Ezion Holdings Limited

EZION HOLDINGS LIMITED

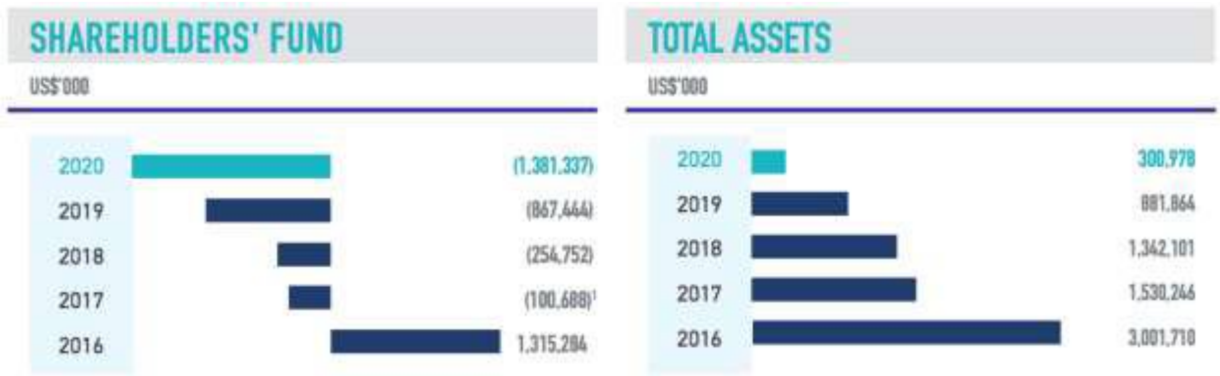
(Incorporated in the Republic of Singapore)
(Company Registration No. 199904364E)

RESPONSE TO SECURITIES INVESTORS ASSOCIATIONS'S ("SIAS") QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors of Ezion Holdings Limited (the "**Company**") refers to its annual report for the financial year ended 31 December 2020, which was announced on 14 July 2021 (the "**FY2020 AR**") and wishes to provide the following additional information in response to the queries raised by the SIAS on 21 July 2021:

Question 1: In the corporate profile, the company describes itself as a specialist in the development, ownership and chartering of strategic offshore assets to support the offshore energy markets. It claims to be the owner of one of the youngest, largest and most sophisticated fleet of liftboats in the world, and the only operator in Southeast Asia with a fleet of liftboats that can be used both in the offshore oil and gas industry as well as the offshore wind farm industry.

As shown in the financial highlights (page 4 of the annual report; extract shown below), the company continues to make losses and shareholders' funds have slipped further into the red to US$(1.38) billion from US$(867.4) million, due to losses from operations totaling US$(489.4) million in 2020.



(Source: company annual report)

Revenue has fallen to just US$24.7 million in FY2020 (shown below). Net asset value per share dropped by US$1 per share, from US 63.43 cents in FY2016 to US (36.82) cents in FY2021.

	2020 US$'000	2019 US$'000 (Restated)[2]	2018 US$'000	2017[1] US$'000	2016 US$'000
Revenue (continuing operations)	24,734	56,037	118,696	193,108	318,245
Loss Before Tax (continuing operations)	(488,928)	(275,420)	(341,847)	(320,201)	(30,924)
Net Loss (continuing operations)	(489,352)	(281,011)	N/A	N/A	N/A
Net Loss	(507,549)	(614,936)	(344,339)	(323,093)	(33,606)
Net Loss (discontinued operations)	(18,197)	(333,925)	N/A	N/A	N/A

(Source: company annual report)

An investment by a strategic investor failed to materialise and the group undertook a restructuring plan in October 2020 to change its focus to vessel management (with the goal of disposing its vessels in an orderly manner), cut costs in view of lower demand and to seek out new strategic investors to recapitalise the group.

(i) Can the independent directors help shareholders understand how they have demonstrated their entrepreneurial leadership and how they have provided effective guidance to management? The three independent directors are Dr Wang Kai Yuen, Mr Tan Woon Hum and Mr Lim Thean Ee. They were first appointed to the board each on 28 July 2000, 21 March 2007 and 28 July 2000 respectively.

(ii) In addition, the CEO and executive director, Mr Chew Thiam Keng, was first appointed to the board on 1 March 2007. Mr Chew is responsible for the group's operations, strategic planning, corporate management and business development. Has the board reviewed if the CEO and executive director is the right person to lead the group given that the group's focus is now on restructuring, cost cutting and recapitalisation? Is management agile enough to change their paradigm and not be held back by past decisions and old practices? Has the board considered the benefits of having a fresh management team with a proven track record, and no historical baggage, as the group restructures itself?

Company's Response:

The board of directors (the "**Board**") comprises professionals with a diverse wealth of experience in various industry and professional backgrounds. For further information, please refer to pages 12 and 13 of the FY2020 Annual Report.

As background, the Group's core business of owning and chartering strategic marine assets to support the marine and offshore oil and gas sector was heavily impacted by the global oil and gas market downturn in 2016, as global oil prices fell from an average of US$80-US$110 per barrel between 2012 and 2014, to an average of US$30-US$60 per barrel between 2016 and 2018.

As the global oil prices stayed depressed for a protracted period of time, many international oil majors and national oil companies had cancelled prospective or planned projects, scaled down heavily on capital expenditure, as well as deferred maintenance and workover programs. In addition, the entire industry ecosystem was affected by a liquidity crunch, with many companies operating in the sector unable to access new or existing credit lines. A significant number of the Group's charter contracts were not renewed upon expiry and most of the new projects and contracts which the Group was prospecting for were cancelled and/or delayed indefinitely. Furthermore, most of the Group's customers had difficulties in making timely payment on the charter contracts.

The Board has been instrumental in providing guidance and oversight in navigating the ensuing challenges faced by the Group and also acts as a check and balance for the management, especially in the areas of formulating and overseeing the Group's business direction, as well as the Group's refinancing and restructuring plan from 2017 to date. Some of the key decisions made were:

(i) Early into the oil and gas downturn, the Group had identified diversification into the offshore wind market at an early stage to partially hedge against a long protracted downturn. The Group explored growing its technical and operational capabilities in the offshore wind market and chartered a few assets to support the offshore wind sector, in various capacities, including offshore accommodation service as well as wind turbine installation.

(ii) In 2017, the Company had identified that it would need to stabilise the financial footing of the Group via an extensive refinancing and restructuring exercise that it had carried out from 2017 to 2020, in two broad phases.

Phase 1 – Stabilising the financial footing of the Group via a refinancing and restructuring package with the Group's creditors

In 2017 and 2018, the Company:

(a) Refinanced its medium term notes and perpetual securities totalling S$575 million through a consent solicitation exercise with its noteholders and securityholders;

(b) Refinanced its bank loans of approximately US$1.5 billion, reducing the interest rates on the loans, reducing fixed principal repayments, and extending the loan tenures by 6 years;

(c) Obtained additional revolving credit facilities of up to US$118 million for the purpose of reactivating and redeploying the assets; and

(d) Raised additional equity capital of S$20 million for the purpose of funding future business growth and to capitalise on new opportunities.

Notwithstanding the extensive refinancing package, the offshore oil and gas market condition continued to deteriorate, and the systemic credit crunch in the whole industry impacted shipyards, equipment suppliers and service providers, which imposed tighter credit terms, further exacerbating the difficulties of the Group. The Group was also unable to drawdown the required funds from its secured lenders in a timely manner which severely affected the Group's ability to reactivate, deploy, operate and maintain its assets.

In light of the extended difficulties, the Group hastened its efforts on the second phase of the restructuring exercise to de-leverage and recapitalise the Group.

Phase 2 – Investment by a strategic investor to de-leverage and recapitalise the Group

(a) On 31 March 2019, the Company entered into a conditional debt conversion agreement with Yinson Eden Pte. Ltd. (the "**Subscriber**"). The transaction was to de-leverage the Group significantly and reduce its debt by approximately US$916 million. As announced by the Group on 12 April 2019, 15 April 2019 and 1 October 2019, the Subscriber had not entered into the various debt assignment agreements with the respective secured lenders of the Group by the long-stop date, and the conditional debt conversion agreement was terminated as a result.

(b) The Company continued to engage with the Subscriber and its secured lenders on a revised transaction, and subsequently, after protracted negotiations, had entered into a revised transaction with the Subscriber, as announced by the Company on 28 February 2020. The revised transaction encompassed a proposed scheme of arrangement, and would de-leverage the Group significantly, reducing its debts by over US$1.1 billion, to less than US$403 million. In addition, the Company would raise US$47 million of cash in equity, and up to US$170 million more in cash, from options and convertible notes.

Unfortunately, within a month after entering into the revised transaction, COVID-19 had spread rapidly around the world, and was declared a pandemic by the World Health Organisation. In Singapore, non-essential workplace premises were closed, non-essential court hearings were postponed and the proposed scheme of arrangement was delayed. Global oil prices collapsed and fell below zero for the first time in history. At the same time, financial institutions remained adverse to lending to the entire industry segment, and global economic conditions were bleak and uncertain.

Amidst this uncertain economic backdrop, the strategic investment by the Subscriber failed to materialise and lapsed on 1 September 2020.

(iii) The Board and Management, in consultation with the Group's secured lenders, then explored the various restructuring options available to the Group, including but not limited to liquidation or winding up, judicial management and receivership. These discussions were centred on preserving the maximum possible value for all the Company's stakeholders, and cumulated in the adoption of the current restructuring plans which focus on transitioning and refocusing the Group's business to the provision of project management, vessel management and consultancy services with an asset light capital structure (the "**Restructuring Plans**"), while continuing the search for an investor to recapitalise the Company on the basis of a vessel and project management services company.

The Restructuring Plans would allow for the Group to dispose of its liftboats, rigs, vessels and barges in an orderly fashion, and maximise the realisation of value from these assets, thereby reducing the debt burden of the Group to the maximum extent possible. The Group had obtained approval from its secured lenders to continue funding and supporting the Group until October 2021, to carry out and execute the Restructuring Plans. The Company believes that this will preserve the most value for all stakeholders of the Company in comparison with the other options, including but not limited to judicial management or liquidation.

The Group continues to leverage on its existing experience and operational track record, which are of importance in order to access and explore new opportunities in both the offshore energy sector, with a focus on providing vessel management, project management or consultancy services.

Although the strategic investment by the Subscriber failed to materialise, largely due to uncertain global economic outlook due to the COVID-19 pandemic, the diverse experiences of the Board and the familiarity with the history of the Company and the Group, and their understanding of the business segments that the Group operates in has greatly helped the Board in providing Management with their valuable experience and insight throughout the extensive restructuring exercise carried out over the last four years, deliberating on each and every one of the various options available to the Group at every juncture.

Given the circumstances of the Group, the Company believes that the current Board and management, as aided by the Corporate Restructuring Advisor, RSM Corporate Advisory Pte Ltd, remains best placed to see the Group through the Restructuring Plans.

Question 1 (continued):

(iii) The trading of the company's shares has been suspended since 1 March 2019. What are the milestones needed for the resumption of trading?

(iv) Is the group "hopelessly insolvent"? With negative shareholders' funds of US$1.38 billion, what are the realistic options available to the board to recapitalise the group?

(v) Has the board considered judicial management?

Company's Response:

The Company's shares are currently suspended under Rule 1303 of the Listing Manual as the Company is in an insolvent financial position with net liabilities of US$1.38 billion, and is therefore facing material uncertainty in relation to its going concern.

In order for the shares to resume trading, the Company would need to return to a solvent financial position and address the going concern of the Company, and this would involve negotiating and securing an investor to recapitalise and/or deleverage the Company. Such an exercise would be similar to the earlier proposed transactions mentioned above, and would need to include a debt-to-equity conversion of a very significant portion of the remaining liabilities of the Company after the disposal of all its liftboats, rigs, vessels and barges.

The Group is currently in discussions with several potential investors on the basis of a vessel and project management business. Only upon finding a viable investor, will the Company be able to submit a resumption trading proposal in accordance with Rule 1304(1) of the Listing Manual. Subject to the progress of the discussions with these prospective investor groups, the Company may need to apply to SGX-ST to seek an extension for the submission of the trading resumption proposal, which is to be submitted within 12 months from 1 September 2020 (being the date of suspension under Rule 1303(3)).

The Company will continue to update its stakeholders and make the necessary announcements when there are further developments on the above, and will seek the requisite approvals from its stakeholders, including its shareholders, creditors and secured lenders to complete such an exercise in due course.

As discussed above in the response to Question 1 (i) – (ii), the Board and Management, in consultation with the Group's secured lenders, had explored the various restructuring options available to the Group, including but not limited to liquidation or winding up, judicial management, receivership. These discussions were centred on preserving the maximum possible value for all the Company's stakeholders, and cumulated in the adoption of the current Restructuring Plans.

The Restructuring Plans would allow for the Group to dispose of its liftboats, rigs, vessels and barges in an orderly fashion, and maximise the realisation of value from these assets, thereby reducing the debt burden of the Group to the maximum extent possible. The Group had obtained approval from its secured lenders to continue funding and supporting the Group until October 2021, to carry out and execute the Restructuring Plans. The Company believes that this will preserve the most value for all stakeholders of the Company in comparison with the other options, including but not limited to judicial management or liquidation.

<u>Question 1 (continued):</u>

(vi) In addition, the CEO and executive director received "US$500,000 and below" with 86-87% attributable to "Salary & CPF" and 8% in "Bonus & CPF" in FY2018 and FY2019. In FY2020, he received "S$250,001 - S$500,000" with 92% as "Salary & CPF" and 8% in "Other benefits". Can the board help shareholders understand if the level and structure of the remuneration of the CEO and executive director are appropriate and proportional to the performance, financial position and market capitalisation of the group?

<u>Company's Response:</u>

As previously presented by the Company in the Second Informal Securitiesholders Meeting on 2 October 2017 (presentation slides of which were released in an announcement on the same day), the remuneration structure for all the key management personnel had been revised downwards by the remuneration committee in FY2016 by 37% (as compared to FY2015). This was further reduced by 38% in FY2017, and the key management personnel had volunteered to take a further 20% reduction in FY2020, in recognition of the increasingly challenging economic backdrop. As such, in line with such further reduction, the remuneration package bands, as announced in the Annual Reports, were revised from being denominated in US Dollars to Singapore Dollars.

Cumulatively, the total reduction in the remuneration packages for all the key management personnel have been reduced by over 77% since FY2015. In addition, in recognition of the challenging industry and financial circumstances that the Group faces, the Group has not declared any annual bonuses to any of its employees for performance periods from FY2016 onwards, and the additional wage supplement component of its remuneration packages for all its employees including its key management personnel was also removed from FY2020 onwards.

In addition to the reductions in remuneration packages, the Group's headcount had also been reduced from 108 employees in 2017 to 59 employees as at 31 December 2020. As previously shared in the Restructuring Plans, the Group is looking at avenues for further cost and headcount reduction and is doing more with less financial and human resources. With the significant reduction in workforce, the existing employees of the Group have to perform more work and work longer hours.

Question 2: Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) ***What are the reasons to discontinue the Jack up rigs and Offshore support logistics services segments? On what basis did management choose to retain the liftboat segment?***

(ii) ***Please provide details, including technical specifications and the carrying values, of the group's assets held for sale. These would include two jack-up rigs, seven offshore support logistics vessels and seven liftboats.***

(iii) ***As disclosed in Note 28 (pages 123 and 124 – Operating segments), segment results from the continuing operations of liftboats decreased from US$18.3 million in 2019 to a loss of US$(7.6) million in 2020. This was before depreciation expenses, impairment losses and finance costs. Can management provide a breakdown (possibly using a waterfall chart) to show the year-on-year decline in its profitability in the liftboats segment? How does management ensure profitability of this segment (which will be the key driver for the group), going forward?***

(iv) ***Similarly, what are the characteristics and specifications of the group's liftboats? What were the utilisation rates in 2020?***

(v) ***What are the bright sparks, if any, in the liftboat segment in the next 18-24 months?***

(vi) ***Can management identify the key value drivers in the liftboat segment?***

Company's Response:

As mentioned above, the Company is currently in the process of executing and implementing the Restructuring Plans, which would involve a disposal of all its liftboats, rigs, vessels and barges.

Notwithstanding the intention to dispose of the liftboats under the Restructuring Plans, the liftboat segment does not as of 31 December 2020, meet the accounting criteria to be classified as discontinued operations under the present accounting standards. The Group will refocus its business towards provision of vessel management, project management and consultancy services, as detailed in the Restructuring Plans.

A summary of the abovementioned vessels which are classified for held as sale as of 31 December 2020, alongside their carrying values (grouped together as a segment) and individual specifications are set out for reference below.

Vessels Held for Sale	**Carrying Value (US$' m)**
Liftboat 1 – 57x44x6.9m Self Elevating Liftboat	
Liftboat 2 – 57x44x6.9m Self Elevating Liftboat	
Liftboat 3 – 57x44x6.9m Self Elevating Liftboat	
Liftboat 4 – 59x40x5m Self Elevating Liftboat	
Liftboat 5 – 59x40x5m Self Elevating Liftboat	
Liftboat 6 – 92x54x6m Self Elevating Liftboat	
Liftboat 7 – 60x54x6m Self Elevating Liftboat	
Sub-total for Liftboats	**91.0**
Rig 1 – Jackup Drilling Rig	
Rig 2 – Jackup Accomodation Rig	
Sub-total for Rigs	**2.4**
Offshore Support Vessel 1 – 375ft x 120ft x 20ft Self Ballastable Barge	
Offshore Support Vessel 2 – 375ft x 120ft x 20ft Self Ballastable Barge	
Offshore Support Vessel 3 – 375ft x 120ft x 20ft Self Ballastable Barge	
Offshore Support Vessel 4 – 375ft x 120ft x 20ft Self Ballastable Barge	
Offshore Support Vessel 5 – 5150bhp Towing Tug	
Offshore Support Vessel 6 – 5150bhp Towing Tug	
Offshore Support Vessel 7 – 5150bhp Towing Tug	
Sub-total for Offshore Support Vessels	**11.9**
Grand Total	**105.3**

A summary of the profitability of the Group's liftboat segment is set out below for reference.

(in US$' m)	**FY2017**	**FY2018**	**FY2019**	**FY2020**
Utilisation Rate	**63%**	**56%**	**54%**	**31%**
y-o-y % change		*-11.1%*	*-3.6%*	*-42.6%*
Revenue	**96.0**	**68.7**	**55.5**	**24.3**

y-o-y % change		*-28.4%*	*-19.9%*	*-56.2%*
Reportable Segment Results from Operating Activities	**67.6**	**14.4**	**18.3**	**(7.6)**
y-o-y % change		*-78.7%*	*27.1%*	*-141.5%*
Depreciation	(30.6)	(27.6)	(26.6)	(25.5)
Impairment Loss on PPE	-	-	(90.3)	(329.9)
Impairment Loss on trade and other receivables and loans to joint ventures	(49.2)	(34.3)	(79.3)	(121.9)
Other Income	10.6	3.7	2.4	1.7
Share of results of joint ventures and associates, net of tax	0.0	1.4	1.1	2.3
Finance Income	1.4	0.0	0.0	0.3
Finance Expense	(16.2)	(16.3)	(47.3)	(13.6)
Segment Loss before Income Tax & Unallocated Expenses	**(16.4)**	**(58.7)**	**(221.7)**	**(494.2)**
y-o-y % change		*-257.9%*	*-277.7%*	*-122.9%*

The profitability of the liftboat segment from FY2018 to FY2020 was severely impacted by the Group's inability to drawdown the required funds from its secured lenders in a timely manner which severely affected the Group's ability to reactivate, deploy, operate and maintain its assets, and thus reduced the utilisation rate of the Group's liftboat assets.

With holding, maintenance and upkeep costs relating to the ownership and maintenance of the marine assets, the reduction in utilisation rates resulted not only in a reduction in revenue, but also an increase in operating costs, further affecting the performance of the Group in all of its business segments.

Disposal of the Group's assets, including its liftboats, rigs, vessels and barges as set out in the Restructuring Plans would allow for the Group to reduce the debt burden of the Group and its associated finance costs to the maximum extent possible. In addition, by transitioning to and refocusing the Group's business on the provision of project management, vessel management and consultancy services, the Group would no longer continue incurring heavy operating costs relating to the maintenance, upkeep and operation of the assets, which weigh on the Group's profitability.

Question 2 (Continued)

The group secured a wind turbine transportation & installation contract on 7th December 2020 for the Taipower Offshore Wind Project Phase II in Taiwan with a value of US$83.4 million (page 9). The project is expected to commence in September 2024. In addition, Teras Offshore Pte Ltd ("TOPL") also entered into a cooperation agreement to provide engineering expertise, consultancy services and overall project management and administration services pertaining to the procurement, transportation and installation of the subsea foundations, subsea cables and offshore substations to the Foundation Scope Contractor for the Taipower Offshore Wind Project Phase II. TOPL's projected revenue in the cooperation agreement is up to US$20 million. The project was supposed to commence from 1st July 2021 until 31st December 2025 but it has been delayed due to the resurgence of COVID-19 (page 9).

(vii) When does management expect the cooperation agreement to commence?
(viii) Does the group have the necessary financial and technical resources to deliver on its scope?
(ix) What are the other opportunities in the near term?

Company's Response:

The cooperation agreement is expected to commence in 3Q2021.

As announced by the Company in its update on the Restructuring Plans on 20 June 2021, in view of the current COVID-19 situation in Singapore and Taiwan, the Group is still in discussions with TRS (as defined in the 20 June 2021 announcement) on the scope of work, fee structure and payment terms. Therefore, the Board and the Group is of the view that all costs related to the project, including the relevant headcount, should be fully funded from the project revenue from TRS, and not from Group's existing resources, in order to preserve maximum value for the Group's stakeholders, until there is better visibility and certainty on the project. The Group is currently engaging TRS in discussions on details of the scope of work, fee structure and payment terms and expects to finalise these discussions by end of 3Q2021.

According to renewable energy industry reports published by Deloitte, McKinsey, Bloomberg, Economist Intelligence Unit and the International Energy Agency, there has been a huge push for renewable energy from governments all around the world. Further, we understand that the push to further develop offshore wind capabilities and projects has been especially noticeable in the East Asian region, especially in Taiwan, Japan, Korea and China, having either announced new offshore wind projects or plans and goals to develop new capabilities over the next few years. The Group will continue to leverage on its existing relationships, network, operational expertise and track record to access more opportunities in this region in a consultancy, vessel management or project management capacity.

Question 3: At the annual general meeting to be held on 29 July 2021, two of the independent directors, Mr Lim Thean Ee and Mr Tan Woon Hum, are retiring pursuant to Regulation 107 of the company's constitution and would be seeking their re-election. Mr Tan Woon Hum and Mr Lim Thean Ee were first appointed on 21 March 2007 and 28 July 2000 respectively. They have served on the board for more than 14 years and 21 years respectively.

(i) Can the two directors who are seeking their re-election help shareholders understand their effectiveness in setting strategies and in guiding management to create long-term value for shareholders?
(ii) How effective were the retiring directors at safeguarding shareholders' interests, especially in terms of risk management, internal controls and protecting the group from unacceptable level of risks? (Principle 9 of the Code of Corporate Governance 2018)

In addition, shareholders are asked to approve directors' fees of $223,000.

(iii) Have the directors considered delaying their fees or taking their fees in shares until the group successfully recapitalises itself?

All three long-tenured non-executive directors, namely Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum, would be seeking a two-tier vote on their continued appointment as independent directors.

(iv) With all three directors being on the board for a combined 56 years, along with a CEO and executive director who has been on the board for the past 14+ years, how does the board avoid group-think?
(v) Have the directors evaluated the decision-making of the board, especially all the critical decisions in the past that have cumulated in the current financial situation of the group?
(vi) What can the directors contribute to the group at this point of its restructuring?
(vii) As the independent chairman, would Dr Wang Kai Yuen be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?

Company's Response:

The Nominating Committee (the "**NC**") conducts an annual review to assess and evaluate the skill sets of the Board, in particular with the view to understand the range of expertise lacking by the Board, and if the competencies and skill sets of the Board are complementary and enhance the ability of the Board to perform its role in overseeing the management and the direction of the Company. The formal review can be found on page 29 of the Company's Annual Report 2020.

In addition, the Board and the Remuneration Committee (the "**RC**") conduct an annual benchmarking review to assess the salary structure for key management personnel as well as the structure for directors fees against the general broad market for companies of similar size and complexity, and in particular with reference to the research reports and BOD Survey carried out and published by the Singapore Institute of Directors, which are available at the Singapore Institute of Directors website (at sid.org.sg under the section "Publications & Resources"). The directors' fees are currently in arrears of more than a year and are in relation to work done by the Board throughout the financial year 2020.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. The Board, saved for the affected directors who had abstained from all deliberation, have recommended the continued appointment of Dr. Wang Kai Yuen ("**Dr. Wang**"), Mr. Lim Thean Ee ("**Mr. Lim**") and Mr. Tan Woon Hum ("**Mr. Tan**") as independent Directors, via a Two-Tier

Voting process for a three - year term with effect from the date of passing the ordinary resolutions via the Two-Tier Voting.

The Company had announced on 9 April 2021, that Mr. Yee Chia Hsing ("**Mr. Yee**") had resigned as independent non-executive director of the Company and had relinquished his positions as chairman of the NC and member of the RC and audit committee ("**AC**") accordingly. After Mr. Yee's resignation, the Board and the Company had decided that the remaining directors should assume the roles of Mr. Yee for better management of cost and also noted the Company may not attract any suitable candidates, due to the Company's insolvent financial condition.

Nevertheless, despite the difficult conditions, the other members of the Board have committed to remain on the Board, and the NC and the Board have assessed that Dr. Wang, Mr. Lim and Mr. Tan remain objective and independent-minded in the Board meetings and deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interests of the Company. Additionally, subject to the approval of shareholders and the passing of the requisite resolutions via the Two-Tier Voting, they would meet the definition of Independent Directors of the SGX-ST Listing Rules and the Code of Corporate Governance 2018. The Board trusts that they are able to continue to discharge their duties independently with integrity and competency.

The Board pays particular attention to ensure that board meetings adopt a culture where open constructive conversations are encouraged, where meetings are focused on objectives but do seriously explore alternatives. The independent directors also actively take on the role of playing the "devil's advocate" when it comes to decision making, and embrace conflict as an essential part of a healthy discussion and debate. In particular, the restructuring options for the Group, including but not limited to restructuring, liquidation, winding up and judicial management were rigorously debated and discussed, which resulted in the formulation of the Restructuring Plans, in consultation with the Company's Corporate Restructuring Advisor and its secured lenders.

BY ORDER OF THE BOARD

Goon Fook Wye Paul
Company Secretary
28 July 2021