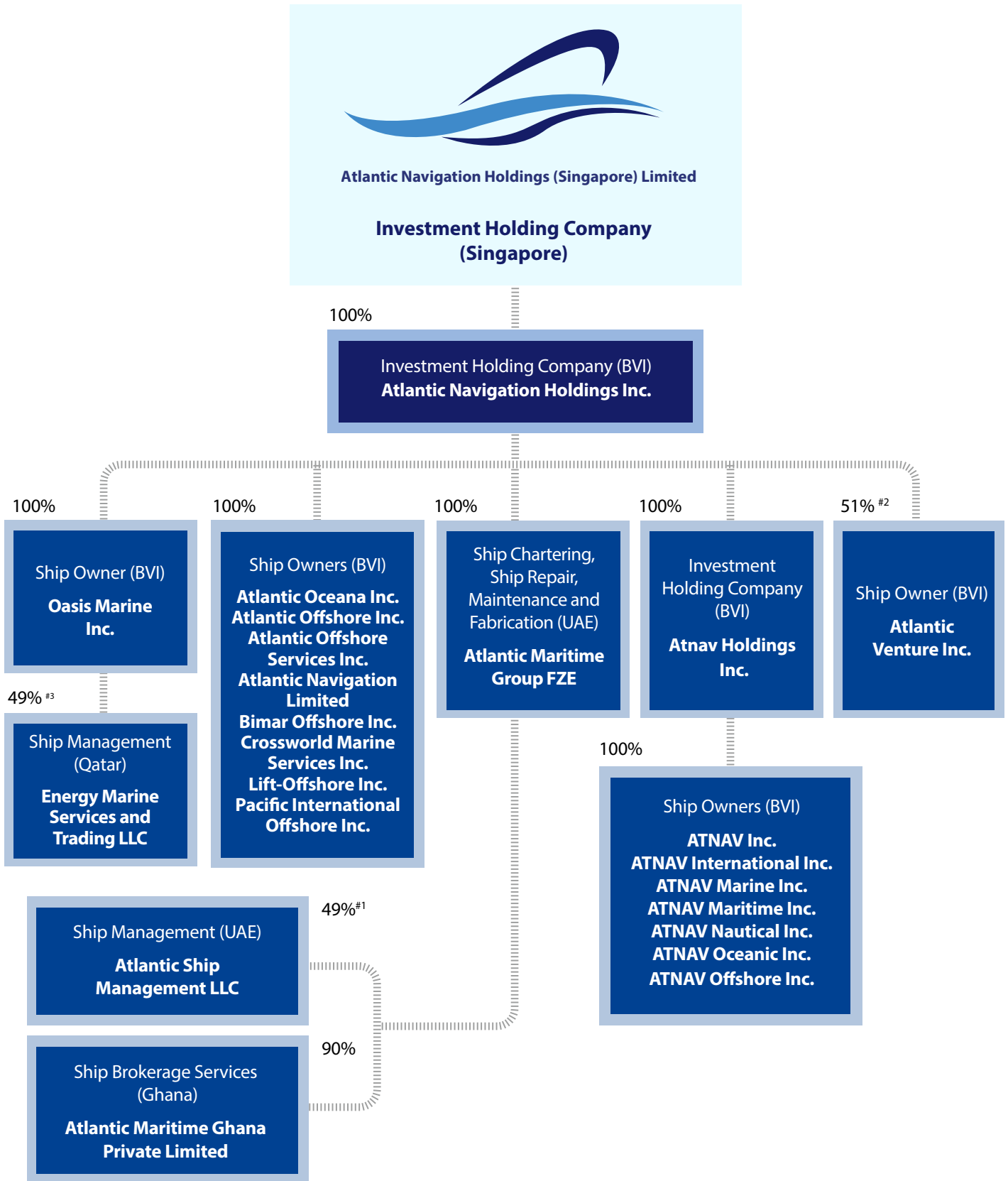
The Stop Work policy of the Group provides the authority with all due responsibilities to all designated employees or contractors to

stop an activity if, in his/her opinion or judgment, the activity is deemed to be an unsafe or risky behavior.

The HSE Performance is consistent in our record of zero major incidents and fatalities over the years, underscoring our unwavering commitment to ensuring the safety and well-being of our workforce. Compared to 2022 where there were nil Lost time Injuries (“**LTI**”) out of 4.32 million man-hours worked, there were 2 LTIs out of almost 5.75 million total man-hours worked in 2023 which were minor in nature and the affected individuals swiftly and fully recovered and returned to work. There were also no major environmental incidents, oil spills, property damages which occurred during our marine operations whereupon we had received appreciation from clients including the celebration of 1 Million LTI free party onboard AOS Maintainer 1 with the charterer in November 2023.

We remain vigilant to the emerging threats and potential dangers to our operations including the current conflict in the Middle East since October 2023. While WHO officially declared an end to the COVID-19 pandemic as a global health emergency, the Group keeps abreast of the latest developments and the risks of the emerging new variants. We remain steadfast in our commitment to continually enhancing our HSE performance and fostering a culture of safety throughout the organization.

Group STRUCTURE



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

^{#2} The Group has 51% interest in Atlantic Venture Inc. which is currently under liquidation.

^{#3} Please see announcement made by Company on SGXNet on 5 June 2023.

Corporate GOVERNANCE REPORT

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

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

This report describes the Company’s corporate governance practices with reference to both the principles and provisions set out in the 2018 Code. The Board confirms that, for the financial year ended 31 December 2023 (“**FY2023**”), the Company has adhered to the principles of the 2018 Code as well as the Catalist Rules, where appropriate, and has generally adhered to the provisions set out in the 2018 Code. Where there are deviations from any provision of the 2018 Code, appropriate disclosures and explanations are provided in accordance to the requirements of the Catalist Rules.

A. BOARD MATTERS

The Board’s Conduct of its Affairs

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

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

The principal functions of the Board are as follows:

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

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

Corporate GOVERNANCE REPORT

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

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

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

Directors owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises. Directors are prohibited from (i) taking themselves (or directing to family members, companies to which they are affiliated or to any third parties) personal business opportunities that arise through the use of the Company's property, information or their position as director; (ii) using Company's property, information or their position as a director for personal gain; (iii) competing with the Company for business opportunities; (iv) using the Company's property, information or their position as a director for improper purposes; or (v) causing detriment to the Company.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times, the interests of the Company. When an actual, potential or perceived conflict of interest arise, Directors must:

- (a) Promptly disclose such interest at a meeting of the Directors or by sending a written notice to the Company Secretary containing details of the interest and the nature of the conflict. Duty to disclose to the Board is non-delegable and the responsibility falls on the Director alone; and
- (b) Recuse themselves from participating in any discussion and decision on the matter.

If in doubt as to whether a particular interest might conflict with the interests of the Company, Directors should err on the side of caution and disclose the potential conflict to the Board as long as there is even the slightest possibility of a potential conflict.

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

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

Corporate GOVERNANCE REPORT

Details of Board and Board Committees meetings as well as shareholders' general meeting held during FY2023 and members' attendance are summarised in the table below:

Meetings	Annual General Meeting for FY2022	Extraordinary General Meeting	Board	Board Committees		
				Audit	Nominating	Remuneration
Total held in FY2023	1	1	6	4	1	1
Number of meetings attended						
Mr Kum Soh Har, Michael ("Mr Kum")	1	1	3	2	1 [#]	1
Ms Kum Wan Mei, Gwendolyn (Gan Wanmei) (Alternate Director to Mr Kum)	1	1	6	4 [#]	1 [#]	1 [#]
Mr Wong Siew Cheong, Bill	1	1	6	4 [#]	1 [#]	1 [#]
Mr Gwee Lian Kheng	1	1	5	4	1	1
Mr Wong Chee Meng, Lawrence	1	1	6	4	1	1
Mr Sam Chee Leong	1	1	6	4	1	1 [#]

[#]By invitation

The Board has independent and separate access to the Management at all times in carrying out its duties. The Management provides the Board with adequate and timely information including Board papers and related materials, and updates on initiatives and developments for the Group's business whenever possible prior to meetings and on an ongoing basis to enable the Directors to make informed decisions to discharge their duties and responsibilities. Any additional material or information requested by the Directors is promptly furnished.

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

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

The Company has and intends to continue to organise orientation programmes for current and new Directors (if and when required or when appointed) to familiarise them with the Group's operations and business issues as well as the relevant regulations and governance requirements, to facilitate the effective discharge of their duties. In view of the lifting of the COVID-19 related travel restrictions, the Directors visited the office in Sharjah, United Arab Emirates in order to understand of the Group's operations and business practices, and convened the Board and Board Committees' meeting on 28 February 2023.

Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations. Newly appointed Directors will be provided with background information on the Group's history, business operations and policies. For new appointed Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 406(3)(a) of the Catalist Rules, which was consistent with the 2018 Code, the Company will arrange for the SGX-ST's prescribed training courses ("**Mandatory Training**") organised by the Singapore Institute of Directors ("**SID**") on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. No new Director was appointed during FY2023.

Corporate GOVERNANCE REPORT

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

Board Composition and Guidance

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

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

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

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

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

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

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

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

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

Corporate GOVERNANCE REPORT

The composition of the Board and its Board Committees are reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience and gender diversity to enable the Management to benefit from a diverse perspective of issues that are brought before the Board, and collectively possesses the necessary core competence in legal, business, investment, and accounting matters and industry knowledge for informed decision-making and effective functioning.

The Company has a written Board Diversity Policy which sets out the policy and framework for promoting diversity on the Board and maintained a culture of diversity to benefit from a wide talent pool. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including but not limited to:

- gender;
- age;
- nationality;
- race and ethnicity;
- cultural background;
- education background;
- experience;
- expertise and skills;
- knowledge;
- independence; and
- length of service.

All director appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity and needs on the Board, and no candidate shall be disregarded by virtue of disability, gender, sexual orientation, age, race, ethnicity, religion, physical impairment, or any other potential factor of difference.

On annual basis, the NC conducts its review composition of the Board to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board. All Directors will submit to the NC on an annual basis a completed Board and Board Committees Evaluation Questionnaire (including composition of the Board and Board Committees). The NC have reviewed the completed Questionnaire for FY2023, and is satisfied that the Board has the appropriate mix of expertise, experiences, and skills in supporting the attainment of its strategic objectives and sustainable development.

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

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

Chairman and Chief Executive Officer

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

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

Corporate GOVERNANCE REPORT

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

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

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

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

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

Board Membership

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

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

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

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

- (a) to make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board;
- (b) to review, assess and recommend nominee(s) or candidate(s) for appointment or election to the Board, having regard to his/her qualifications, competency, other principal commitments and whether or not he/she is independent and in the case of a re-nomination, his/her contribution and performance;
- (c) to review Board succession plans for Directors, in particular for the CEO and the progressive renewal of the Board;

Corporate GOVERNANCE REPORT

- (d) to evaluate the performance of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board;
- (e) to determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the 2018 Code is in fact independent, the Company will disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. The NC may at its discretion determine a Director as non-independent even if he has no business or, other relationships with the Company, its related corporation, its substantial shareholders or its officers and provide its views to the Board for the Board's consideration;
- (f) to review training and professional development programmes for the Board; and
- (g) to establish and review the criteria on the determination of the maximum number of directorships of listed companies any Director may hold, and to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations and other principal commitments.

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

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

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

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

Mr Wong Siew Cheong, Bill will, upon re-election as a Director, remain as the Executive Director and CEO of the Company. Mr Sam Chee Leong will, upon re-election as a Director, remain as an Independent Director of the Company, and a member of the AC and NC. Mr Sam Chee Leong is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Corporate GOVERNANCE REPORT

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

Name of Directors	Wong Siew Cheong, Bill	Sam Chee Leong
Date of Appointment	31 July 2012	21 December 2018
Date of last re-election	29 June 2022	29 June 2021
Age	71	76
Country of principal residence	United Arab Emirates	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The NC, having considered Mr Wong Siew Cheong, Bill's contribution and performance, has recommended his re-appointment as the Executive Director and CEO of the Company. The recommendation was approved by the Board of Directors.	The NC, having considered Mr Sam Chee Leong's contribution, performance and independence, has recommended his re-appointment as the Independent Director of the Company. The recommendation was approved by the Board of Directors.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Wong Siew Cheong, Bill is responsible for the strategic planning and development of the Group's business and spearheading the expansion and growth of the Group.	Non-Executive
Job title	Executive Director and Chief Executive Officer	Independent Director, and a member of the AC and the NC
Professional qualifications	Bachelor of Mechanical Engineering from the University of Singapore	Mechanical Engineering Diploma from the Singapore Polytechnic Bachelor of Engineering Management from the University of Western Sydney Graduate Certificate Project Management from RMIT
Working experience and occupation(s) during the past 10 years	Mr Wong Siew Cheong, Bill founded the Atlantic Group in 1997 and was appointed as the Chief Executive Officer of the Group on 31 July 2012	July 1973 – December 2016: Vice President in various assignment of the American Bureau of Shipping, Pacific Division
Shareholding interest in the listed issuer and its subsidiaries	<u>The Company</u> Direct interest – 166,599,000 Ordinary Shares Deemed interest – 33,375,000 Ordinary Shares <u>Subsidiaries of the Group</u> Nil	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Spouse of Madam Chong Mee Chin, a substantial shareholder of the Company	None
Conflict of interest (including any competing business)	Nil	Nil

Corporate GOVERNANCE REPORT

Name of Directors	Wong Siew Cheong, Bill	Sam Chee Leong
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes	Yes
<p>Other Principal Commitments* including Directorships</p> <p><i>*Exclude the occupation(s) as disclosed in the section entitled "Board of Directors" of the Annual Report</i></p>	<p><u>Past (for the last 5 years)</u></p> <p><u>Directorships</u></p> <ul style="list-style-type: none"> - Astra Offshore Sdn Bhd <p><u>Other principal commitments</u></p> <p>Nil</p> <p><u>Present</u></p> <p><u>Directorships</u></p> <ul style="list-style-type: none"> - Atlantic Offshore Services LLC - Atlantic Marine Services LLC - Atlantic Navigation Holdings Inc. - Atlantic Maritime Group FZE - Atlantic Oceana Inc. - Atlantic Offshore Inc. - Atlantic Offshore Services Inc. - Atlantic Navigation Limited - Bimar Offshore Inc. - Crossworld Marine Services Inc. - Lift-Offshore Inc. - Oasis Marine Inc. - Pacific International Offshore Inc. - Atnav Holdings Inc. - ATNAV Inc. - ATNAV International Inc. - ATNAV Marine Inc. - ATNAV Maritime Inc. - ATNAV Nautical Inc. - ATNAV Oceanic Inc. - ATNAV Offshore Inc. - Atlantic Ship Management LLC - Trend Steel Construction and Engineering Co. Ltd - Atlantic Venture Inc. (Under liquidation) - Atlantic Maritime Ghana Private Limited <p><u>Other principal commitments</u></p> <p>Nil</p>	<p><u>Past (for the last 5 years)</u></p> <p><u>Directorships</u></p> <p>Nil</p> <p><u>Other principal commitments</u></p> <p>Nil</p> <p><u>Present</u></p> <p><u>Directorships</u></p> <p>Nil</p> <p><u>Other principal commitments</u></p> <p>Nil</p>

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

Board Performance

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

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

Corporate GOVERNANCE REPORT

The NC is of the view that it is more appropriate and effective to evaluate the performance of the Board as a whole, bearing in mind that each member of the Board contributes in different ways to the success of the Company and Board decisions are made collectively. The evaluation is separately completed by each Director to elicit his individual input, collated, analysed and discussed with the NC and the Board with comparatives from the previous year. Recommendations to further enhance the effectiveness of the Board and the various Board Committees are implemented, as appropriate. The NC had conducted a performance evaluation of the Board and the Board Committees for FY2023, and areas highlighted by the Directors in the evaluation were further deliberated on to improve corporate governance of the Group.

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

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

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

- (a) to review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment for each Director and key management personnel including but not limited to senior executives reporting directly to the CEO or employees related to the Executive Director and controlling shareholders of the Group, if any;
- (b) to review and submit its recommendations for endorsement by the entire Board, share option schemes, share award plans or any long-term incentive schemes which may be set up from time to time, in particular to review whether Directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith; and
- (c) as part of its review, the RC shall ensure that:
 - i. all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits-in-kind are covered;
 - ii. the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and key management personnel's performance;
 - iii. the remuneration package of employees related to Executive Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility; and

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- iv. the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. The RC benchmarks the remuneration of all Directors against peer companies in the sector. The RC has not engaged external professional remuneration consultant in FY2023. When necessary, the RC would seek independent professional advice on remuneration matters at the expense of the Company.

Level and Mix of Remuneration

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

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

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

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

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

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

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

No share options and share awards have been granted under the 2015 Schemes in FY2023 and no outstanding share options in FY2023.

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

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Disclosure on Remuneration

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

The level and mix of each Director's remuneration for FY2023 are as follows:

US\$'000	Directors' fees	Salary ¹	Bonus	Other benefits ²	Total
Mr Kum Soh Har, Michael	54.4	–	–	–	54.4
Ms Kum Wan Mei, Gwendolyn (Gan Wanmei) (Alternate Director to Mr Kum Soh Har, Michael)	–	–	–	–	–
Mr Wong Siew Cheong, Bill	–	489.3	677.5	–	1,166.8
Mr Gwee Lian Kheng	46.6	–	–	–	46.6
Mr Wong Chee Meng, Lawrence	43.2	–	–	–	43.2
Mr Sam Chee Leong	40.2	–	–	–	40.2

The Group only has four (4) key management personnel who are not Directors or the CEO.

On the basis of fostering a strong team cohesiveness and contribution within the Group, the disclosure relating to the key management personnel of the Group will be in bands of S\$250,000 and in percentage terms for FY2023. The Board is of the opinion that such disclosure presentation provides sufficient overview of the remuneration of key management personnel, considering the confidentiality and industry competitive nature of remuneration matters and thus may not be in the interests of the Group to disclose detailed information.

For FY2023, the aggregate remuneration paid to all the key management personnel (excluding the CEO who is an Executive Director whose remuneration is disclosed above) of the Group amounted to approximately S\$1,970,000 or US\$1,492,000 (based on year-end exchange rate of US\$1.00 : S\$1.32). The details of remuneration of the key management personnel of the Group are as follows:

S\$'000	Salary ¹ (%)	Bonus (%)	Other benefits ² (%)	Total (%)
Between S\$500,000 and S\$750,000				
Mr Stoyan Radev Ialamov <i>Deputy CEO and Chief Operating Officer</i>	81	19	–	100
Mr Hsu Chong Pin <i>Chief Financial Officer ("CFO")</i>	80	20	–	100
Between S\$250,000 and S\$500,000				
Mr Mohammad Reza Sadeghi <i>Project Director</i>	81	19	–	100
Mr Clive Opperman <i>Operations Manager</i>	81	19	–	100

Notes:

¹ Includes contractual short term employee benefits and allowances.

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

There is no employee of the Group (excluding the CEO) who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or substantial shareholders of the Company, and whose remuneration exceeded S\$100,000 during FY2023.

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

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

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

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that there are adequate and effective controls in place within the Group

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addressing financial, operational, compliance and information technology controls, and risk management policies and systems to meet the needs of the Group in its current business environment.

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

Audit Committee

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

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

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

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

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

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

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

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

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

- (a) to review and monitor significant financial reporting issues and judgement to ensure the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards used by the Company and the Group; and any announcements relating to the Company's financial performance, where the external auditors in their review or audit of the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company;
- (b) reviewing and assisting the Board to improve the quality of future interim financial statements or financial updates;
- (c) to review the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) to review, at the end of the audit cycle, the audit representation letters and the contents of the external auditors' management letter, and meet with the internal auditors and external auditors without the presence of the Management;
- (e) to review and report to the Board at least annually on the adequacy and effectiveness of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems;
- (f) to review, monitor, assess and evaluate the role and effectiveness of the internal audit function in the overall context of the Company's risk management policies and systems;

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- (g) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- (h) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;
- (i) in connection with the terms of engagement to the external auditors, to make recommendations to the Board on the selection, appointment, re-appointment, and resignation of the external auditors based upon a thorough assessment of the external auditors' functioning, and approve the remuneration and terms of engagement of the external auditors. The proposal should be submitted to the general meeting of shareholders for approval when there is a change of external auditors;
- (j) monitor and assess the external auditors' independence and keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence or objectivity is not impaired;
- (k) to review interested person transactions falling within the scope of the Catalist Rules;
- (l) to undertake such other reviews and projects as may be requested by the Board; and
- (m) to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has put in place a whistleblowing policy whereby employees and external parties may, in confidence, report possible improprieties which may cause financial or non-financial loss of the Group. The AC is responsible for oversight and monitoring of whistleblowing policy. Whistle blowers can call and/or email to the Executive Director and CEO or the Chairman of the AC, as the case may be, directly and in confidence, and his/her identity is kept confidential and he/she is protected from reprisals within the limit of the law. The recipient of the whistleblowing report shall maintain a record of all complaints received together with the actions taken and shall present such record to the AC at the AC meetings. The whistleblowing policy of the Group is made available to stakeholders upon their request through the email addresses (ir@amquae.net and corp@amquae.net).

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

The aggregate audit fees paid and payable to the external auditors, Ernst & Young LLP and its affiliates amounted to US\$128,000 in aggregate. Non-audit services provided by the Company's external auditors for the period under review amounted to approximately US\$4,000. The AC conducts an annual review of all non-audit services, which was mainly for tax services and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditors.

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

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

With respect to the Independent Auditor's Report for FY2023, in line with the recommendations by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and the SGX-ST, the AC can play an important role to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("KAM"). The AC has considered the KAM presented by the external auditor together with management on pages 41 to 42 of the Independent Auditor's Report. The AC reviewed the KAM and concurred and agreed with the external auditor and management on their assessment, judgements and estimates on the significant matter reported by the external auditor.

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The Group believes and recognises the need to put in place a robust and effective system of internal controls.

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

RSM UAE is staffed with professionals with relevant qualifications and experience. The Engagement Team for this engagement comprises a Partner, a Director and supported by a Manager with at least two junior staff. The Partner has more than 28 years of relevant experience whilst the Director has approximately 19 years of relevant experience. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

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

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

The AC meets with the external auditors and the internal auditors separately, at least once a year, without the presence of the Management to review any matter that might be raised. In FY2023, the AC met once with the external auditors and the internal auditors without the presence of the Management.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights by providing them with adequate, timely and sufficient information pertaining to information that could likely have a material impact on the Company's share price or trading volume. Furthermore, the Company continually reviews and updates such governance arrangement.

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

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

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

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The forthcoming AGM to be held in respect of FY2023, will be convened and held physically at Jasmine Room, Ibis Singapore on Bencoolen, 170 Bencoolen Street, Singapore 189657. Shareholders will be able to raise questions and vote in person at the AGM. Shareholders may also submit their questions in advance before the AGM. Please refer to the Notice of AGM for further details.

The Company believes in encouraging shareholders' participation at general meetings, where they are able to exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Directors, external auditors and senior management are present and available to address shareholders' queries at general meetings. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act 1967. The Company Secretary prepares minutes of general meetings relating to the agenda of the meetings, and makes these minutes, subsequently approved by the Board. Minutes of general meetings shall only include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board, the Management, the external auditors and other relevant professionals. These minutes will be made available to shareholders upon their request.

The Company will, in accordance to the Practice Note of the Catalist Rules, publish the minutes of the upcoming AGM in respect of FY2023 via the Company's website at <https://www.atlanticnavigation.com> and SGXNet within one month from the date of the said AGM.

All Directors, Management, Company Secretary, external auditors and the Company's continuing sponsor were present at the AGM for FY2022 and Extraordinary General Meeting held on 25 April 2023 ("**AGM and EGM**"). Save for the AGM and EGM, there were no other general meetings of the Company held during FY2023.

For greater transparency, the Company has instituted poll voting and all resolutions are put to vote by poll at its AGMs. The detailed results of the number of votes cast for and against each resolution and the respective percentages will also be presented at the AGM and announced via SGXNet on the same day. Independent scrutineers are appointed to conduct the voting process and verify votes for each resolution.

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

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flows generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. For FY2023, the Board has not declared or recommended any dividend in view of the operational and financial requirements of the Group.

Engagement with Shareholders

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

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

Information is communicated to shareholders on a timely basis through:

- (a) SGXNet announcements and press releases;
- (b) annual reports that are prepared and issued to all shareholders;
- (c) half yearly and annual financial statements containing a summary of the financial information and affairs of the Group for the period; and

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(d) the Group's website at <https://www.atlanticnavigation.com/>.

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

The investor relations endeavours of the Company are overseen by the CFO, engaging the resources and support from the relevant contribution of various departments including Finance and Operations for comprehensive and timely response to engage the market participants. The Company has also dedicated email addresses (ir@amguae.net and corp@amguae.net) available on the Company's website where the emails and requests from the public will be attended to as soon as practicable and within 3 business days as a policy. The Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act 1967.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

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

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

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

Summary on Sustainability Reporting 2023

The Company continues to prepare the Sustainability Report for FY2023 with reference to the Global Reporting Initiative (GRI) Standards for FY2023 and in compliance with the Catalist Rules, including climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), which was one of several key changes introduced under the enhanced SGX-ST's sustainability reporting rules in December 2021.

Consistent with the past few years, the Sustainability Report for FY2023 will continue to be issued on a standalone basis by 30 April 2024 with contents largely consistent with those in earlier years since FY2019 with the relevant reference to information contained in the Annual Report 2023 to keep stakeholders informed on the Group's sustainability endeavours and its integration with its business and operations.

Various stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations, namely customers, employees, management, shareholders, creditors, suppliers, community, government/regulatory bodies, and competitors. An internal process is undertaken to determine the salient economic, environmental, social and governance issues of these stakeholders and the engagement including key areas of focus and engagement channels to be disclosed in the Sustainability Report for FY2023.

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Dealing in Securities

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

The Company Secretary issues the internal memo of dealing in securities prior to announcement of financial results to the Directors and CFO one (1) month prior to the announcement of the half and full year results as a reminder to prohibit trading of Company's securities during the close window period. The CFO will circulate the same to the employees of the Group.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid/payable to the Sponsor, SAC Capital Private Limited, for FY2023.

Interested Person Transactions

The Company has established review and approval procedures by the AC to ensure that interested person transactions entered into by the Group are conducted on normal terms and are in the best interests of the Company and shareholders. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

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

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No general mandate has been obtained from shareholders in respect of interested person transactions for FY2023. The aggregate value of interested person transactions entered into during FY2023 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Amount due from the Group			
Wong Siew Cheong, Bill - Interests on shareholder loan	Note 1	US\$223,007 (Approximately S\$294,057)	–
Kum Soh Har, Michael - Interests on shareholder loan	Note 2	US\$91,250 (Approximately S\$120,322)	–
Amount due to the Group			
Saeed Investment Pte. Ltd. ("Saeed") - Ship Management Fees due to the Group	Note 3	US\$305,817 (Approximately S\$403,250)	–
Acquisition of a vessel			
Saeed - Acquisition of a vessel, <i>Vega Egypt 1</i> , from Saeed	Note 4	US\$10.0 million (Approximately S\$13.2 million)	–

Notes:

- As at 31 December 2023, Mr Wong Siew Cheong, Bill, the Executive Director and CEO, had provided an aggregate of US\$7.3 million loan to the Group (the "**Loan**") where the Loan is unsecured, interest-bearing at an interest rate of 3.0% per annum, which is to be settled in cash.
- As at 31 December 2023, Saeed, the ultimate holding company controlled by Mr Kum Soh Har, Michael, the Non-Executive Non-Independent Chairman, had provided an aggregate of US\$3.0 million shareholder advance (the "**Advance**") to the Group where the Advance is unsecured, interest-bearing at an interest rate of 3.0% per annum, which is to be settled in cash.
- Pursuant to the Ship Management Agreement between Saeed and a wholly-owned ship manager subsidiary of the Group, i.e. Atlantic Maritime Group FZE ("**AMG FZE**") entered on 15 July 2022 (the "**Saeed SMA**"). Please refer to the Company's announcement dated 15 July 2022 for further details regarding the Saeed SMA. The Saeed SMA was terminated with effect from 1 May 2023 with the acquisition of the vessel by the Group pursuant to shareholders' approval on 25 April 2023.
- The Group has acquired a vessel, *Vega Egypt 1*, from Saeed on 1 May 2023. Please refer to the Company's announcement dated 6 April 2023 and the Company's circular to shareholders dated 10 April 2023 for further information.

Material Contracts

Save for the agreements relating to the shareholder advances of US\$3.0 million in aggregate dated 13 March 2019 and 18 April 2019, and with latest extension agreements both dated 31 December 2023 to extend both maturity dates to 30 September 2024 entered into between Mr Kum Soh Har, Michael, the Non-Executive Non-Independent Chairman through Saeed and the Company, and the Saeed SMA, details of which are disclosed in the "Interested Person Transactions" section above and Note 24 to the Financial Statements, the Company and its subsidiaries did not enter into any material contracts (including loans) involving the interests of any Directors or controlling shareholders, which are either still subsisting as at the end of FY2023 or if not then subsisting, entered into since the end of the previous financial year.

Directors' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Atlantic Navigation Holdings (Singapore) Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the Group is expected to be able to generate sufficient cash flows from its operations, augmented by the support from its principal bankers.

2. Directors

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

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

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

3. Arrangements to enable directors to acquire shares and debentures

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

Directors' STATEMENT

4. Directors' interests in shares and debentures

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

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

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

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

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

5. Share plans

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

Following the termination of the share option scheme on 29 April 2015 that was previously approved in 2008, the Company concurrently adopted the Atlantic 2015 Employee Share Option Scheme ("Atlantic 2015 ESOS"), Atlantic 2015 Performance Share Plan ("Atlantic 2015 PSP") and Atlantic 2015 Restricted Share Plan ("Atlantic 2015 RSP") (collectively, the "2015 Schemes") which were approved by the shareholders of the Company to substitute the share option scheme of 2008.

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

During the financial year:

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

Directors' STATEMENT

5. Share plans (cont'd)

Atlantic 2015 PSP

No performance shares have been granted under the Atlantic 2015 PSP during the financial year ended 31 December 2023.

Atlantic 2015 RSP

No share awards have been granted under the Atlantic 2015 RSP during the financial year ended 31 December 2023.

At the date of this report, the committee which administers the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP is the Remuneration Committee and currently comprises Mr Wong Chee Meng, Lawrence, Mr Gwee Lian Kheng and Mr Kum Soh Har, Michael.

6. Audit committee

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

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

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

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

Directors' STATEMENT

6. Audit committee (cont'd)

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

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

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

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

7. Auditor

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

On behalf of the board of directors:

Wong Siew Cheong, Bill
Director

Kum Soh Har, Michael
Director

9 April 2024

Independent AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atlantic Navigation Holdings (Singapore) Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flow of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Group, and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

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

Independent AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

Key Audit Matter (cont'd)

Carrying value of vessels

The Group owns vessels with a carrying value of US\$141,164,000 as at 31 December 2023. This approximates 83.1% of the Group's total assets. The impairment test was conducted by comparing the carrying amount of the vessels to their respective recoverable amount which is the higher of its fair value less costs of disposal and its value in use.

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

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

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

We also assessed the adequacy of the relevant disclosures in the financial statements. The management's conclusion on the impairment test and the related disclosures are included in Note 3.2(b) and Note 11 to the financial statements.

Other Information

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

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

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

Independent AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent AUDITOR'S REPORT

To the Members of Atlantic Navigation Holdings (Singapore) Limited

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Huijing Amanda.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
9 April 2024

Consolidated Statement of COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

(Amounts expressed in United States Dollars)

	Note	2023 US\$'000	2022 US\$'000
Revenue	4	91,003	64,858
Cost of services		(59,000)	(42,096)
Gross profit		32,003	22,762
Other items of income			
Finance income	5	–	1
Other income	6	256	211
Other items of expense			
Marketing and distribution expenses		(133)	(90)
Administrative expenses		(8,843)	(7,446)
Finance costs	5	(4,830)	(3,707)
Other expenses	7	–	(209)
Withholding tax expense		(261)	(290)
Profit before tax	8	18,192	11,232
Income tax expense	9	(79)	(24)
Profit for the year attributable to owners of the Company		<u>18,113</u>	<u>11,208</u>
Profit per share attributable to owners of the Company (US\$ cents)			
Basic	10	3.46	2.14
Diluted	10	<u>3.46</u>	<u>2.14</u>

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

Consolidated Statement of COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

(Amounts expressed in United States Dollars)

	2023	2022
	US\$'000	US\$'000
Profit for the year	18,113	11,208
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Net fair value changes on cash flow hedges	(142)	852
Other comprehensive income for the year, net of tax	(142)	852
Total comprehensive income for the year	<u>17,971</u>	<u>12,060</u>
Attributable to:		
Owners of the Company	17,971	12,060
Total comprehensive income for the year attributable to owners of the Company	<u>17,971</u>	<u>12,060</u>

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

Balance SHEETS

As at 31 December 2023

(Amounts expressed in United States Dollars)

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
ASSETS					
Non-current assets					
Property, vessels and equipment	11	141,645	128,851	–	–
Right-of-use assets	12	252	328	–	–
Intangible assets	13	6	6	–	–
Investment in subsidiaries	14	–	–	67,770	67,770
Advances, deposits and other receivables	17	–	–	5,193	11,965
Derivatives	29	135	93	–	–
		<u>142,038</u>	<u>129,278</u>	<u>72,963</u>	<u>79,735</u>
Current assets					
Inventories	16	201	510	–	–
Advances, deposits and other receivables	17	2,647	2,157	6,979	6,320
Prepayments		349	338	4	4
Trade receivables	18	16,900	17,954	1,022	519
Cash and bank balances	19	3,906	2,417	197	255
Restricted cash	19	3,917	50	–	–
		<u>27,920</u>	<u>23,426</u>	<u>8,202</u>	<u>7,098</u>
Total assets		<u>169,958</u>	<u>152,704</u>	<u>81,165</u>	<u>86,833</u>
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	20	13,386	17,179	–	6,000
Trade payables	21	10,219	11,132	–	–
Accruals and other payables	22	4,794	4,227	257	235
Income tax payables		79	24	79	24
Other non-financial liabilities	23	346	403	–	–
Amount due to shareholders	24	6,831	2,284	6,831	750
Lease liabilities	12	72	67	–	–
		<u>35,727</u>	<u>35,316</u>	<u>7,167</u>	<u>7,009</u>
Net current (liabilities)/assets		<u>(7,807)</u>	<u>(11,890)</u>	<u>1,035</u>	<u>89</u>
Non-current liabilities					
Provisions	25	1,043	961	–	–
Amount due to shareholders	24	5,248	11,219	5,248	11,219
Lease liabilities	12	198	269	–	–
Loans and borrowings	20	27,938	23,106	–	–
		<u>34,427</u>	<u>35,555</u>	<u>5,248</u>	<u>11,219</u>
Total liabilities		<u>70,154</u>	<u>70,871</u>	<u>12,415</u>	<u>18,228</u>
Net assets		<u>99,804</u>	<u>81,833</u>	<u>68,750</u>	<u>68,605</u>
Equity attributable to owners of the Company					
Share capital	26	38,307	38,307	111,471	111,471
Other reserves	27	7,201	7,343	6,807	6,807
Retained earnings/(accumulated losses)		54,296	36,183	(49,528)	(49,673)
Total equity		<u>99,804</u>	<u>81,833</u>	<u>68,750</u>	<u>68,605</u>
Total equity and liabilities		<u>169,958</u>	<u>152,704</u>	<u>81,165</u>	<u>86,833</u>

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

Statements of CHANGES IN EQUITY

For the financial year ended 31 December 2023

(Amounts expressed in United States Dollars)

Group	Attributable to owners of the Company			
	Equity total US\$'000	Share capital (Note 26) US\$'000	Other reserves (Note 27) US\$'000	Retained earnings US\$'000
Balance at 1 January 2023	81,833	38,307	7,343	36,183
Profit for the year	18,113	–	–	18,113
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	(142)	–	(142)	–
Total comprehensive income for the year	17,971	–	(142)	18,113
Balance at 31 December 2023	99,804	38,307	7,201	54,296
Balance at 1 January 2022	69,002	38,307	5,720	24,975
Profit for the year	11,208	–	–	11,208
<u>Other comprehensive income</u>				
Net fair value changes on cash flow hedges	852	–	852	–
Total comprehensive income for the year	12,060	–	852	11,208
<u>Transactions with owners of the Company directly recognised in equity</u>				
Fair value adjustment of shareholders' loans (Note 27)	771	–	771	–
Balance at 31 December 2022	81,833	38,307	7,343	36,183

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

Statements of CHANGES IN EQUITY

For the financial year ended 31 December 2023

(Amounts expressed in United States Dollars)

Company	Attributable to owners of the Company			
	Equity total	Share capital	Other reserves	Accumulated losses
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2023	68,605	111,471	6,807	(49,673)
Profit for the year, representing total comprehensive income for the year	145	–	–	145
Balance at 31 December 2023	68,750	111,471	6,807	(49,528)
Balance at 1 January 2022	67,721	111,471	6,036	(49,786)
Profit for the year, representing total comprehensive income for the year	113	–	–	113
<u>Transactions with owners of the Company directly recognised in equity</u>				
Fair value adjustment of shareholders' loans (Note 27)	771	–	771	–
Balance at 31 December 2023	68,605	111,471	6,807	(49,673)

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

Consolidated CASH FLOW STATEMENT

For the financial year ended 31 December 2023

(Amounts expressed in United States Dollars)

	Note	2023 US\$'000	2022 US\$'000
Operating activities			
Profit before tax		18,192	11,232
Adjustments for:			
Net (gain)/loss on disposal of property, vessels and equipment	6,7	(5)	209
Interest income	5	–	(1)
Depreciation of property, vessels and equipment	11	10,921	9,876
Depreciation of right-of-use assets	12	76	72
Amortisation of intangible assets	13	–	17
Allowance for/(write-back of) doubtful trade debts, net	18	79	(191)
Bad debt written off		–	6
Finance costs	5	4,830	3,707
Provisions	25	217	343
Total adjustments		16,118	14,038
Operating cash flows before changes in working capital		34,310	25,270
Changes in working capital:			
Decrease in inventories		309	190
Decrease/(increase) in trade receivables		975	(6,592)
(Increase)/decrease in advances, deposits and other receivables		(490)	283
Increase in prepayments		(11)	(32)
(Decrease)/increase in trade payables		(913)	2,160
Increase in accruals and other payables		370	419
Decrease in provisions		(135)	(136)
(Decrease)/increase in other non-financial liabilities		(57)	273
Total changes in working capital		48	(3,435)
Cash generated from operations		34,358	21,835
Interest received		–	1
Interest paid		(3,957)	(3,297)
Income tax paid		(24)	–
Net cash flows generated from operating activities		30,377	18,539
Investing activities			
Purchase of property, vessels and equipment	11	(23,759)	(3,588)
Proceeds from disposal of property, vessels and equipment		49	1,000
Net cash flows used in investing activities		(23,710)	(2,588)
Financing activities			
Repayment of shareholder advances		(2,284)	(405)
Proceeds from loans and borrowings	20	20,123	9,000
Repayment of loans and borrowings	20	(19,084)	(20,183)
Repayment of principal portion of lease liabilities		(66)	(44)
(Increase)/decrease in restricted cash		(3,867)	40
Net cash flows used in financing activities		(5,178)	(11,592)
Net increase in cash and cash equivalents		1,489	4,359
Cash and cash equivalents at 1 January		2,417	(1,942)
Cash and cash equivalents at 31 December	19	3,906	2,417

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. Corporate information

Atlantic Navigation Holdings (Singapore) Limited (the “Company”) is a limited liability company incorporated in Singapore and is listed on the Catalist board of Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The immediate and ultimate holding company is Saeed Investment Pte. Ltd., which is incorporated in Singapore.

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. Material accounting policy information

2.1 Basis of presentation

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

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

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

Going concern assumption

As at 31 December 2023, the Group had reported a net current liabilities position of US\$7,807,000 (2022: US\$11,890,000), it is in a net assets position of US\$99,804,000 (2022: US\$81,833,000). The Company reported net current assets position of US\$1,035,000 (2022: US\$89,000) and net assets position of US\$68,750,000 (2022: US\$68,605,000) as at 31 December 2023. The cash generated from operations of the Group was US\$34,358,000 with net cash flows generated from operating activities (i.e. net of interest paid and income tax paid) at US\$30,377,000 in FY2023 as compared to US\$21,835,000 and US\$18,539,000 in FY2022 respectively.

The Group has prepared the financial statements on a going concern basis in view of the expected cash flows from operations in the current offshore market in the Middle East, augmented by the support from its principal bankers.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.3 Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16 <i>Leases</i> : Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> : Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 <i>Statement of Cash Flows</i> and SFRS(I) 7 <i>Financial Instruments</i> : <i>Disclosures</i> : Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

2.4 Basis of consolidation

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

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

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

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

2.5 Foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.5 Foreign currency (cont'd)

(b) Consolidated financial statements

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

2.6 Property, vessels and equipment

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

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

Vessels	9 to 25 years
Dry docking	5 years
Machinery and equipment	3 to 5 years
Motor vehicles	3 to 5 years
Office equipment	3 to 5 years

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

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

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

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

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

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

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.7 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 *Subsidiaries*

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

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

2.9 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group only holds investments in debt instruments measured at amortised cost.

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.9 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

(c) Offsetting of financial instruments

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

2.10 Derivative financial instruments and hedging

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

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

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.10 *Derivative financial instruments and hedging (cont'd)*

Cash flow hedges

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

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

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

2.11 *Impairment of financial assets*

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

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

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

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

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and bank overdrafts that form an integral part of the Group's cash management.

2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost of inventories include the cost of purchase and costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.14 Provisions

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

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

2.15 Borrowing costs

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

2.16 Employee benefits

(a) Employee leave entitlement

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

(b) Employees' end of service benefits

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

(c) Employees share option plans

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

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.16 *Employee benefits (cont'd)*

(c) *Employees share option plans (cont'd)*

Vesting and non-vesting conditions

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

Vesting conditions are limited to two types:

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

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

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

2.17 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	5 years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.7.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.17 Leases (cont'd)

(a) *As lessee (cont'd)*

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for operating lease income (time charter income) is set out in Note 2.18(a).

2.18 Revenue

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

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.18 Revenue (cont'd)

(a) Marine logistics services

(i) Charter revenue

Revenue from the marine logistics services mainly consist of time charter income.

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

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

(ii) Other marine offshore services

Revenue from other marine offshore services is recognised over time by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. Where the outcome of a performance obligation cannot be measured reliably, revenue is recognised to the extent of the costs incurred that are recoverable.

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

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

2.19 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.19 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

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

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

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

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

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

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

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

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Share capital and share issuance expenses

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

2.22 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the consolidated financial statements.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Residual values and useful lives of vessels and machinery and equipment*

The Group reviews the residual values and useful lives of vessels and machinery and equipment at the end of each reporting period in accordance with the accounting policy stated in Note 2.6. The cost of the vessels and machinery and equipment is depreciated on a straight-line basis over the vessels and machinery and equipment's estimated useful lives. Management estimates the useful lives of vessels to be within 9 to 25 years and machinery and equipment to be within 3 to 5 years.

Changes in the expected level of usage and technological developments could impact the economic useful lives of the vessels and machinery and equipment; therefore, future depreciation charges could be revised. The carrying amount of the Group's vessels (including drydock and capital work-in-progress), machinery and equipment as at 31 December 2023 was US\$141,423,000 (2022: US\$128,724,000). A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately US\$1,083,000 (2022: US\$988,000) variance in the Group's profit before tax.

(b) *Impairment of non-financial assets*

The Group assesses, at least at each year end, whether there is any indication that its vessels may be impaired. If such indicator exists, the Group estimates the recoverable amount of the vessel by engaging independent professional valuation expert to perform a valuation of the vessel's fair value less costs of disposal.

No impairment charge (2022: impairment charge of US\$Nil) was recognised during the current financial year. If the fair value less costs of disposal decrease by 10% from the fair value based on valuation reports, impairment charges of US\$11,735,000 (2022: increase in impairment charges of US\$12,422,000) would have been incurred for the year ended 31 December 2023.

(c) *Allowance for ECLs on trade receivables*

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

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

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

The carrying amount of trade receivables as at 31 December 2023 is disclosed in Note 18.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. Revenue

	Group	
	2023	2022
	US\$'000	US\$'000
Disaggregation of revenue		
<i>Type of services</i>		
Time charter - lease revenue	48,727	38,627
Other ancillary time charter revenue	34,852	23,072
Other marine offshore revenue	5,243	–
Ship repair, fabrication and other related marine services	2,181	3,159
	91,003	64,858

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

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

5. Finance income and costs

	Group	
	2023	2022
	US\$'000	US\$'000
<i>Finance income:</i>		
Interest income from bank balance	–	1
<i>Finance costs:</i>		
Interest expense on bank loans	3,939	3,064
Interest expense on loans from shareholders	861	620
Interest expense on lease liabilities (Note 12)	30	23
	4,830	3,707

6. Other income

	Group	
	2023	2022
	US\$'000	US\$'000
Accounts payable written off	105	211
Miscellaneous income	66	–
Insurance claim in relation to vessels	80	–
Net gain from disposal of property, vessels and equipment	5	–
	256	211

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For the financial year ended 31 December 2023

7. Other expenses

	Group	
	2023 US\$'000	2022 US\$'000
Net loss on disposal of property, vessels and equipment	–	209

8. Profit before tax

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

	Note	Group	
		2023 US\$'000	2022 US\$'000
Audit fees paid to:			
- Auditors of the Company		128	76
- Other auditors		7	60
Non-audit fees paid to:			
- Auditors of the Company		4	3
Depreciation of property, vessels and equipment	11	10,921	9,876
Depreciation of right-of-use assets	12	76	72
Employee benefits expense ⁽¹⁾	28	24,286	20,684
Allowance for/(write-back of) doubtful trade debts, net	18	79	(191)
Short term operating lease expense	12	10,467	964
Inventories recognised as an expense in cost of services	16	873	1,611

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

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group	
	2023 US\$'000	2022 US\$'000
Current income tax		
- Income tax	79	24
Income tax expense recognised in profit or loss	79	24

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For the financial year ended 31 December 2023

9. Income tax expense (cont'd)

Relationship between income tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 is as follows:

	Group	
	2023 US\$'000	2022 US\$'000
Profit before tax	18,192	11,232
Tax at the domestic rates applicable to profits in the countries where the Group operates	38	24
Adjustments:		
- Non-deductible expenses	8	4
- Effects of tax exemptions	(17)	(13)
- Others	50	9
Income tax expense recognised in profit or loss	79	24

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

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

Corporate Tax in the UAE

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses to enact a federal corporate tax regime in the UAE ("UAE CT regime"). The UAE CT regime is effective for accounting periods beginning on or after 1 June 2023. The UAE CT regime proscribes the threshold of income over which a 9% tax rate would apply. The 9% tax rate will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

As the Group's financial year ends on 31 December, the effective implementation date for the Group starts from 1 January 2024, with the first return for the financial year ended 31 December 2024 to be filed on or before 30 September 2025.

Based on the assessment carried out, the Group does not expect a material impact on its consolidated financial statements, from both the current and deferred tax perspective. The Group will continue to assess the possible impact of the UAE CT regime based on any new issuance of clarifications and guidance.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Profit per share

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

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

The following tables reflect the profit and share data used in the computation of basic and diluted profit per share for the years ended 31 December 2023 and 2022:

	Group	
	2023 US\$'000	2022 US\$'000
Profit for the year attributable to owners of the Company used in the computation of basic and diluted profit per share	18,113	11,208
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic and diluted profit per share computation	523,512	523,512
Basic profit per share (US\$ cents)	3.46	2.14
Diluted profit per share (US\$ cents)	3.46	2.14

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For the financial year ended 31 December 2023

11. Property, vessels and equipment

Group	Vessels	Dry docking	Machinery and equipment	Motor vehicles	Office equipment	Capital work-in-progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost:							
At 1 January 2022	218,713	10,342	191	174	194	36	229,650
Additions	–	1,653	361	6	44	1,524	3,588
Disposals	(4,519)	(142)	–	–	–	–	(4,661)
Reclassifications	–	36	–	–	–	(36)	–
De-recognition of a vessel on loss of joint control in a joint operation	(6,292)	(233)	–	–	–	–	(6,525)
At 31 December 2022 and 1 January 2023	207,902	11,656	552	180	238	1,524	222,052
Additions	16,178	5,725	–	154	3	1,699	23,759
Disposals	–	–	–	(101)	–	–	(101)
Reclassifications	1,505	–	–	–	19	(1,524)	–
At 31 December 2023	225,585	17,381	552	233	260	1,699	245,710
Accumulated depreciation and impairment:							
At 1 January 2022	85,266	5,425	161	77	182	–	91,111
Depreciation for the year	7,823	1,961	60	19	13	–	9,876
Disposals	(3,386)	(111)	–	–	–	–	(3,497)
De-recognition of a vessel on loss of joint control in a joint operation	(4,161)	(128)	–	–	–	–	(4,289)
At 31 December 2022 and 1 January 2023	85,542	7,147	221	96	195	–	93,201
Depreciation for the year	8,126	2,686	72	22	15	–	10,921
Disposals	–	–	–	(57)	–	–	(57)
At 31 December 2023	93,668	9,833	293	61	210	–	104,065
Net carrying amount:							
At 31 December 2022	122,360	4,509	331	84	43	1,524	128,851
At 31 December 2023	131,917	7,548	259	172	50	1,699	141,645

During the previous financial year, the Group changed the useful life for certain vessels from between 15 and 25 years to between 9 and 20 years to better reflect the remaining expected usage period taking into consideration the individual condition of the vessels and the market circumstance. As a result, depreciation expenses for the year ended 31 December 2022 had increased by US\$1,954,000. Future annual depreciation was expected to increase by US\$1,668,000.

There are no such changes in the current financial year.

Assets pledged as security

Vessels, including capitalised dry docking costs, with a carrying value of US\$122,423,000 (2022: US\$126,869,000) were pledged to secure bank loans (Note 20).

Impairment of assets

During the current financial year, the Group carried out a review of the recoverable amount of its property, vessels and equipment mainly based on valuation reports issued by independent professional valuers. No impairment charge was recorded for the financial years ended 31 December 2023 and 31 December 2022 as the carrying amounts of the vessels were determined to be recoverable.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Right-of-use assets

Group as a lessee

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

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

(i) Right-of-use assets

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

	Land lease	
	2023 US\$'000	2022 US\$'000
As at 1 January	328	20
Modification	–	380
Depreciation for the year	(76)	(72)
As at 31 December	252	328

(ii) Lease liabilities

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

	2023	2022
	US\$'000	US\$'000
At 1 January	336	–
Modification	–	380
Accretion of interest	30	23
Payments	(96)	(67)
At 31 December	270	336
Classified as:		
Current	72	67
Non-current	198	269

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

(iii) Statement of comprehensive income

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

	2023 US\$'000	2022 US\$'000
Depreciation of right-of-use assets	76	72
Interest expense on lease liabilities	30	23
Short term operating lease expenses	10,467	964
Total amount recognised in profit or loss	10,573	1,059

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12. Right-of-use assets (cont'd)

Group as a lessee (cont'd)

(iv) Others

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

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

	Within five years	More than five years	Total
	US\$'000	US\$'000	US\$'000
2023			
Potential future rental payments not included in the lease term	486	487	973
2022			
Potential future rental payments not included in the lease term	486	906	1,392

13. Intangible assets

Group	Software	Club membership	Total
	US\$'000	US\$'000	US\$'000
Cost:			
At 1 January 2022	63	141	204
Disposals	–	(141)	(141)
At 31 December 2022, 1 January 2023 and 31 December 2023	63	–	63
Accumulated amortisation:			
At 1 January 2022	40	–	40
Additions	17	–	17
At 31 December 2022, 1 January 2023 and 31 December 2023	57	–	57
Net carrying amount:			
At 31 December 2022	6	–	6
At 31 December 2023	6	–	6

The club membership with lifetime tenure disposed during the year ended 31 December 2022 was assessed as having an indefinite useful life and not amortised.

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For the financial year ended 31 December 2023

14. Investment in subsidiaries

	Company	
	2023 US\$'000	2022 US\$'000
Unquoted equity shares, at cost	67,770	67,770

The Group has the following significant investment in subsidiaries:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2023 %	2022 %
Held by the Company:				
⁽²⁾ Atlantic Navigation Holdings Inc.	BVI	Investment holding	100	100
Held by Atlantic Navigation Holdings Inc.:				
⁽¹⁾ Atlantic Maritime Group FZE	UAE	Commercial and administrative manager of the Group's marine logistics services business and provider of ship repair, fabrication and other marine services	100	100
⁽²⁾ Atlantic Oceana Inc	BVI	Ship owner	100	100
⁽²⁾ Atlantic Offshore Services Inc	BVI	Ship owner	100	100
⁽²⁾ Bimar Offshore Inc	BVI	Ship owner	100	100
⁽²⁾ Atlantic Offshore Inc	BVI	Ship owner	100	100
⁽²⁾ Crossworld Marine Services Inc	BVI	Ship owner	100	100
⁽²⁾ Oasis Marine Inc	BVI	Ship owner	100	100
⁽²⁾ Pacific International Offshore Inc	BVI	Ship owner	100	100
⁽²⁾ Atlantic Navigation Limited	BVI	Ship owner	100	100
⁽²⁾ Lift-Offshore Inc	BVI	Ship owner	100	100
⁽²⁾ Atnav Holdings Inc.	BVI	Investment holding	100	100

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For the financial year ended 31 December 2023

14. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2023 %	2022 %
Held by Atnav Holdings Inc.:				
⁽²⁾ ATNAV Nautical Inc.	BVI	Ship owner	100	100
⁽²⁾ ATNAV Maritime Inc.	BVI	Ship owner	100	100
⁽²⁾ ATNAV International Inc.	BVI	Ship owner	100	100
⁽²⁾ ATNAV Oceanic Inc.	BVI	Ship owner	100	100
⁽²⁾ ATNAV Marine Inc.	BVI	Ship owner	100	100
⁽²⁾ ATNAV Inc.	BVI	Ship owner	100	100
⁽²⁾ ATNAV Offshore Inc.	BVI	Ship owner	100	100
Held by Atlantic Maritime Group FZE:				
⁽²⁾ Atlantic Ship Management LLC	UAE	Ship management	49 #	49 #
⁽²⁾ Atlantic Maritime Ghana Private Limited	Ghana	Ship brokerage services (inactive)	90	90
Held by Oasia Marine Inc:				
⁽³⁾ Energy Marine Services and Trading LLC	Qatar	Ship management and trading in marine equipment spare parts	49 #	–

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

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

⁽³⁾ Newly-incorporated subsidiary, no audit performed for FY2023 as it is not significant.

These represent the legal interests of the Group in Atlantic Ship Management LLC and Energy Marine Services and Trading LLC. Atlantic Ship Management LLC and Energy Marine Services Trading LLC are considered wholly-owned subsidiaries of the Group as the Directors have assessed and concluded that the Group has full control over the financial and operating policies and activities of these entities.

15. Investment in a joint operation

The Group formed Atlantic Venture Inc. ("AVI") to acquire a vessel and provide charter services with 51% equity interests in late November 2014 as investment in joint operation. Based on the facts and circumstances including equal representation on the board of directors and unanimous consent required from both the Group and the third-party partner for all major operational decisions, management concluded that the Group had joint control over AVI and, therefore, recognised its share of each of the assets and the liabilities in respect of its interest in the joint operation in its financial statements.

AVI was placed under winding up order, with liquidators appointed on 11 November 2022. The Group has derecognised the assets and liabilities of the former joint operation and recognised the amounts owed by and the investment retained in AVI at their fair values on the date when the joint control was lost.

The liquidation of AVI remains in progress as at 31 December 2023.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. Inventories

	Group	
	2023 US\$'000	2022 US\$'000
Balance sheet:		
Fuel and other materials	201	510
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of services	873	1,611

During the financial years ended 31 December 2023 and 2022, there have been no inventories written off or allowance recorded for inventory obsolescence.

17. Advances, deposits and other receivables

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current:				
Sundry debtors	189	83	–	–
Deposits	204	197	–	–
Advances to suppliers	332	379	–	–
VAT recoverable	1,023	611		
Amounts due from a related company (non-trade)	899	887	–	–
Amounts due from a subsidiary (non-trade)	–	–	6,979	6,320
	2,647	2,157	6,979	6,320
Non-current:				
Amounts due from a subsidiary (non-trade)	–	–	5,193	11,965
	2,647	2,157	12,172	18,285

Advances paid to suppliers

Advances paid to suppliers relate to advance payments made to suppliers for purchases of goods and services.

Amounts due from a related company (non-trade)

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

Amounts due from a subsidiary (non-trade)

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Trade receivables

	Group		Company	
	31 December		31 December	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables (current)				
Trade receivables	14,972	15,276	1,022	519
Retention receivable	1,169	1,642	–	–
Unbilled receivables	759	1,036	–	–
	16,900	17,954	1,022	519
Add:				
- Advances, deposits and other receivables (current and non-current) (Note 17)	1,292	1,167	12,172	18,285
- Cash and bank balances (Note 19)	3,906	2,417	197	255
- Restricted cash (Note 19)	3,917	50	–	–
Total financial assets carried at amortised cost	26,015	21,588	13,391	19,059

Trade receivables

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

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

	Group	
	2023	2022
	US\$'000	US\$'000
Arab Emirates Dirham	906	377
Saudi Riyals	1,373	2,349
Omani Rial	688	387

Retention receivables

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

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For the financial year ended 31 December 2023

18. Trade receivables (cont'd)

Unbilled receivables

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

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

	2023 US\$'000	2022 US\$'000
Unbilled receivables reclassified to trade receivables	1,036	1,261
Charter revenue earned but not yet billed	759	1,036

Expected credit losses

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

	Group	
	2023 US\$'000	2022 US\$'000
Movement in allowance accounts:		
At 1 January	700	891
Net allowance for/(write-back) during the year (Note 8)	79	(191)
Allowance written off during the year	(655)	–
At 31 December	124	700

Receivables subject to offsetting arrangements

The Group charters vessels from and to various ship owners. In certain arrangements, there is a right to set off the amount due to or from each other and settle the net amount when mutually agreed between both parties.

No trade receivables and trade payables were off-set as at 31 December 2023.

The Group's trade receivables and trade payables that were off-set as at 31 December 2022 are as follows:

	31 December 2022 US\$'000		
Description	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Trade receivables	3,424	(3,424)	–
Trade payables	6,067	(3,424)	2,643

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Cash and bank balances

Restricted cash

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Cash and bank balances	3,906	2,417	197	255
Restricted cash	3,917	50	–	–
	<u>7,823</u>	<u>2,467</u>	<u>197</u>	<u>255</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates earned by the Group and the Company for the year ended 31 December 2023 approximate Nil% (2022: 0.68%).

Restricted cash is held by a bank, largely related to the Debt Service Reserve Account placement in relation to loan facilities provided by the bank to the Group. These balances are not available for general use and can only be made available on the maturity of guarantee tenor.

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

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Arab Emirates Dirham	345	446	–	–
Singapore Dollar	37	49	37	49
Others	17	8	–	–

20. Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current:				
Term loan A	–	5,985	–	6,000
Term loan B	4,159	4,146	–	–
Term loan C	1,546	1,546	–	–
Term loan D	1,889	1,889	–	–
Term loan E	2,400	2,400	–	–
Term loan F	3,368	–	–	–
Term loan G	–	1,189	–	–
Car loan 1	–	24	–	–
Car loan 2	24	–	–	–
	<u>13,386</u>	<u>17,179</u>	<u>–</u>	<u>6,000</u>
Non-current:				
Term loan B	6,176	10,539	–	–
Term loan C	2,935	4,480	–	–
Term loan D	787	2,677	–	–
Term loan E	3,000	5,400	–	–
Term loan F	14,947	–	–	–
Car loan 1	–	10	–	–
Car loan 2	93	–	–	–
	<u>27,938</u>	<u>23,106</u>	<u>–</u>	<u>–</u>
Total loans and borrowings	<u>41,324</u>	<u>40,285</u>	<u>–</u>	<u>6,000</u>

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. Loans and borrowings (cont'd)

In the current financial year, the Group accepted a new facility from its principal bank in the Middle East (the "Primary Bank") for the provision of a new 60-month medium term loan of US\$20.0 million utilised mainly for the repayment of loan outstanding of US\$5.0 million to the Group and Company's other principal bank (the "Relevant Bank") and the remaining proceeds for general corporate purposes including acquisition of vessels.

During the current financial year, as LIBOR is expected to be discontinued under the interest rate benchmark reform, the Primary Bank has repriced all loans previously based on LIBOR to SOFR in April 2023.

In the previous financial year, the Group accepted a new facility from the Primary Bank for the provision of a new 30-month medium term loan of US\$9.0 million (the "Loan Refinancing") with use of proceeds mainly for the repayment of certain loans of approximately US\$5.4 million to the Relevant Bank and the remaining proceeds for working capital purposes. The remaining debt with the Relevant Bank was re-profiled for full repayment in April 2023 (the "Loan Reprofiling").

Compliance to loan covenants

The Term Loans B, C, D, E and F includes a financial covenant which requires the Group to maintain Tangible Net Worth of at least USD 80 million. Adjusted leverage ratio for the Group not to exceed 1.75:1 and maintain Loan to Value (LTV) of 55% or below at all the times during the tenor of the loans.

The Group and Company have complied with the terms of its bank loans and all loan covenants as at 31 December 2023 and 2022.

Term loan A

This facility was availed in January 2016 bearing interest at 3-month LIBOR + 3.50% per annum and was repayable over 5 years in 20 equal quarterly instalments with the last instalment due in April 2022. The payment terms of this loan were rescheduled with effect from April 2017 which extended the 20 quarterly instalments to 72 monthly instalments at a revised interest rate of 4.00% per annum above one (1) month USD LIBOR with last instalment due in March 2023. In June 2022, the Company has reprofiled the facility for full repayment by April 2023.

The Group has fully settled the loan in March 2023 with the proceeds from the US\$20.0 million loan drawdown from the Relevant Bank.

Term loan B

This loan carries interest at daily non-cumulative compounded SOFR + 4.7% per annum (2022: 3-month LIBOR + 4.5% P.A.) as per modified terms of the loan agreement in April 2023. The loan is repayable in 28 equal quarterly instalments over a period of seven (7) years commencing at the end of a 6-month moratorium period from 3 January 2018 with the last instalment due in October 2025.

Term loan C

This loan carries interest at 1-month SOFR + 4.11448% (1-month LIBOR + 4.0%) with minimum rate of 5.5% per annum as per modified terms of the loan agreement in April 2023 and is repayable in 59 equal monthly instalments and a final instalment of 20% balloon payment together with interest over a period of five (5) years commencing at the end of 6 months moratorium period from 7 June 2020 with the last instalment due in May 2025.

Term loan D

This loan carries interest at 1-month SOFR + 5.11448% (1-month LIBOR + 5.0%) with minimum 5.5% per annum as per modified terms of the loan agreement in April 2023 and is repayable in 36 equal monthly instalments over a period of three (3) years commencing at the end of 6 months moratorium period from July 2022 with the last instalment due in June 2025.

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For the financial year ended 31 December 2023

20. Loans and borrowings (cont'd)

Term loan E

This facility was availed in June 2022 and bears interest at 1-month SOFR + 5% with minimum rate of 5.5% per annum as per modified terms of the loan agreement in April 2023 and is repayable in 30 equal monthly instalments until November 2024. A final instalment of US\$3.0 million together with interest as balloon payment is expected to be settled from the sale proceeds of a vessel.

Term loan F

This facility was availed in July 2023 and bears interest at 3-month SOFR + 3.15% with minimum rate of 5.5% per annum and is repayable in 20 equal quarterly instalments with a final instalment of US\$4.0 million together with interest as balloon payment over a period of five (5) years with the last instalment due in April 2028.

Term loan G

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

The Group has fully settled the loan in July 2023.

Car loan A

Car Loan A bears interest at 7.45% per annum and is repayable in 48 equal monthly instalments commencing from July 2020 with the last instalment due in June 2024. This loan was fully repaid in October 2023.

Car loan B

In the current financial year, the Group acquired Car Loan 2 which bears interest at 7.92% per annum and is repayable in 48 equal monthly instalments commencing from October 2023 with the last instalment due in September 2027.

Securities

The securities provided for Term loans B, C, D, E and F comprised:

- Mortgage over certain vessels (Note 11)
- Assignment of earnings, insurances, and requisition compensation of mortgaged vessels
- Assignment of all rights, title and interests of mortgaged vessels' charters
- Corporate guarantee by the Company and certain subsidiaries of the Group
- Bank deposits pledged in a retention account
- Pledge over the shares of the Group's subsidiaries owning the vessel(s) mortgaged

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For the financial year ended 31 December 2023

20. Loans and borrowings (cont'd)

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

	2022	Cash flows, net	Non-cash changes		2023
			Accretion of interest	Others	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans					
- Current	17,179	(17,393)	–	13,600	13,386
- Non-current	23,106	18,432	–	(13,600)	27,938
Lease liabilities (Note 12)					
- Current	67	(96)	30	71	72
- Non-current	269	–	–	(71)	198
Amount due to shareholders (Note 24)					
- Current	2,284	(2,284)	–	6,831	6,831
- Non-current	11,219	–	860	(6,831)	5,248
Total	54,124	(1,341)	890	–	53,673

	2021	Cash flows, net	Non-cash changes		2022
			Accretion of interest	Others	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans					
- Current	50,220	(18,983)	–	(14,058)	17,179
- Non-current	1,248	7,800	–	14,058	23,106
Lease liabilities (Note 12)					
- Current	–	(67)	23	111	67
- Non-current	–	–	–	269	269
Amount due to shareholders (Note 24)					
- Current	2,689	(405)	–	–	2,284
- Non-current	11,370	–	620	(771)	11,219
Total	65,527	(11,655)	643	(391)	54,124

The "Others" column relates to reclassification of non-current portion of loans and borrowings due to passage of time and rescheduling of payment terms, lease liabilities entered into, waiver of interest and fair value adjustments on the extension of loans from shareholders of the Company.

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For the financial year ended 31 December 2023

21. Trade payables

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Trade payables (current)				
Trade payables	6,603	6,302	–	–
Retention payables	–	1,980	–	–
Accruals for direct expenses	3,616	2,850	–	–
	10,219	11,132	–	–
<i>Add:</i>				
- Accruals and other payables (Note 22)	4,794	4,227	257	235
- Amount due to shareholders (current and non-current) (Note 24)	12,079	13,503	12,079	11,969
- Lease liabilities (current and non-current) (Note 12)	270	336	–	–
- Loan and borrowings (current and non-current) (Note 20)	41,324	40,285	–	6,000
Total financial liabilities carried at amortised cost	68,686	69,483	12,336	18,204

Trade payables

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

Retention payables

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

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

	Group	
	2023 US\$'000	2022 US\$'000
Arab Emirates Dirham	5,685	3,940
Saudi Riyal	100	95
Qatari Riyal	133	122
Others	19	26

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For the financial year ended 31 December 2023

22. Accruals and other payables

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Other payables	50	50	50	50
Accrued operating expenses	4,613	4,061	–	–
Amounts due to a related company (non-trade)	–	–	76	69
Amounts due to directors	131	116	131	116
	<u>4,794</u>	<u>4,227</u>	<u>257</u>	<u>235</u>

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

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

23. Other non-financial liabilities

	Group	
	2023	2022
	US\$'000	US\$'000
Advances from customers	<u>346</u>	<u>403</u>

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

24. Amount due to shareholders

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current:				
Short term loans due to a shareholder ⁽¹⁾	–	2,284	–	750
Loans due to a shareholder ⁽²⁾	2,835	–	2,835	–
Accrued interest on loans due to a shareholder ⁽²⁾	627	–	627	–
Advances from a shareholder ⁽²⁾	2,935	–	2,935	–
Accrued interest on advance from a shareholder ⁽²⁾	434	–	434	–
	<u>6,831</u>	<u>2,284</u>	<u>6,831</u>	<u>750</u>
Non-current:				
Loans due to a shareholder ⁽²⁾	4,337	6,785	4,337	6,785
Accrued interest on loans due to a shareholder ⁽²⁾	911	1,315	911	1,315
Advances from a shareholder ⁽²⁾	–	2,776	–	2,776
Accrued interest on advance from a shareholder ⁽²⁾	–	343	–	343
	<u>5,248</u>	<u>11,219</u>	<u>5,248</u>	<u>11,219</u>

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

(2) Loans due to a shareholder and advances from a shareholder are unsecured and to be settled in cash.

During the current financial year, the principal amounts of US\$1,613,000 and US\$4,337,000 due to a shareholder was further extended with interest rate unchanged at 3.0% per annum, from 30 September 2024 to 31 December 2024 and 31 March 2025 respectively.

During the previous financial year, the maturity date of the loans due to a shareholder and advances from a shareholder were extended from 31 December 2023 to 30 September 2024 with the interest rate unchanged at 3.0% per annum. As at the date of extension, the loans due to a shareholder and advances from a shareholder were recalculated to the net present value of the future payments discounted at a market rate of interest for a similar debt instrument assessed to be at 9.0% per annum.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25. Provisions

	Group	
	2023 US\$'000	2022 US\$'000
<i>Employees' end of service benefits</i>		
At 1 January	961	754
Provision made (Note 28)	217	343
Provision utilised	(135)	(136)
At 31 December	1,043	961

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

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

26. Share capital

	Group		Company	
	No. of shares ('000) ⁽¹⁾	US\$'000	No. of shares ('000) ⁽¹⁾	US\$'000
<i>Issued and fully paid ordinary shares:</i>				
At 1 January 2022, 1 January 2023 and 31 December 2023	523,512	38,307 ⁽²⁾	523,512	111,471 ⁽²⁾

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

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

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

The Company has employee share option plans under which options to subscribe for the Company's ordinary shares were granted to certain employees of the Group and directors of the Company. There are no outstanding share options as at 31 December 2023 and 31 December 2022.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Other reserves

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Merger reserve (a)	259	259	–	–
Employee share option reserve (b)	373	373	373	373
Equity component of convertible loan instrument (c)	4,058	4,058	4,058	4,058
Fair value reserve (d)	135	277	–	–
Capital reserve (e)	2,376	2,376	2,376	2,376
	<u>7,201</u>	<u>7,343</u>	<u>6,807</u>	<u>6,807</u>

(a) **Merger reserve**

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

(b) **Employee share option reserve**

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

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

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

(d) **Fair value reserve**

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

(e) **Capital reserve**

The capital reserve consists of the waiver of interest on loans from shareholders of the Company and fair value adjustments, which arose from the difference between the carrying amount of loans received from shareholders and their fair values on the dates when the terms of these loans were extended.

28. Employee benefits

	Group	
	2023	2022
	US\$'000	US\$'000
Wages, salaries and bonuses	24,069	20,341
Employees' end of service benefits (Note 25)	217	343
	<u>24,286</u>	<u>20,684</u>

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For the financial year ended 31 December 2023

29. Derivatives

	Group			
	2023	2023	2022	2022
	Notional Amount US\$'000	Fair value - assets US\$'000	Notional Amount US\$'000	Fair value - assets US\$'000
Interest rate swap	7,981	135	11,972	93

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

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

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

Under the terms of the interest rate swap, the Group pays a fixed rate interest of 3.50% (2022: 3.50%) per annum and receives floating interest at daily compounded SOFR plus margin (2022: 3-month LIBOR plus margin). The interest rate swap matures on 3 October 2025. The Group uses the interest rate swap to hedge against the exposure to variability in cash flows from related borrowings which are pegged to US daily non-cumulative compounded SOFR (2022: US Dollar LIBOR).

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

30. Related party transactions

(a) Sale and purchase of goods and services

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

	Group	
	2023 US\$'000	2022 US\$'000
Income		
Ship management services rendered to ultimate holding company	306	654
Expenses		
Employment visa agency and administrative services rendered by a director-related company	65	65
Interest expense on shareholder's loans and advances	314	314
Other material transactions with ultimate holding company		
Purchase of a vessel	10,000	-

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For the financial year ended 31 December 2023

30. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2023 US\$'000	2022 US\$'000
Short-term employee benefits	2,271	1,247
Others	572	821
	<u>2,843</u>	<u>2,068</u>
<i>Comprises amounts paid to:</i>		
Directors of the Company	1,351	827
Other key management personnel	1,492	1,241
	<u>2,843</u>	<u>2,068</u>

(c) Commitments with related parties

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

31. Commitments

Operating lease commitments – as lessor

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

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

	Group	
	2023 US\$'000	2022 US\$'000
Not later than one year	29,534	40,343
Later than one year but not later than five years	116	14,296
	<u>29,650</u>	<u>54,639</u>

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

Capital commitment

At 31 December 2023, the Group had commitments of US\$7,965,000 (2022: US\$Nil) relating to the construction of a vessel.

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For the financial year ended 31 December 2023

32. Contingent liabilities

Atlantic Maritime Group FZE ("AMG") – Arbitration proceedings

On 8 December 2022, AMG, a wholly-owned subsidiary of the Company, received a Notice of Request from wholly-owned subsidiaries of Pacific Radiance Ltd. ("PRL"), i.e. Pacific Offshore Marine Pte. Ltd. ("POMPL") and Strato Maritime Services Pte. Ltd. ("SMS"), collectively (the "Parties") for Arbitration at the Dubai International Arbitration Centre in relation to a claim of net charter-hires outstanding of US\$2,724,000.

On 14 February 2023, the Group has reached a settlement with the Parties and consequently, the Arbitration has been withdrawn on even date. The agreed settlement amount had been fully paid in April 2023.

33. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Group				
2023				
Financial assets				
Derivative financial instruments (Note 29)				
– Interest rate swap	–	135	–	135
2022				
Financial liabilities				
Derivative financial instruments (Note 29)				
– Interest rate swap	–	93	–	93

There have been no transfers between fair value measurement levels during the financial years ended 31 December 2023 and 2022.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Fair value of assets and liabilities (cont'd)

(c) Level 2 fair value measurements

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

Derivatives (Note 29)

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

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

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

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

34. Financial risk management objectives and policies

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

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

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

(a) Credit risk

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

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

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

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

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For the financial year ended 31 December 2023

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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

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

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

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

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

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

(i) Trade receivables

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

Summarised below is the information about the credit risk exposure on the Group's and the Company's trade receivables (excluding unbilled trade receivables and retention receivables) using provision matrix as at 31 December 2023 and 2022.

Group	Total	Current	< 90 days	90 to 150	> 150 days
	US\$'000	US\$'000	US\$'000	days US\$'000	US\$'000
2023					
Gross carrying amount	15,096	8,583	5,993	196	324
Loss allowance provision	(124)	–	(18)	(9)	(97)
	<u>14,972</u>	<u>8,583</u>	<u>5,975</u>	<u>187</u>	<u>227</u>
2022					
Gross carrying amount	15,976	5,430	9,173	696	677
Loss allowance provision	(700)	–	–	(23)	(677)
	<u>15,276</u>	<u>5,430</u>	<u>9,173</u>	<u>673</u>	<u>–</u>

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For the financial year ended 31 December 2023

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(i) Trade receivables (cont'd)

Company	Total	Current	< 90 days	90 to	> 150 days
	US\$'000	US\$'000	US\$'000	150 days	US\$'000
				> 150 days	US\$'000
2023					
Gross carrying amount	1,022	520	502	–	–
	1,022	520	502	–	–
2022					
Gross carrying amount	519	519	–	–	–
	519	519	–	–	–

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

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

(ii) Amounts due from related companies at amortised cost

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

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

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

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

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34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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

Excessive risk concentration

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

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

Exposure to credit risk

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

- (iii) *Credit risk concentration profile*

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

Group	2023		2022	
	US\$'000	% of total	US\$'000	% of total
By country:				
United Arab Emirates	880	5	999	6
Other GCC countries	15,914	94	16,715	93
Others	106	1	240	1
	16,900	100	17,954	100

Company	2023		2022	
	US\$'000	% of total	US\$'000	% of total
By country:				
Other GCC countries	1,022	100	519	100

* Less than 1%

Other GCC countries include Kingdom of Saudi Arabia, Sultanate of Oman, and Qatar.

At the end of the reporting period, approximately 94% (2022: 91%) of the Group's trade receivables were due from 5 major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with various banks. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting period, approximately 32% (2022: 43%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

Analysis of financial instruments by remaining contractual maturities

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

	Note	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
Group					
2023					
Financial assets					
Trade receivables	18	16,900	–	–	16,900
Advances, deposits and other receivables	17	1,292	–	–	1,292
Cash and bank balances	19	3,906	–	–	3,906
Restricted cash	19	3,917	–	–	3,917
Total undiscounted financial assets		26,015	–	–	26,015
Financial liabilities					
Trade payables	21	10,219	–	–	10,219
Accruals and other payables	22	4,794	–	–	4,794
Amount due to shareholders		7,204	5,405	–	12,609
Loans and borrowings		19,906	28,801	–	48,707
Total undiscounted financial liabilities		42,123	34,206	–	76,329
Total net undiscounted financial liabilities		16,108	34,206	–	50,314
2022					
Financial assets					
Trade receivables	18	17,954	–	–	17,954
Advances, deposits and other receivables	17	1,167	–	–	1,167
Cash and bank balances	19	2,417	–	–	2,417
Restricted cash	19	50	–	–	50
Total undiscounted financial assets		21,588	–	–	21,588
Financial liabilities					
Trade payables	21	11,132	–	–	11,132
Accruals and other payables	22	4,251	–	–	4,251
Amount due to shareholders		2,284	12,533	–	14,817
Loans and borrowings		21,276	23,394	–	44,670
Total undiscounted financial liabilities		38,943	35,927	–	74,870
Total net undiscounted financial liabilities		17,355	35,927	–	53,282

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

34. Financial risk management objectives and policies (cont'd)

(a) Liquidity risk (cont'd)

	Note	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
Company					
2023					
Financial assets					
Trade receivables	18	1,022	–	–	1,022
Advances, deposits and other receivables	17	6,979	5,193	–	12,172
Cash and bank balances	19	197	–	–	197
Total undiscounted financial assets		8,198	5,193	–	13,391
Financial liabilities					
Accruals and other payables	22	257	–	–	257
Amount due to shareholders		7,204	5,405	–	12,609
Total undiscounted financial liabilities		7,461	5,405	–	12,866
Total net undiscounted financial assets/ (liabilities)		737	(212)	–	525
2022					
Financial assets					
Trade receivables	18	519	–	–	519
Advances, deposits and other receivables	17	6,320	11,965	–	18,285
Cash and bank balances	19	255	–	–	255
Total undiscounted financial assets		7,094	11,965	–	19,059
Financial liabilities					
Accruals and other payables	22	235	–	–	235
Amount due to shareholders		750	12,533	–	13,283
Loans and borrowings		6,151	–	–	6,151
Total undiscounted financial liabilities		7,136	12,533	–	19,669
Total net undiscounted financial liabilities		(42)	(568)	–	(610)

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

34. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SOFR (2022: LIBOR) interest rates had been 50 (2022: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been US\$206,000 higher/lower (2022: US\$195,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

35. Capital management

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

The Group is in compliance with the capital requirements imposed by the bankers in respect of the banking facilities granted for the financial years ended 31 December 2023 and 2022.

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

	Note	Group	
		2023 US\$'000	2022 US\$'000
Trade payables	21	10,219	11,132
Accruals and other payables	22	4,794	4,227
Income tax payables		79	24
Other non-financial liabilities	23	346	403
Amount due to shareholders	24	12,079	13,503
Lease liabilities	12	270	336
Loans and borrowings	20	41,324	40,285
Less: Cash and bank balances (in aggregate)	19	(7,823)	(2,467)
Net debt		61,288	67,443
Equity attributable to owners of the Company		99,804	81,833
Capital and net debt		161,092	149,276
Gearing ratio		38.0%	45.2%

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Segment information

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

Marine logistics services

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

Ship repair, fabrication and other marine services

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

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

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

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

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Segment information (cont'd)

	Marine logistics services		Ship repair, fabrication and other marine services		Adjustments/ Eliminations		Per consolidated financial statements	
	2023	2022	2023	2022	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
External customers	88,822	61,699	2,181	3,159	-	-	91,003	64,858
Results:								
Segment gross profit	29,314	20,998	2,689	1,764	-	-	32,003	22,762
Finance income	-	1	-	-	-	-	-	1
Other income	256	211	-	-	-	-	256	211
Marketing and distribution expenses	(133)	(90)	-	-	-	-	(133)	(90)
Administrative expenses	(6,888)	(5,747)	(1,560)	(1,290)	(395)	(409)	(8,843)	(7,446)
Other expenses	-	(209)	-	-	-	-	-	(209)
Finance costs	(4,821)	(3,700)	(9)	(7)	-	-	(4,830)	(3,707)
Withholding tax	(261)	(290)	-	-	-	-	(261)	(290)
Segment profit before tax	17,467	11,174	1,120	467	(395)	(409)	18,192	11,232
Income tax expense	(79)	(24)	-	-	-	-	(79)	(24)
Profit for the year	17,388	11,150	1,120	467	(395)	(409)	18,113	11,208

Note

A

B

Notes to THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Segment information (cont'd)

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements
A	The adjustment pertains to unallocated corporate expenses.
B	The following items are deducted from segment profit/(loss) to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	Group	
	2023 US\$'000	2022 US\$'000
Unallocated corporate expenses	(395)	(409)

Geographical information

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

	Group	
	2023 US\$'000	2022 US\$'000
Qatar	43,396	15,608
Saudi Arabia	28,050	26,714
Oman	15,241	10,492
Others	4,316	12,044
Total Revenue	91,003	64,858

The Group's non-current assets are located in Saudi Arabia, Qatar, Oman and Sudan.

Information about major customers

Revenue from two major customers in the marine logistics services segment amounted to approximately US\$59,346,000 (2022: US\$41,998,000). Revenue from two major customers in the ship repair, fabrication and other marine services segment amounted to approximately US\$1,404,000 (2022: US\$1,011,000).

37. Events occurring after the reporting period

With reference to the announcement made by the Company dated 16 January 2024, the Group had acquired a marine offshore vessel, Berkat Teguh, now known as Atlantic Capella, for US\$11.0 million with additional capital expenditure expected up to US\$1.6 million. The acquisition is financed by a new 4-year term loan facility of up to US\$12.0 million with the Primary Bank to be secured against this new vessel as well as two other erstwhile unencumbered vessels, i.e. Discovery and Team Clio, which were acquired in October 2022 and May 2023 respectively. The Group has completed the acquisition with the loan fully drawn in early February 2024.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 9 April 2024.

Statistics of SHAREHOLDINGS

As at 22 March 2024

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

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1	0.36	74	0.00
100 - 1,000	80	28.88	44,577	0.01
1,001 - 10,000	81	29.24	322,099	0.06
10,001 - 1,000,000	100	36.10	15,111,300	2.89
1,000,001 and above	15	5.42	508,034,094	97.04
Total	277	100.00	523,512,144	100.00

SUBSTANTIAL SHAREHOLDERS' INFORMATION

(As recorded in the Register of Substantial Shareholders)

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

Notes:

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

Statistics of SHAREHOLDINGS

As at 22 March 2024

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	HSBC (SINGAPORE) NOMINEES PTE LTD	262,937,894	50.23
2.	WONG SIEW CHEONG	166,599,000	31.82
3.	DBS NOMINEES (PRIVATE) LIMITED	35,598,500	6.80
4.	UOB KAY HIAN PRIVATE LIMITED	10,784,000	2.06
5.	WONG SIEW CHONG	7,420,000	1.42
6.	MOHAMMADREZA SADEGHI	6,750,000	1.29
7.	LEE TAT KWONG (LI DAGUANG)	3,569,900	0.68
8.	THONG KWOK KHEONG	3,300,000	0.63
9.	PHILLIP SECURITIES PTE LTD	2,429,700	0.46
10.	LIM CHER KHIANG	1,744,800	0.33
11.	WONG SEK PUN	1,650,000	0.32
12.	ABN AMRO CLEARING BANK N.V.	1,555,400	0.30
13.	MAYBANK SECURITIES PTE. LTD.	1,418,900	0.27
14.	YAO HSIAO TUNG	1,205,000	0.23
15.	LEE PUAY CHIN	1,071,000	0.20
16.	KUAH BOON WEE	900,000	0.17
17.	DB NOMINEES (SINGAPORE) PTE LTD	815,000	0.16
18.	YAP HOON HONG	784,000	0.15
19.	CHONG SER PHENG	780,000	0.15
20.	ANG HOCK CHWEI	758,000	0.14
	TOTAL	512,071,094	97.81

RULE 723 OF THE CATALIST RULES – FREE FLOAT

Based on information available and to the best knowledge of the Company, as at 22 March 2024, approximately 10.04% of the ordinary shares (excluding treasury shares and subsidiary holdings) of the Company are held by the public. The Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”) will be held at Jasmine Room, Ibis Singapore on Bencoolen, 170 Bencoolen Street, Singapore 189657, on Monday, 29 April 2024 at 10:00 a.m., for the following purposes:

ORDINARY BUSINESSES

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Wong Siew Cheong as a Director of the Company, who is retiring in accordance with Regulation 89 of the Company’s Constitution.
[See Explanatory Note (i)] **(Resolution 2)**
3. To re-elect Mr Sam Chee Leong as a Director of the Company, who is retiring in accordance with Regulation 89 of the Company’s Constitution.
[See Explanatory Note (ii)] **(Resolution 3)**
4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESSES

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

6. To approve the payment of Directors’ fees of S\$243,500 for the year ended 31 December 2023. (2022: S\$146,000)
[See Explanatory Note (iii)] **(Resolution 5)**
7. To approve the payment of Directors’ fees of S\$243,500 for the year ending 31 December 2024, payable quarterly by the Company in arrears.
[See Explanatory Note (iii)] **(Resolution 6)**
8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Act”) and Rule 806 of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual - Section B: Rules of Catalist (the “Catalist Rules”)**

“THAT pursuant to Section 161 of the Act and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- I
 - (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that may or would require shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares,

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

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

Notice of ANNUAL GENERAL MEETING

provided always that:

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

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

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

[See Explanatory Note (iv)]

(Resolution 7)

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

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

[See Explanatory Note (v)]

(Resolution 8)

Notice of ANNUAL GENERAL MEETING

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

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

[See Explanatory Note (vi)]

(Resolution 9)

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

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

[See Explanatory Note (vii)]

(Resolution 10)

BY ORDER OF THE BOARD

SIAU KUEI LIAN
Company Secretary

Singapore, 12 April 2024

Explanatory Notes:

- (i) Mr Wong Siew Cheong, if re-elected as a Director of the Company, will remain as the Executive Director and Chief Executive Officer of the Company, and will be considered non-independent for the purpose of Rule 704(7) of the Catalist Rules. Please refer to Corporate Governance Report on page 24 to page 25 in the Annual Report for the detailed information as required pursuant to Rule 720(5) of the Catalist Rules.
- (ii) Mr Sam Chee Leong, if re-elected as a Director of the Company, will remain as the Independent Director of the Company, a member of the Nominating Committee and Audit Committee, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Sam Chee Leong and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Please refer to Corporate Governance Report on page 24 to page 25 in the Annual Report for the detailed information as required pursuant to Rule 720(5) of the Catalist Rules.
- (iii) Pursuant to the Constitution of the Company, Directors' fees have to be approved by shareholders in a general meeting under Special Business.
- (iv) The ordinary resolution 7 set out in item 8 above, if passed, will empower the Directors of the Company from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

Notice of ANNUAL GENERAL MEETING

- (v) The ordinary resolution 8 set out in item 9 above, if passed, will empower the Directors of the Company, from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Atlantic 2015 ESOS provided that the aggregate additional shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP do not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (vi) The ordinary resolution 9 set out in item 10 above, if passed, will empower the Directors of the Company, from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Atlantic 2015 PSP provided that the aggregate additional shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP do not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (vii) The ordinary resolution 10 set out in item 11 above, if passed, will empower the Directors of the Company, from the date this resolution is passed until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Atlantic 2015 RSP provided that the aggregate additional shares to be issued pursuant to the Atlantic 2015 ESOS, Atlantic 2015 PSP and Atlantic 2015 RSP do not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

- The AGM of the Company will be held, in a wholly physical format at Jasmine Room, Ibis Singapore on Bencoolen, 170 Bencoolen Street, Singapore 189657, on Monday, 29 April 2024 at 10:00 a.m.. **There will be no option for members to participate virtually.**
- If a member wishes to submit questions related to the resolutions tabled for approval at the AGM, prior to the AGM, all questions must be submitted by no later than 5:00 p.m. on 19 April 2024 through email to agm2023@amguae.net and provide the following particulars, for verification purpose:
 - full name as it appears on his/her/its CDP and/or SRS share records;
 - NRIC/Passport/UEN number;
 - contact number and email address; and
 - the manner in which you hold in the Company (e.g. via CDP and/or SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

Alternatively, member may also ask question during the AGM.

- The Company will endeavour to address all substantial and relevant questions received from shareholders by 25 April 2024, 10:00 a.m., being not less than forth-eight (48) hours before the closing date and time for the lodgement of the proxy form, via SGXNet and the Company's website. The Company will also address any subsequent clarifications sought or follow-up questions during the AGM in respect of substantial and relevant matters. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions will be individually addressed. The responses from the Board and the Management of the Company shall thereafter be published on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's website at the URL <http://www.atlanticnavigation.com>, together with the minutes of the AGM, within one (1) month after the conclusion of the AGM. The minutes will include the responses to substantial and relevant questions received from shareholders which are addressed during the AGM.
- A member of the Company (other than a Relevant Intermediary*) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.
- Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, he/she/it shall specify the proportion of his/her/its shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second proxy as an alternate to the first named.

Notice of ANNUAL GENERAL MEETING

If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies (except where the Chairman of the AGM is appointed as the member's proxy) will vote or abstain from voting at his/her/their discretion. In the absence of specific direction as to the voting given by a member, the appointment of the Chairman of the AGM as the member's proxy for the relevant resolutions will be treated as invalid.

6. A member who is a Relevant Intermediary* may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified). Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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.
8. The completed proxy form must be submitted to the Company in the following manner:
 - (a) by post to the Company's Share Registrar office, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) by email to srs.proxy@boardroomlimited.com,

in either case, by no later than 10:00 a.m. on 27 April 2024 (being not less than forty-eight (48) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the proxy form for the AGM shall not be treated as valid.

9. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme ("**CPF Investors**") or the Supplementary Retirement Scheme ("**SRS Investors**"), and who wish to appoint the Chairman of the AGM as their proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 5:00 p.m. on 17 April 2024).
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
11. In the case of a member whose Shares are entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the proxy or proxies lodged if such member, being appointor, is not shown to have Shares entered against his/her/its 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.

* A Relevant Intermediary is:

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

Notice of ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM of the Company in accordance with this Notice, 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions, (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

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

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

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

PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The AGM of the Company to be held on Monday, 29 April 2024 at 10:00 a.m. is being convened, and will be held at Jasmine Room, Ibis Singapore on Bencoolen, 170 Bencoolen Street, Singapore 189657. There will be no option for members to participate virtually.
2. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme ("CPF Investors") or the Supplementary Retirement Scheme ("SRS Investors"), and who wish to appoint the Chairman of the AGM as their proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 5:00 p.m. on 17 April 2024).
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. Please read the notes to the proxy form.

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

being a member/members* of Atlantic Navigation Holdings (Singapore) Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company (the "AGM") *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM to be held at Jasmine Room, Ibis Singapore on Bencoolen, 170 Bencoolen Street, Singapore 189657 on Monday, 29 April 2024 at 10:00 a.m., and at any adjournment thereof.

*I/We direct the *my/our *proxy/proxies, to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies (except where the Chairman of the AGM is appointed as *my/our proxy) will vote or abstain from voting at *his/her/their discretion. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as *my/our proxy for that resolution will be treated as invalid.**

No.	Resolutions relating to:	Number of votes For**	Number of votes Against**	Number of votes Abstain**
Ordinary Businesses				
1	Adoption of the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023, together with the Auditors' Report thereon			
2	Re-election of Mr Wong Siew Cheong as a Director of the Company			
3	Re-election of Mr Sam Chee Leong as a Director of the Company			
4	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company			
Special Businesses				
5	Approval of Directors' fees amounting to S\$243,500 for the financial year ended 31 December 2023 (2022: S\$146,000)			
6	Approval of Directors' fees amounting to S\$243,500 for financial year ending 31 December 2024			
7	Authority to issue and allot new shares			
8	Authority to issue shares under the Atlantic 2015 Employees Share Option Scheme			
9	Authority to issue shares under the Atlantic 2015 Performance Share Plan			
10	Authority to issue shares under the Atlantic 2015 Restricted Share Plan			

*Delete where inapplicable.

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

Dated this _____ day of _____ 2024

Total number of shares held

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



Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as a proxy shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, he/she/it shall specify the proportion of his/her/its shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second proxy as an alternate to the first named.

If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies (except where the Chairman of the AGM is appointed as the member's proxy) will vote or abstain from voting at his/her/their discretion. In the absence of specific direction as to the voting given by a member, the appointment of the Chairman of the AGM as the member's proxy for the relevant resolutions will be treated as invalid.

4. A member who is a Relevant Intermediary* may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified). Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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.
6. The completed proxy form must be submitted to the Company in the following manner:
 - (a) by post to the Company's Share Registrar office, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) by email to srs.proxy@boardroomlimited.com,

in either case, by no later than 10:00 a.m. on 27 April 2024 (being not less than forty-eight (48) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the proxy form for the AGM shall not be treated as valid.

6. Investors who hold shares through Relevant Intermediaries*, including under the Central Provident Fund Investment Scheme ("**CPF Investors**") or the Supplementary Retirement Scheme ("**SRS Investors**"), and who wish to appoint the Chairman of the AGM as a proxy should approach their respective Relevant Intermediaries*, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 5:00 p.m. on 17 April 2024).

* A Relevant Intermediary is:

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the 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 a proxy, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of AGM dated 12 April 2024.

BOARD OF DIRECTORS

Kum Soh Har, Michael

Non-Executive Non-Independent Chairman

Kum Wan Mei, Gwendolyn (Gan Wanmei)

Alternate Director to Kum Soh Har, Michael

Wong Siew Cheong, Bill

Executive Director and CEO

Gwee Lian Kheng

Lead Independent Director

Wong Chee Meng, Lawrence

Independent Director

Sam Chee Leong

Independent Director

COMPANY SECRETARY

Siau Kuei Lian

REGISTERED OFFICE

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

BUSINESS OFFICE AND PRINCIPAL PLACE OF BUSINESS

Atlantic Maritime Group FZE

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

Atlantic Ship Management LLC

P.O. Box 37288 Abu Dhabi
Unit 406, Al Salam Street
Al Salam HQ Building
Abu Dhabi
United Arab Emirates
Tel: +971 2 4453838
Fax: +971 2 4453837

Energy Marine Services and Trading LLC

P.O. Box 24637 Doha
Al Nasr Tower A, 7th Floor, Room 79A
Building No. 24, Street No. 950, Al Markhiya St.
Doha, Qatar
Tel: +974 4029 9631

AUDIT COMMITTEE

Gwee Lian Kheng (*Chairman*)

Wong Chee Meng, Lawrence

Sam Chee Leong

Kum Soh Har, Michael

NOMINATING COMMITTEE

Gwee Lian Kheng (*Chairman*)

Wong Chee Meng, Lawrence

Sam Chee Leong

RENUMERATION COMMITTEE

Wong Chee Meng, Lawrence (*Chairman*)

Gwee Lian Kheng

Kum Soh Har, Michael

ATLANTIC EMPLOYEE NEW SHARE SCHEME COMMITTEE

Wong Chee Meng, Lawrence (*Chairman*)

Gwee Lian Kheng

Kum Soh Har, Michael

KEY EXECUTIVES

Stoyan Radev Ialamov

Deputy CEO and Chief Operating Officer

Hsu Chong Pin

Chief Financial Officer

Mohammad Reza Sadeghi

Project Director

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

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

AUDITOR

Ernst & Young LLP

One Raffles Quay, North Tower, Level 18
Singapore 048583

Partner-in-Charge: Lim Huijing Amanda

*(Date of appointment: Since financial year ended
31 December 2023)*

PRINCIPAL BANKERS

Malayan Banking Berhad

National Bank Of Fujairah PJSC

United Overseas Bank Limited

SPONSOR

SAC Capital Private Limited

1 Robinson Road #21-00 AIA Tower
Singapore 048542



Atlantic Navigation Holdings (Singapore) Limited

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