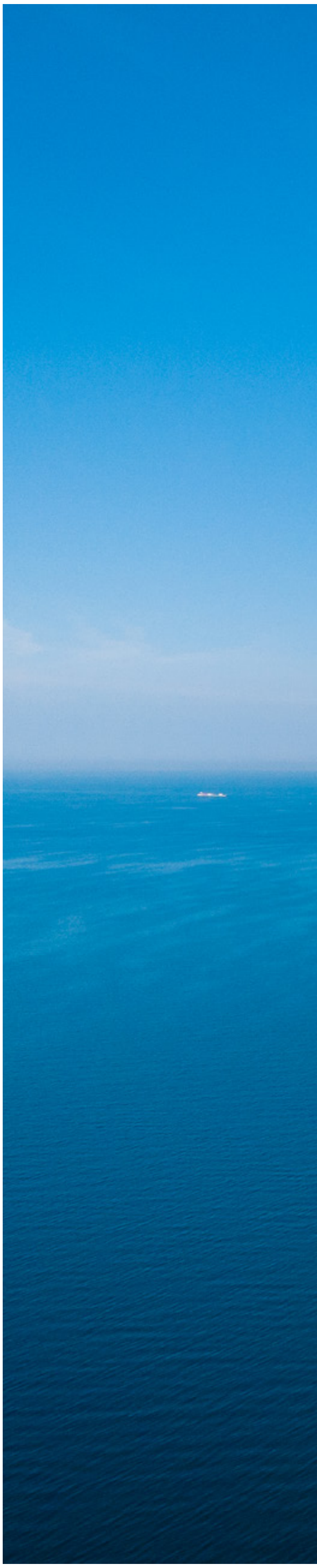
Ezion Holdings Limited

ANNUAL REPORT 2020

REFOCUSING OUR APPROACH

CONTENTS



CORPORATE PROFILE

Ezion Holdings Limited ("Ezion") and together with its subsidiaries (the "Group") specialises in the development, ownership and chartering of strategic offshore assets to support the offshore energy markets.

The Group's Liftboats are focused in production enhancement and extraction related activities of the offshore oil and gas industry and can also support the offshore wind farm industry with their accommodation, loading, construction, installation and transportation capabilities and operate in shallow waters.

The Group is the owner of one of the youngest, largest and most sophisticated fleet of Liftboats in the world and one of the first to promote the usage of Liftboats in Asia, Middle East & West Africa. The Group is also 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.

Ezion's key plans in 2020 were to undertake a restructuring plan to:

(a) refocus its business on the provision of vessel management services i.e. transition to a vessel management company. In this process, it will be taking steps to realise value by disposing of its vessels in an orderly manner over a period of time. This will allow the Company to better manage its cashflow constraints by reducing the holding costs ofthe vessels as well as the amount of liabilities;

(b) implement further cost-cutting measures in line with the business requirements; and

(c) continue the search for potential investors to recapitalise the Group and/or realise the value of the listed status of the Company, on the basis of a vessel management company.

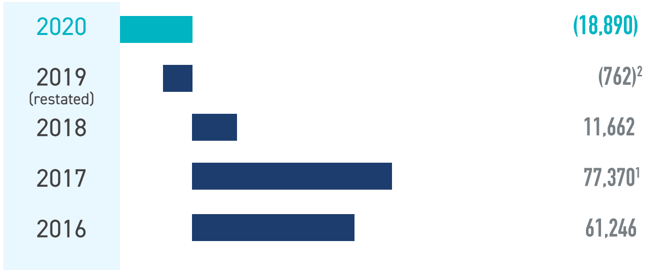
FINANCIAL HIGHLIGHTS

REVENUE Continuing Operations

US$'000

GROSS (LOSS)/PROFIT Continuing Operations

US$'000



SHAREHOLDERS' FUND

US$'000

TOTAL ASSETS

US$'000

LOSS From Continuing Operations, Net Of Tax

US$'000

LOSS PER SHARE

(US cents/share)

LOSS From Discontinued Operations, Net Of Tax

US$'000

NET ASSET VALUE

(US cents/share)

	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
Shareholders' Fund	(1,381,337)	(867,444)	(254,752)	(100,688)	1,315,384
Total Assets	300,978	881,864	1,342,101	1,530,246	3,001,710
Total Liabilities	1,682,315	1,749,308	1,596,853	1,630,934	1,686,326
Loss per share – continuing operations (US cents/share)	(13.06)	(7.54)	N/A	N/A	N/A
Loss per share – discontinued operations (US cents/share)	(0.49)	(8.96)	N/A	N/A	N/A
Loss Per Share (US cents/share)	(13.55)	(16.51)	(10.91)	(15.95)	(2.30)
Net Asset Value (US cents/share)	(36.82)	(23.27)	(6.87)	(4.86)	63.43
ROE (%)	(36.74)	(70.89)	(135.17)	(320.89)	(2.55)
ROA (%)	(168.63)	(69.73)	(25.66)	(21.11)	(1.12)
Current Ratio (times)	0.12	0.11	1.50	0.23	1.11
Net Gearing (times)	N/M	N/M	N/M	N/M	0.98

Note:

[1] Restated due to adoption of Singapore Financial Reporting Standards (International).

[2] The 2019 comparatives have been restated to consider the impact of classifying Jack up Rigs and Offshore Support Logistic Services segments as discontinued operations in 2020.

N/M Not meaningful

N/A Not applicable

LETTER TO SHAREHOLDERS

THE GROUP KEY PLANS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2020 WERE TO REACTIVATE AND REDEPLOY THE GROUP'S LIFTBOATS, DISPOSE OF NON-CORE ASSETS AND TO INVITE A STRATEGIC INVESTOR INTO THE COMPANY WHICH THE GROUP HAS STARTED SINCE 2018.

LETTER TO SHAREHOLDERS

OUR DEAR SHAREHOLDERS'

Grace and peace.

We apologise for the delay of this report this year and that we have to postpone our annual general meeting to the later part of July 2021 in view of the ongoing Covid-19 situation.

Ezion's ("Company", and together with its subsidiaries, the "Group") key plans for the financial year ended 31st December 2020 were to reactivate and redeploy the Group's liftboats, dispose of non-core assets and to invite a strategic investor into the Company which the Group has started since 2018.

As mentioned in our annual report for the financial year ended 31st December 2019, the Company has entered into agreements with Yinson Eden Pte Ltd ("Yinson Eden") on 31st March 2019 and 28th February 2020 ("Agreements") for Yinson Eden to acquire at least 63.46% of the Ezion Group, subjected to the fulfilment of conditions. Subsequent to the signing of the agreements, the outlook of the oil and gas industry declined further and oil prices plunged to its lowest level since 1999 and the COVID-19 pandemic disrupted supply chains worldwide and created significant strain on demand across various industries which also severely affected the demand for the Group's assets. As a result, this led to further discussions between Yinson Eden and each of Ezion's major secured lenders ("Major Secured Lenders") to discuss new terms and to extend the 31st August 2020 termination date of the Agreements. Unfortunately, the Agreements lapsed on 31st August 2020 as the Major Secured Lenders collectively and Yinson Eden were not able to agree on terms and extension of the termination date.

After conducting a strategic review of its operations and options available in consultation with its secured lenders, the Company on 19th October 2020 resolved to undertake a restructuring plan (the "Restructuring Plan") to:

(a) refocus its business on the provision of vessel management services i.e. transition to a vessel management company. In this process, it will be taking steps to realise value by disposing of its vessels in an orderly manner over a period of time. This will allow the Company to better manage its cashflow constraints by reducing the holding costs of the vessels as well as the amount of liabilities;

(b) implement further cost-cutting measures in line with the business requirements; and

(c) continue the search for potential investors to recapitalise the Group and/or realise the value of the listed status of the Company, on the basis of a vessel management company.

In addition, the Company has appointed RSM Corporate Advisory Pte Ltd as Corporate Restructuring Advisor to oversee the implementation of the above Restructuring Plan.

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. The contract is for a duration of one year and is expected to commence in September 2024. Under the terms of the contract, Teras Offshore Pte Ltd ("TOPL"), a subsidiary of the Group has to provide its externally audited financial statements to the client within 90 days from 30th June 2021, evidencing that TOPL is in a positive net asset position (i.e. net assets exceeds total liabilities) as of 30th June 2021, or as of any later date to be mutually agreed by the parties. The Group is currently in discussions with its customer to extend the completion of the Group's capital restructuring to a later date. We will keep the shareholders informed of any further developments on the discussions.

Further to the above-mentioned contract, 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 ("Client") for the Taipower Offshore Wind Project Phase II. The cooperation agreement is supposed to commence from 1st July 2021 until 31st December 2025 with budget of up to US$20.0 million allocated to TOPL for its services. The outbreak of new waves and mutated strains of COVID-19 cases worldwide including in both Singapore and Taiwan is however delaying the signing of the definitive agreement and commencement of work. The Group is in active consultation with its secured lenders and also in active discussion with its Client on the best and safest way to move forward with the cooperation agreement.

LETTER TO SHAREHOLDERS

As at 31st December 2020, aligned with the Group's Restructuring Plans, all service rigs, tugs and barges are classified as either non-current assets held for sale or finances lease. As such, the jack-up rigs segment and offshore support logistic services segment are classified as discontinued operations.

As a result, the Group's revenue from continuing operations decreased by 55.9% from US$56.0 million in FY2019 to US$24.7 million in FY2020 and the Group's loss from continuing operations increased from US$281.0 million in FY2019 to US$489.4 million in FY2020.

The Group's revenue from discontinued operations decreased by 85.4% from US$34.3 million in FY2019 to US$5.0 million in FY2020 and the Group's loss from discontinued operations decreased from US$333.9 million in FY2019 to loss of US$18.2 million in FY2020.

Furthermore, arising from the consultations and discussions that the Group has had with its secured lenders leading up to the period, the secured lenders have indicated their desire for the Group to focus its business to vessel management with an asset-light structure by divesting its vessels in an orderly fashion. These events have resulted in close to approximately US$363.5 million of net impairment losses in FY2020.

The Group registered a net loss of US$507.5 million for FY2020 and has a negative equity position of US$1,381.3 million as at 31st December FY2020.

The Group together with RSM Corporate Advisory Pte Ltd will in due course hold an informal meeting to update stakeholders on the Restructuring Plan once the restructuring terms have been agreed by the Major Secured Lenders.

The challenges and difficulties before us are unprecedented. We are grateful for the patience and grace extended by our valued lenders, the treasured advice and guidance from our Corporate Restructuring Advisor - RSM Corporate Advisory and Morgan Lewis Stamford; and the unwavering support of our Board of Directors. Most of all, we give Him all praise and thanks.

Rest assured that the Board and the management are truly doing their best with your interest and the interest of the other stakeholders in our minds and heart.

Stay safe and healthy and we pray that the peace of Jesus will be with all of you.

DR WANG KAI YUEN
Chairman

MR CHEW THIAM KENG
Chief Executive Officer

BOARD OF DIRECTORS

DR WANG KAI YUEN

Independent Non-Executive Chairman

Dr Wang Kai Yuen was appointed the Independent Non-Executive Chairman on 5 January 2016. He has been an Independent Non-Executive Director since 28 July 2000 and was last re-elected on 25 June 2020. He has been appointed the Chairman of the Nominating Committee with effect from 9 April 2021 and is a member of both the Audit and Remuneration Committees. Dr Wang sits on the Board of COSCO Corporation (Singapore) Limited, ComfortDelGro Corporation Limited, HLH Group Limited and Emas Offshore Limited (under Judicial Management), companies listed on the SGX- ST. He previously served as independent director of China Aviation Oil (Singapore) Corporation Ltd. Dr Wang retired from Fuji Xerox Singapore Software Centre in December 2009 as the Centre Manager. Dr Wang served as a Member of Parliament for the Bukit Timah Constituency from December 1984 till April 2006. He was the Chairman of Feedback unit from 2002 till his retirement from politics. Dr Wang graduated from the National University of Singapore with a Bachelor in Engineering (First Class Honours in Electrical and Electronics). He also holds a Master of Science in Industrial Engineering, a Master of Science in Electrical Engineering and a PhD in Engineering from Stanford University. He received a Friend of Labour Award in 1988 for his contributions to the Singapore labour movement.

MR CHEW THIAM KENG

Chief Executive Officer and Executive Director

Mr Chew Thiam Keng was appointed an Executive Director on 1 March 2007, and was appointed as the Chief Executive Officer on 1 June in the same year. He was last re-elected as a Director on 25 June 2020. Mr Chew is responsible for the Group's operations, strategic planning, corporate management and business development. Before joining the Group, Mr Chew was the Managing Director/CEO of KS Energy Services Limited for about five years and was an Executive Director of Kian Ann Engineering Ltd between 1996 and November 2001. Before that, Mr Chew was with the Development Bank of Singapore Limited for nine years working in the areas of banking such as corporate finance and retail banking. Mr Chew holds a Master Degree in Business Administration from the University of Hull and a Bachelor Degree (Honours) in Mechanical Engineering from the National University of Singapore. Mr Chew is currently a Non-Executive Chairman of Charisma Energy Services Limited, a company listed on the SGX-ST. He previously served as Independent Non-Executive Director of Pharmesis International Limited.

MR LIM THEAN EE

Independent Non-Executive Director

Mr Lim Thean Ee is an Independent Non-Executive Director appointed on 28 July 2000 and was last re-elected on 29 April 2019. He has been appointed the Chairman of the Remuneration Committee with effect from 18 July 2008 and is a member of both the Audit and Nominating Committees. Mr Lim participates actively in community work. He is Honorary Chairman of Telok Blangah Citizens' Consultative Committee and Chairman of CCC's Community Development & Welfare Fund Committee. In addition, he is also the Chairman of Depot Estate Businesses Association. In recognition of his contribution to the community, Mr Lim was conferred both the Public Service Medal and the Public Service Star Medal in 1998 and 2012 respectively. He currently serves as the Managing Director of Coastal Navigation Pte Ltd and has more than 30 years of experience in shipbuilding and ship repairing industry. He is an Associate Member of Society of Naval Architects and Marine Engineers, USA since year 1974. Mr Lim is currently an Independent Director of Miyoshi Limited, a company listed on the SGX-ST.

MR TAN WOON HUM

Independent Non-Executive Director

Mr Tan Woon Hum is an Independent Non-Executive Director appointed on 21 March 2007 and was last re-elected on 30 April 2018. He has been appointed the Chairman of the Audit Committee with effect from 5 January 2016 and is a member of both the Nominating and Remuneration Committees. Mr Tan is currently a partner of Shook Lin & Bok LLP, a Singapore law firm and has been with the firm since December 2003. He graduated from the National University of Singapore with a LLB (Honours) Degree in 1995 and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1996. Mr Tan obtained his MBA (Finance) from the University of Leicester in 2000. He has been in private legal practice since 1996 and specializes in trust, asset and wealth management. He advises on the establishment of traditional and alternative funds including related licences and exemptions for fund management companies, as well as the establishment and listing of REITS. Mr Tan is an Independent Non-Executive Director of UTI International (Singapore) Pte Ltd, a licensed fund manager and YTL Starhill Global REIT Management Limited, a manager of Starhill Global REIT, a Singapore-based real estate investment trust listed on the SGX-ST. On 28 April 2021, Mr Tan retired from AP Oil International Limited, a company listed on the SGX-ST, as an Independent Non- Executive Director.

KEY EXECUTIVES

MR ENG CHIAW KOON

Deputy Chief Executive Officer

Mr Eng Chiaw Koon joined the Group in 2018 as a Consultant and was appointed as Deputy Chief Executive Officer on 1 July 2019. He is responsible in providing strategic management to the Group's operations and be responsible for the Group's execution of strategic and commercial plans, working with all functional units in ensuring business priorities and commercial obligations are met. Mr Eng holds a Diploma in Mechanical Engineering from the Singapore Polytechnic. Prior joining the group, Mr Eng was the Managing Director, Executive Director of Ausgroup Limited. He is currently a Non-Independent and Non-Executive Director of Ausgroup Limited and Charisma Energy Services Limited, companies listed on the SGX-ST.

MR GOON FOOK WYE PAUL

Chief Financial Officer

Mr Goon Fook Wye Paul joined the Group in November 2012. He was appointed as Chief Group Business Officer on 1 August 2018 and was re-designated as Chief Financial Officer on 1 July 2019 to strengthen the overall management structure of the Group. He has more than 15 years of experience in auditing and commercial accounting and is responsible for the accounting, financial, taxation and corporate secretarial matters of the Group. Mr Goon holds an ACCA accounting qualification and is a member of the Institute of Singapore Chartered Accountants.

MR POH LEONG CHING, DAVID

Chief Business Development Officer /
Country Head, China / Mexico

Mr Poh Leong Ching, David joined the Group in April 2007 and is responsible for identifying, securing and managing relationships in new business areas in line with the strategic direction of the Group. He is also the country head of China / Mexico spearheading the Group's thrust in developing business opportunities in China / Mexico. Under his credentials are over 20 years of experience in the sales and operations of vessels and cranes. Mr Poh was the Marketing Manager of Tiong Woon Marine Pte Ltd and Tat Hong Holdings Group before joining the Group.

MR BENJAMIN OH

Head, Fleet Services

Mr Benjamin Oh joined the Group in January 2016 and oversees the planning and management of the Group's fleet management encompassing operations, HSEQA, crewing, procurement, technical and engineering functions. Prior to being appointed to his current position in April 2020, Mr Oh served as Rig Manager, Operations and Senior Manager, Commercial & Projects. Mr Oh has more than 15 years of experience in the Marine & Offshore industry serving in multiple executive positions with responsibilities spanning General Management, Operations Management, Project Management, Engineering and Technical Services and Major Capital Projects including Rig Building. Mr Oh earned a Masters of Engineering degree from University of Manchester (UK) and is a certified Project Management Professional (PMP)® from Project Management Institute.

MR VINCENT QUEK

Head, Commercial

Mr Vincent Quek joined the Group in September 2015 and is responsible for overseeing the global commercial business activities of the Group's fleet Jack-ups and vessels. He is developing commercial strategies to drive market adoption of the Group's fleet and responsible for revenue growth within the organization. Mr Quek has more than 10 years of experience in the oil and gas industry and heavily involved in the Group's offshore wind activities in the past few years. He holds a Bachelor Degree in Computing from the National University of Singapore.

MR YE MIN

Deputy Chief Information Officer

Mr Ye Min joined the Group in April 2014 with over 20 years' experience in Information Technology. He is responsible for providing vision and leadership in developing and implementing information technology initiatives that align with the business and operation needs of the Group. Prior to this, Mr Ye served as General Manager, IT Services in a Singapore Exchange Main Board listed company managing the IT aspects of the operation.

OPERATIONS REVIEW

FINANCIAL HIGHLIGHTS

The Group's revenue from continuing operations for FY2020 decreased by 55.9% to US$24.7 million. The decrease in revenue was mainly due to decrease in utilisation rates of liftboats as a result of:

(i) COVID-19 pandemic has affected over 150 countries, resulting in partial or full lockdowns in many such affected countries. This has resulted in the disruption in various international and domestic supply chains and has created a significant strain on demand across various industries including the oil and gas industry. Demand for the Group's assets was severely impacted by this and this has contributed to the decrease in utilisation and charter rates across the Group's fleet;

(ii) unavailability of financing as the lenders remain adverse to lend to the oil and gas industry and that the Group is undergoing corporate restructuring; and

(iii) the refocus of the Group's business to vessel management with an asset-light structure by divesting its vessels and rigs in an orderly fashion, in consultations and discussions with the secured lenders leading up to the period.

The cost of sales and servicing from continuing operations for FY2020 decreased by 23.2% to US$43.6 million as compared to FY2019, mainly due to lower operating costs due to lower activities from the Group's fleet.

As a result of the above, the Group recorded a gross loss from continuing operations of US$18.9 million in FY2020 compared with gross loss of US$0.8 million in FY2019.

The COVID-19 pandemic and the plunge in oil prices have severely impacted the demand of the Group's vessels and rigs, contributing to decrease in utilisation and charter rates of the Group's liftboats, which affect the contracts due for renewal post period-end. Furthermore, arising from the consultations and discussions that the Group has had with its secured lenders leading up to the period, the secured lenders have indicated their preference for the Group to refocus its business to vessel management with an asset-light structure by divesting its vessels in an orderly fashion. Consequently, the Group has updated its impairment assessment and recognised net impairment losses of US$363.5 million for FY2020.

DURING THE CURRENT YEAR, THE GROUP HAS DISCONTINUED THE JACK UP RIGS AND OFFSHORE SUPPORT LOGISTIC SERVICES SEGMENTS. THE GROUP'S REMAINING OPERATING SEGMENT IS THE LIFTBOAT SEGMENT.

BUSINESS SEGMENTS

During the current year, the Group has discontinued the Jack up Rigs and Offshore Support Logistic Services segments. The Group's remaining operating segment is the Liftboat segment.

Revenue according to business segments for FY2020 consist of revenue from liftboats, jack-up rigs and offshore support logistics service vessels which amounted to approximately US$24.3 million or 81.9%, US$4.2 million or 14.0% and US$0.9million or 2.9% respectively.

CORPORATE STRUCTURE

Ezion Holdings Limited

Teras Offshore Pte Ltd	100%	Teras Sunrise Pte Ltd	100%
Teras Genesis Pte Ltd	100%	Teras Pneuma Pte Ltd	100%
Teras Transporter Pte Ltd	100%	Teras Conquest 1 Pte Ltd	100%
Teras Lyza Pte Ltd	50%	Teras Conquest 4 Pte Ltd	100%
Teras 281 Pte Ltd	100%	Teras Conquest 7 Pte Ltd	100%
Teras Oranda Pte Ltd	100%	EG Marine Pte Ltd	50%
Teras Singapore Pte Ltd	100%	Kenai Offshore Ventures, LLC	50%
Teras 336 Pte Ltd	100%	Meridian Maritime Pte Ltd	100%
Teras Conquest 8 Pte Ltd	50%	Teras Progress Pte Ltd	100%
Teras 333 Pte Ltd	100%	Teras Wallaby Pte Ltd	100%
Teras 375 Pte Ltd	100%	Teras Fortress 2 Pte Ltd	100%
Teras Pacific Pte Ltd	100%	Teras Pegasus Pte Ltd	100%
Teras Conquest 2 Pte Ltd	100%		
Teras Harta Maritime Limited	100%	Twin Fountain Limited	50%
Teras Investments Pte Ltd	100%	Resilient Energy Limited	100%
Teras Conquest 5 Pte Ltd	100%	GSP Magellan Limited	100%
Teras Conquest 6 Pte Ltd	100%	Nora Limited	100%
Teras Conquest 9 Pte Ltd	100%	Kenai Offshore Ventures, LLC	50%
Teras Atlantic Pte Ltd	100%	Teras Offshore (B) Sdn Bhd	50%
Ezion Maritime Pte Ltd	100%	Teras Offshore Maritime (Malaysia) Sdn Bhd	100%

Teras Conquest 3 Pte Ltd	100%
Terasea Pte Ltd	50%
Ezion Investments Pte Ltd	100%
Eminent Offshore Logistics Pte Ltd	50%
Atlantic Tiburon 1 Pte Ltd	100%
Atlantic Tiburon 2 Pte Ltd	100%
Atlantic Tiburon 3 Pte Ltd	100%
Atlantic Amsterdam Pte Ltd	100%
Atlantic Esbjerg Pte Ltd	100%
Atlantic London Pte Ltd	100%
Teras Singapore 1 Pte Ltd	100%
Teras Singapore 2 Pte Ltd	100%
Teras Singapore 8 Pte Ltd	100%
Teras Offshore International Pte Ltd (f.k.a. Teras Singapore 3 Pte Ltd)	100%

Atlantic Labrador Pte Ltd	100%
Posh Terasea Pte Ltd (In Creditors' Voluntary Winding Up)	50%
ES Indonesia Pte Ltd	100%
Teras Oranda Ltd	100%
Ezion Exerter Limited	100%
Teras Titanium Limited	100%
Teras Maritime Pty Ltd	100%
Teras Offshore (B) Sdn Bhd	50%
Teras BBC Houston (BVI) Limited	100%
Teras Oilfield Support Limited	100%
Teras Endeavour Limited	100%
Teras Lisa Limited	100%
Teras Cargo Logistics Limited	100%
Teras Atlas Limited	50%
Teras Orizont Limited	50%
Teras Fortuna Limited	50%

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Dr Wang Kai Yuen

MEMBERS:
Chew Thiam Keng
Tan Woon Hum
Lim Thean Ee

AUDIT COMMITTEE

CHAIRMAN
Tan Woon Hum

MEMBERS:
Dr Wang Kai Yuen
Lim Thean Ee

REMUNERATION COMMITTEE

CHAIRMAN
Lim Thean Ee

MEMBERS:
Dr Wang Kai Yuen
Tan Woon Hum

NOMINATING COMMITTEE

CHAIRMAN
Dr Wang Kai Yuen

MEMBERS:
Lim Thean Ee
Tan Woon Hum

REGISTERED ADDRESS

438B Alexandra Road
#05-08/09 Alexandra Technopark
Singapore 119968
Telephone: (65) 6309 0555
Facsimile: (65) 6222 7848
Website: www.ezionholdings.com
Email : ir@ezionholdings.com

FINANCIAL INSTITUTIONS

DBS BANK LTD
12 Marina Boulevard
DBS Asia Central @ MBFC Tower 3
Singapore 018982

OVERSEA-CHINESE BANKING CORPORATION LIMITED
65 Chulia Street
OCBC Centre
Singapore 049513

MALAYAN BANKING BHD
2 Battery Road Maybank Tower
Singapore 049907

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza
Singapore 048624

CIMB BANK BERHAD
50 Raffles Place
Singapore Land Tower
Singapore 048623

CATERPILLAR FINANCIAL SERVICES ASIA PTE LTD
14 Tractor Road
Singapore 627973

AUDITOR

KPMG LLP
Partner-in-charge: Yeo Lik Khim
(Appointed since financial year ended 31 December 2019)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

SHARE REGISTRAR

M&C SERVICES PRIVATE LIMITED
112 Robinson Road #05-01
Singapore 068902

COMPANY SECRETARIES

Tan Wee Sin
Goon Fook Wye Paul

CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and Management of Ezion Holdings Limited ("Ezion" or the "Company") are committed to continually enhancing shareholder value by maintaining high standards of corporate governance, business integrity and professionalism in all its activities.

This report describes the Company's corporate governance framework and practices that were in place throughout the financial year ended 31 December 2020 ("FY2020") with reference to the principles and provisions of the Code of Corporate Governance 2018 (the "Code") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Guide"). The Company has complied with the principles and guidelines as set out in the Code and the Guide, where appropriate. Where there are deviations from the Code, appropriate explanations are provided.

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 Company is led by an effective Board comprising a majority of non-executive and independent directors. Each director brings to the Board his skills, experience, insights and sound judgment, which together with strategic networking relationships, serves to further the interests of the Company. At all times, the directors are collectively and individually obliged to act in good faith, provide insights and consider at all time the best interests of the Company.

As at the date of this report, the Board comprises the following members:

(i)	Dr Wang Kai Yuen	Independent Non-Executive Chairman
(ii)	Mr Chew Thiam Keng	Chief Executive Officer ("CEO") and Executive Director
(iii)	Mr Tan Woon Hum	Independent Non-Executive Director
(iv)	Mr Lim Thean Ee	Independent Non-Executive Director

Mr Yee Chia Hsing had resigned as a Director of the Company with effect from 9 April 2021. The Board placed on records its appreciation to Mr Yee for his invaluable contribution to the Board during his appointment.

The Board oversees the business affairs of the Company and assumes responsibility for the overall strategic plans, key operational initiatives, major investment and funding proposals, financial performance reviews and corporate governance practices. The Board provides the direction and goals for the Management and monitors the performance of these goals to enhance the shareholders' value. The Company has in place financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services, acquisitions and disposal of investments and treasury transactions. Within these guidelines, the Board approves transactions above certain thresholds. The Board also approves the financial results for release to the SGX-ST.

The main responsibilities of the Board are:

(i) to provide entrepreneurial leadership and guidance and put in place an effective management team;
(ii) to review and approve broad policies, set strategies and objectives of the Group;
(iii) to review and approve business plans and annual budgets, major funding including capital management proposals, major investment and disposal proposals;
(iv) to review at least annually the adequacy and effectiveness of the Group's risk management and internal control systems;
(v) to review and monitor the Group's financial performance and the performance of Management;

CORPORATE GOVERNANCE REPORT

(vi) to review and appoint CEO and directors as well as Board Committees; and
(vii) sets the tone in respect of ethics, values, culture and standards, and ensuring proper accountability within the Company.

The Company has adopted internal guidelines setting forth matters that required Board approval. A summary of matters reserved for the Board is set out below:

(i) Matters in relation to the overall strategy and management of the Group;
(ii) Material changes to the Group's management and control structure;
(iii) Matters involving financial reporting and dividends;
(iv) Major/strategic acquisitions and disposal of investments not in the ordinary course of business; and
(v) Matters which require Board approval as specified in the SGX-ST Listing Manual, Companies Act, Cap. 50 or other relevant laws and regulations.

The Board is supported by three Board Committees, namely the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC"). These committees function within clearly defined terms of reference and operating procedures, which were approved by the Board.

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened as and when circumstances require. Dates of Board meetings, Board Committees meetings and annual general meeting ("AGM") are scheduled in advance in consultation with the directors to assist them in planning their attendance. A director who is unable to attend a Board, Board Committee or shareholders meeting physically may participate via telephone conference or other electronic and telegraphic means. The Constitution of the Company provides for the meetings to be held via telephone conference and other electronic or telegraphic means; and also for matters requiring decisions of the Board to be approved by way of written resolutions of the Board. Due to COVID-19, the Board, Board Committee and shareholders meetings in FY2020 were held via electronic means.

The attendance of the directors at AGM, extraordinary general meeting ("EGM"), Board and Board Committee meetings held during FY2020 are as follows:

Type of Meetings	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**	**Annual General Meeting**
Total No. of Meetings Held	8	5	1	1	1
Name of Director and Attendance					
Dr Wang Kai Yuen	8	N.A.	N.A.	N.A.	1
Mr Chew Thiam Keng	8	N.A.	N.A.	N.A.	1
Mr Tan Woon Hum	8	5	1	1	1
Mr Lim Thean Ee	8	5	1	1	1
Mr Yee Chia Hsing#	8	5	1	1	1

Notes:
N.A. - Not Applicable.
Resigned as an Independent Non-Executive Director with effect from 9 April 2021.

Based on the attendance of the directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC is satisfied that the directors continue to meet the demands of the Group and are discharging their duties adequately. The Board has not capped the maximum number of listed company board representations each director may hold. The NC and the Board are of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many factors such as whether they were in full time employment and their other responsibilities and commitments. The NC does not wish to omit from consideration of any outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The NC also believes that it is for each director to assess his own capacity and ability to undertake other obligations or commitments effectively while serving on the Board.

In assessing the capacity of directors, the NC considers, amongst others, the following:

(i) Expected and/or competing time commitments of directors, including whether such commitment is in a full-time or part-time employment capacity;
(ii) Geographical location of directors;
(iii) Size and composition of the Board;
(iv) Nature and scope of the Group's operations and size; and
(v) Capacity, complexity and expectations of the other listed directorships and principal commitments held, if any.

The measures and tools in place to assess the performance and consider competing time commitments of the directors include the following:

- Declarations by individual directors of their other listed company board directorships and principal commitments; and
- Attention to the Company's affairs, having regard to his other commitments.

Currently, the Company does not have any alternate director.

New directors will be briefed on the business activities, strategic directions, policies and corporate governance practices of the Group. In addition, as required under the Listing Rules, a newly-appointed director with no prior experience as a director of a company listed on the SGX-ST will undergo training in the roles and responsibilities of a listed company director as prescribed by the SGX-ST in accordance to Rule 210(5)(a) of the Mainboard Rules. Such training will be completed within one year of the appointment. During the financial year, there is no appointment of director.

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All directors are furnished with timely updates on the financial position and any material development of the Group as and when necessary.

Directors are also provided with briefings and updates from time to time by professional advisers, auditor and Management on relevant practices, new laws, rules and regulations, directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as directors. The CEO updates the Board at Board meetings on business and strategic developments of the Group and industry. Informal meetings are held for Management to brief directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

Directors are informed and encouraged to attend relevant training programmes organised by the Singapore Institute of directors and may suggest training topics, the funding of which will be provided by the Company.

CORPORATE GOVERNANCE REPORT

During FY2020, directors were briefed by the external auditor on the developments in financial reporting, governance standards and issues which have a direct impact on financial statements so as to enable them to discharge their duties and responsibilities as Board members or Board Committee members. News releases issued by the SGX-ST which are relevant to the directors are also circulated to the Board for information.

The Board has separate and independent access to the Group's senior management and the advice and services of the Company Secretaries who are responsible to the Board for ensuring board procedures are followed and that the Company's Constitution, the relevant statutory rules and regulations are complied with. At least one of the Company Secretaries attends and prepares minutes of meetings of the Board, Board Committee and shareholders. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Should directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company, subject to the approval of the Board, will appoint a professional advisor to render advice at its own cost.

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 comprises of four (4) members, three (3) of whom are Independent Non-Executive Directors. The independent directors make up majority of the Board.

The NC reviews the size and composition of the Board and the Board Committees annually to ensure that there is an appropriate mix of expertise and experience. The NC considers the present board size and composition appropriate taking into account the business and scale of operations. It is of the view that the Board and Board Committees, comprises directors who have the relevant diverse skills and knowledge, expertise and experiences to discharge the Board's duties as a group. There is no formal diversity policy adopted by the Company as it is in the midst of undergoing corporate restructuring. The Board will consider adopting a formal diversity policy once it has completed its restructuring.

The NC has reviewed the declaration of independence provided by each of the Independent Non-Executive Director for FY2020 in accordance with the Code's guidelines. The NC and Board consider a director as independent if he has no relationship with the Company, its related corporations, its substantial shareholders or officers that could interfere or reasonably perceived to interfere with the exercise of the director's independent business judgment with a view to the best interest of the Company. Under the Listing Rules, a director will not be independent if (i) he is employed or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is or was determined by the remuneration committee of the Company. There is no director who is deemed independent by the Board notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

Pursuant to Rule 210(5)(d)(iii) of the SGX Mainboard Listing Rules which will come into effect from 1 January 2022, Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum (each, "Independent Director") who has served as Board members for a cumulative period of more than nine (9) years will be seeking approval at the forthcoming AGM for their continued appointment as Independent Directors via separate resolutions to be voted upon by (i) all shareholders and (ii) shareholders, excluding the directors and the chief executive officer of the Company, and associates of such directors and chief executive officer ("Two-Tier Voting").

CORPORATE GOVERNANCE REPORT

Upon passing of the Two-Tier Voting Resolutions (the "Ordinary Resolutions") at the forthcoming AGM, the continued appointment of each Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum as an Independent Director of the Company shall continue in force until the earlier of: (i) the retirement or resignation of the Independent Director as a Director; or (ii) the conclusion of the third annual general meeting of the Company following the passing of these Ordinary Resolutions.

Should any of the Ordinary Resolutions not passed at the forthcoming AGM, the affected Director will no longer be independent and shall continue as a non-independent director of the Company.

Rule 210(5)(c) of the SGX Mainboard Listing Rules, which will come into effect on 1 January 2022, states that Independent Directors must comprise of at least one-third of the Board. In the event that the Ordinary Resolutions for the continued appointment of the Independent Directors are not passed at the forthcoming AGM which renders the Company unable to meet these requirements, the Company shall endeavour to fill the vacancy in the Board to comply with the Rules 210(5)(c) and 704(8) of the SGX-ST Listing Rules.

The NC (with Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum each abstaining from deliberation on their own continued appointment as an Independent Director) and the Board has conducted rigorous review to assess the independence of each of Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum who has each served on the Board for more than nine (9) years since their first appointment.

The NC and the Board recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. After particular scrutiny, Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum are determined to be independent. They continue to express their viewpoints, debate issues and objectively scrutinise and challenge Management. They also seek clarification and amplification as deemed required in discharging their duties as Independent Directors. After careful consideration of the relevant factors and to avoid an abrupt loss of a member with experience and institutional memory, the Board has determined that the tenure of Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum have not affected their independence or ability to bring judgment to bear, in their discharge of their duties as a Board and Board Committees members. In the determination of the independence of Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum by the NC, they had recused themselves.

The Board and Management engage in open and constructive debate for the furtherance and achieving of strategic objectives. All Board members are provided with relevant and sufficient information on a timely basis and non-executive directors may challenge Management's assumptions and also extend guidance to Management, in the best interest of the Group.

The Independent Non-Executive Directors hold informal meeting session as and when required without the presence of Management and other directors.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group.

The NC is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, a broad range of industry knowledge, expertise and experience in areas such as finance, legal, business and management.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
(ii) Annual evaluation by the directors of the skill sets the other directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

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.**

There is a clear separation of the roles and responsibilities of the Chairman and the CEO. This is to ensure appropriate balance of power and authority, accountability and decision-making.

Dr Wang Kai Yuen, who is the Independent Non-Executive Chairman, and Mr Chew Thiam Keng, the CEO of the Company are not related to each other. The CEO is responsible for the day-to-day management of the affairs of the Company and the Group. The CEO plays a leading role in developing and expanding the businesses of the Group and ensures that the Board is kept updated and informed of the Group's business.

The Chairman's duties include:

(i) scheduling meetings and leading the Board to ensure its effectiveness and approves the agenda of Board meetings in consultation with the CEO/Executive Director;
(ii) ensures that Board members are provided with accurate and timely information;
(iii) promote a culture of openness and debate within the Board;
(iv) monitors communications and relations between the Company and its shareholders, between the Board and Management, and between Executive and Non-Executive Directors, with a view to encourage constructive relations and dialogue among them; and
(v) assist to ensure proper procedures are introduced to comply with the Code.

Given the independence of the Chairman and the strong independence element on the Board to enable the exercise of independent and objective judgement on the corporate affairs of the Group, the Board is of the view that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decision of the directors, without any concentration of power or influence residing in any individual. In view thereof, there is no need for the Company to have a lead independent director.

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) directors, all of whom, including the Chairman are independent. The NC members are:

Dr Wang Kai Yuen (Chairman)
Mr Tan Woon Hum
Mr Lim Thean Ee

The NC's duties include the following:

- Identifying candidates and making recommendations for all Board appointments and re-nomination or continuation in office of any director;
- review and recommend to the Board the retirement and re-election of directors in accordance with the Company's Constitution at each AGM;
- determine the independence of directors annually;
- review the structure, size and composition of the Board annually to ensure that the Board has appropriate balance of Independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the directors;
- evaluate the performance and effectiveness of the Board as a whole; and
- recommending process and procedures for assessing the effectiveness of the Board as a whole, its Board Committees and the contributions by each individual director to the effectiveness of the Board.

On the process of selection, appointment and re-appointment of directors, the NC reviews and assesses candidates for directorship before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Constitution provides that one third of the Board, or the number nearest to one third is to retire by rotation at every AGM. In addition, the Company's Constitution also provides that newly appointed directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

Renewal or replacement of directors, if any, does not necessarily reflect their contribution to date, but may be driven by the need to position and shape the Board in line with the needs of the Company and its business.

Information in respect of the academic and professional qualification, and directorship or chairmanship, both present and those held over the preceding three years in other listed companies, is set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each director is set out in the "Directors' Statement" section of the Annual Report.

The dates of initial appointment and last re-election of each director are set out as follows:

Name of director	Appointment	Date of initial appointment	Date of last re-election
Dr Wang Kai Yuen	Independent Non-Executive Chairman	28 July 2000	25 June 2020
Mr Chew Thiam Keng	CEO and Executive Director	1 March 2007	25 June 2020
Mr Tan Woon Hum	Independent Non-Executive Director	21 March 2007	30 April 2018
Mr Lim Thean Ee	Independent Non-Executive Director	28 July 2000	29 April 2019

Pursuant to Regulation 107 of the Company's Constitution, Mr Lim Thean Ee and Mr Tan Woon Hum will be retiring as Directors of the Company by rotation at the forthcoming AGM and both being eligible, had consented to stand for re-election as directors at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

The NC had recommended that the abovementioned directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the directors' overall contributions and performance. The Board concurred with the NC's recommendation.

Information regarding the Directors nominated for re-election/re-appointment, including the information required under Appendix 7.4.1 of the Listing Rules is given in the "Board of Directors" section and page 162 to 166 of the Annual Report.

The NC is responsible for determining annually, the independence of directors. In doing so, the NC takes into account the circumstances set forth in the Code and any other salient factors. The Board, after taking into consideration the view of the NC, is of the view that Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum are independent and that no individual or small group of individuals dominates the Board's decision-making.

Board Performance

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

The performance of the Board is ultimately reflected in the long-term performance of the Company.

The Board, through the delegation of its authority to the NC, had made its best efforts to ensure each director possess the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nomination of any director for re-election, will evaluate the performance of the director involved taking into account factors such as that existing director's attendance, participation and contribution.

The NC has put in place a formal evaluation process to assess the performance and effectiveness of the Board as a whole, the Board Committees and individual director. The evaluation is conducted annually through a questionnaire designed to assess the performance of the Board, its Board Committees and individual director to enhance the overall performance and effectiveness of the Board, its Board Committees and individual director with the objective to enhance long term shareholders value.

The performance criteria for the Board evaluation are based on financial and non-financial indicators such as evaluation of the composition of the Board, the Board's conduct of affairs, internal controls and risk management, Board's accountability, Board's Standards of Conducts. The Nominating Committee also undertook evaluation of the Board Committees based on, amongst others, the size, training and their performance in relation to discharging their responsibilities as set out in their respective terms of reference.

Individual directors are evaluated based on performance criteria such as competency of the director, attendance and contribution at board meetings and ability to work with other directors. A summary of the findings is prepared based on the completed questionnaire and is reviewed and deliberated by the NC and thereafter tabled to the Board for further discussion with the goal of enhancing the effectiveness of Board and Board Committees.

No external facilitator was used in the evaluation process.

All NC members have abstained from voting or review process of any matters in connection with the assessment of his performance.

The NC had conducted its assessments of the Board and the individual directors in respect of FY2020. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary. The Board is satisfied that all directors have discharged their duties adequately for FY2020 and expects that the directors will continue to discharge their duties adequately in FY2021.

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) directors, all of whom including the Chairman are independent. The RC members are as follows:

Mr Lim Thean Ee (Chairman)
Mr Tan Woon Hum
Dr Wang Kai Yuen

The duties of the RC include the following:

- review and recommend to the Board an appropriate and competitive framework of remuneration for the directors, the CEO and key management personnel and implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;
- recommend to the Board specific remuneration packages for each Executive Director, taking into account factors including remuneration packages of Executive Directors in comparable industries as well as the performance of the Company and that of the Executive Directors;
- review and make recommendation on the fees of Independent Non-Executive Directors for approval by the Board; and
- ensure the remuneration policies and systems of the Group support the Group's objectives and strategies.

The remuneration policy for key management personnel is based largely on the Group's performance and the responsibilities and performance of each individual key management personnel. In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and local practices. The RC recommends the remuneration packages of key management personnel for the Board's approval.

The remuneration package adopted for the Executive Director is as per the service contract entered into between the director and the Company. The RC will review and recommend the specific remuneration package for each Executive Director upon recruitment. Thereafter, the RC reviews subsequent increments, bonuses and allowances where these payments are discretionary against the achievement of prescribed goals and targets for the CEO and Executive Director. No director or member of the RC is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC reviews the terms of compensation and employment for Executive Directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering the Company's obligations in the event of termination of services to ensure such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has access to the appropriate advice from the Head of Human Resources who attends all RC meetings and also external professional advice on remuneration matters, if required. The RC will ensure that existing relationships, if any, between the Company and its appointed external professional consultants will not affect their independence and objectivity. No remuneration consultants were engaged by the Company in FY2020.

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 objective of the company.

Independent Non-Executive Directors do not have any service contracts with the Company. Save for directors' fees, Independent Non-Executive Directors do not receive any remuneration from the Company.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and additional fees for serving on any of the committees having regards to the scope and extent of a director's responsibilities and obligations, the prevailing market conditions and referencing directors' fees against comparable benchmarks. Directors' fees are subject to approval of shareholders of the Company as a lump sum payment at the AGM of the Company.

DISCLOSURE IN REMUNERATION

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

The Company adopts a remuneration system that is responsive to the market elements and performance of the Company and business divisions respectively.

Taking note of the competitive pressures in the industry and the talent market, the Board has on review decided to disclose the remuneration of the directors, in bands with a breakdown of the components in percentage. Information on the remuneration of directors of the Company for FY2020 is as follows:

Remuneration Band and Name of Directors	Fees %	Salary & CPF %	Bonus & CPF %	Other Benefits %	Total %
S$250,001 - S$500,000 (US$181,515 - US$363,029)					
Mr Chew Thiam Keng	–	92	–	8	100
Below S$250,000 (US$181,515)					
Dr Wang Kai Yuen	100	–	–	–	100
Mr Lim Thean Ee	100	–	–	–	100
Mr Tan Woon Hum	100	–	–	–	100
Mr Yee Chia Hsing*	100	–	–	–	100

* Mr Yee Chia Hsing resigned as an Independent Non-Executive Director with effect from 9 April 2021.

The Board has, taking note of the competitive pressures in the talent market, decided not to disclose the names of the Group's top six key management personnel (who is not a director or CEO of the Company) as such confidential and sensitive information could be exploited by the competitors. All the six key management personnel received total remuneration of less than S$300,000 (US$217,817) each for FY2020.

The Company's compensation framework comprises fixed pay, short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance. Long-term incentive schemes are put in place to motivate and reward employees and align their interests to maximise long-term shareholder value.

For the financial year, there were no termination, retirement and post-employment benefits granted to any director, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts, where applicable. There are no provisions in the Executive Directors and key management contracts, to allow the Company to reclaim incentive components of remuneration in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

There are no employees within the Group who are substantial shareholders of the Company, immediate family members of a director, the CEO or a substantial shareholder of the Company whose remuneration exceeds S$100,000 (US$72,606) during the financial year.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Control

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

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework. To enhance the effectiveness of the ERM framework, the Group implemented Orion ERM system, a third party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

The AC oversees risk governance which includes the following roles and responsibilities:

- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and
- reviews Management's assessment of risks and Management's action plans to mitigate such risks.

Management presented an annual report to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the adequacy and effectiveness of the Group's risk management and internal controls systems including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal audit, external audit, external certifications conducted by various external professional service firms, and enterprise risk assessment performed by the Management and facilitated by consultant.

In respect of FY2020, the Board has received assurance from the CEO and Chief Financial Officer:

(a) that financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances;
(b) nothing has come to Management's attention which might render the financial results of the Group as at the end of the financial year to be false or misleading in any material aspect;
(c) Management is aware of their responsibilities for establishment, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company; and
(d) there are no known significant deficiencies in the risk management and internal controller systems relating to preparation and reporting of financial data, or of any fraud and that the Company's risk management and internal control system are effective and adequate.

The Board has also received items (c) and (d) from the CEO and other key management personnel separately.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal and external auditors, external certification firms and reviews performed by Management, various Board Committees and the Board, the Board (with concurrence of the AC) are of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, were adequate and effective as at 31 December 2020.

The Board notes that system of internal controls and risk management established by the Company provides reasonable, but not absolute assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

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

As at the date of this Report, the AC comprises three (3) directors, all of whom including the Chairman are independent. The AC members are:

Mr Tan Woon Hum (Chairman)
Mr Lim Thean Ee
Dr Wang Kai Yuen

The Board is of the view that the members of the AC have the relevant accounting or related financial management expertise and experience to discharge their duties.

The AC performs the following functions:

(a) review with the external auditors the scope and results of the audit, their evaluation of the system of internal accounting controls, their management letter and management's response;
(b) review with the internal auditors, their audit plan, the adequacy of the internal audit procedures and their evaluation of the effectiveness of the overall internal controls (including financial, operational, compliance and information technology controls) and risk management systems;

(c) review the quarterly and annual financial statements including announcements to shareholders and the SGX-ST prior to submission to the Board so as to ensure the integrity of the Company's financial statements;

(d) review any significant findings and recommendations of the external and internal auditors and related Management response and assistance given by the Management to auditors;

(e) review interested person transactions to ensure that the review procedures approved by the shareholders are adhered to;

(f) conduct annual review of the independence and objectivity of the external auditor, including the volume of non-audit services provided by the external auditor, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor before confirming their re-nomination; and

(g) oversees risk governance (refer to detailed disclosure under Principle 9).

The AC has full access to and receives full co-operation from Management and has full discretion to invite members of Management to attend its meetings and has been given reasonable resources to enable it to discharge its functions. The external auditors have direct and unrestricted access to the AC, which is empowered to conduct or authorise investigations into any matters within its terms of reference.

The AC has reviewed the overall scope of the external audit and the assistance given by the Company's officers to the auditor. It had met with the Company's external auditor to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls.

The AC meets annually with the external and internal auditors, without the presence of Management.

The Company has in place a whistle blowing policy, details of which have been made available to all employees, to provide a channel for staff to raise in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective of such a policy is to ensure independent investigation of such matters and for appropriate follow-up action. The complaint can be made through email and mail, both administered by Yang Lee & Associates, which reports directly to the AC on all such matters. There were no complaints received by the AC for FY2020.

The AC has reviewed the non-audit service provided by the external auditor for FY2020. The AC is of the view that the provision of this non-audit service does not compromise the independence of the external auditor. Details of the aggregate amount of fees paid to the external auditor for FY2020 and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 118.

During the financial year, the AC reviewed the internal and external audit plans and results of the audits; risk management and internal controls systems; non-audit services rendered by the external auditor as well as the independence and objectivity of the external auditor; and the report on the administration of the whistle blowing policy of the Group.

The external auditor provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC does not comprise former partners or directors of the Company's existing auditors.

The AC approves the hiring, removal and evaluation of the professional service firm to which the internal audit function was outsourced.

The Company outsources its internal audit functions to Yang Lee & Associates. The internal auditor report directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC has reviewed and confirmed that Yang Lee & Associates is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audits.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the internal auditor to perform its function.

The internal auditor is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The AC annually reviews the independence, effectiveness and adequacy of the internal audit function. For FY2020, the AC has reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced.

In relation to FY2020, the IA completed one review in accordance with the internal control testing plan approved by the AC under the Group Risk Management Framework. The findings and recommendations of the internal auditor, Management's responses, and Management's implementation of the recommendations have been reviewed and approved by the AC.

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 give shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, quarterly and full-year financial results. The Company does not practise selective disclosures and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Listing Manual of the SGX-ST, via the SGXNET. All announcements are also available on the Company's corporate website.

The Company strongly encourages and supports shareholders participation at general meetings. At general meetings of the Company, shareholders will be given opportunity to express their views, concerns and ask questions regarding the Company and the Group. Shareholders are informed of general meetings of the Company through notices sent to all shareholders. The notices are also advertised in the newspaper and available on the websites of the Company and SGX-ST. Annual report and notice of AGM may be downloaded from the Company's corporate website and upon request, hardcopies are provided to the shareholders.

The Company's general meetings are the forum for dialogue with shareholders and allow the Board and Management to address shareholders' views and concerns. At the AGMs, all directors, in particular Chairman of the Board and the respective Chairman of the AC, NC and RC as well as the external auditor of the Company are in attendance to answer queries from shareholders. The attendance of the directors at general meetings held during FY2020 is set out in page 23 of this Annual Report.

Separate resolutions are proposed for each substantially separate issues that is to be tabled at the general meetings. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

CORPORATE GOVERNANCE REPORT

To facilitate participation by the shareholders, the Company's Constitution allows a shareholder to appoint not more than two proxies to attend and vote at general meetings. With the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the general meetings of shareholders.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Resolutions are passed at the general meetings by poll voting and conducted in the presence of independent scrutineers for greater transparency in the voting process. The rules, including voting procedures that govern the meeting, will be provided to the shareholders at the general meetings. Detailed results of the outcome will be announced after the general meetings via SGXNET. Electronic poll voting has not been adopted by the Company for the time being as the turnout of the shareholders is still considerably small.

The Company convened its shareholders meetings virtually in 2020 while adhering to the carious advisories and guidance issued by the authorities on holding meeting amid the COVID-19 outbreak.

As permitted under the COVID-19 (Temporary Measures) (Alternative Arrangements for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will convene its 2021 AGM via electronic means for the health and safety of our shareholders and staff. Shareholders will not be able to attend the AGM physically.

Alternative arrangements relating to attendance at the 2021 AGM via electronic means include arrangements by which the meeting can be electronically accessed where shareholders will be able to watch the proceedings of the meeting through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone by pre-registering their attendance.

Prior to the AGM, shareholders may also submit questions related to the resolutions to be tabled for approval at the AGM. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from shareholders either before or during the AGM. Shareholders will not be able to ask questions at the AGM "live" during the webcast and the audio feed. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company's website.

Shareholders will not be able to vote online on the resolutions to be tabled for approval at the AGM. Instead, if shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the AGM to vote on their behalf. Separate resolutions on each distinct issue are tabled at the AGM. Detailed information on each resolution is provided in the explanatory notes to the notice of AGM in the Annual Report 2020.

Dividend Policy

The Company does not have fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate.

The Board has not declared or recommended dividend for FY2020, as the Company was not profitable for FY2020.

There is no formal dividend policy adopted by the Company. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

ENGAGEMENT WITH SHAREHOLDERS

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

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not participated. Shareholders are also provided with an update on the Group's performance position and prospects through the Company's annual report.

The Company's quarterly and full year results announcements, are issued via SGXNET. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make same disclosure publicly to all others promptly.

The Company does not have a formal investor relations policy. Pertinent information is regularly conveyed to the shareholders through SGXNET and the Company's corporate website at http://www.ezionholdings.com. Shareholders can submit their feedback and raise any question to the Company's investor relations, contact as provided in the Company's corporate website.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

The Company engages its stakeholders through a variety of channels to ensure that the business interests of the Group are aligned with the needs and interests of the stakeholders. The stakeholders have been identified as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations.

Such stakeholders include suppliers, customers, employees, community, government & regulators and shareholders & investors. The Company's approach to its stakeholders engagement can be found in the Company's FY2020 Sustainability Report which will be published by July 2021.

The Company maintains a current corporate website (www.ezionholdings.com) to communicate and engage with stakeholders.

CORPORATE GOVERNANCE REPORT

SUSTAINABILITY REPORTING

Ezion upholds the highest possible standards of responsible, sustainable and socially aware business practices. We are committed to incorporating sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

The Group has assigned a Sustainability task force for our sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the material topics in line with the Global Reporting Initiative standards that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Market Presence	Energy	Occupational Health and Safety
Indirect Economic Impacts	Biodiversity	Local Communities
Procurement Practices	Emissions	Customer Health and Safety
Anti-Corruption	Effluents and Waste	Socioeconomic Compliance
	Environmental Compliance	

More information on the Group's efforts on sustainability management in FY2020 can be found in the Company's 2020 Sustainability Report.

DEALINGS IN SECURITIES

The Company has adopted an internal policy in line with the SGX-ST's best practices with regard to dealings in securities to provide guidance for its directors and employees.

The Company's policy provides that directors and employees of the Group are prohibited from dealing in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group. The Company's policy also prohibits the directors and employees from trading in the Company's securities during the period commencing one month and two weeks before the date of announcement of the Company's full year or quarterly results respectively and ending on the date of announcement of the relevant results.

Directors and employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the directors and employees are expected not to deal in the Company's securities for short-term considerations.

INTERESTED PERSON TRANSACTIONS ("IPTS") POLICY

The Company has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arm's length basis.

There were no IPTs during the financial year ended 31 December 2020.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, directors or substantial shareholders.

USE OF PROCEEDS

PROCEEDS	DESCRIPTION OF USE OF PROCEEDS	REMAINING AS AT 14 JULY 2021
Net proceeds of approximately S$19.47 million from the issuance of 96,153,000 new ordinary shares in the capital of the Company	Business expansion or pursuit of new business opportunities; repayment of certain contributions made by some of the Company's secured lenders (including contributions towards corporate overheads and coupon payments for the Series 004 S$60,000,000 4.60% notes due 2018 (ISIN: SG57D3995685) and Series 006 S$55,000,000 5.10% notes due 2020 (ISIN: SG6PB3000008) issued under the S$1,500,000,000 Multicurrency Debt Issuance Programme); and general working capital.	S$13.45 million

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 50 to 148 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regard to the matters set out in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Chew Thiam Keng
Dr Wang Kai Yuen
Lim Thean Ee
Tan Woon Hum

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct		Deemed	
Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**	**Holdings at beginning of the year**	**Holdings at end of the year**
The Company				
Dr Wang Kai Yuen	711,400	711,400	–	–
Lim Thean Ee	2,100,000	2,100,000	–	–
Chew Thiam Keng	27,259,440	27,259,440	190,324,000	190,324,000
Tan Woon Hum	299,520	299,520	650,000	650,000

DIRECTORS' STATEMENT

By virtue of Section 7 of the Act, Chew Thiam Keng, is deemed to have interests in the subsidiaries of the Company, all of which are wholly-owned, at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed under the "Share Options" section of this statement, 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 in or debentures of the Company or any other body corporate.

SHARE OPTIONS

Ezion Employee Share Option Scheme

The Ezion Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 23 November 2009. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Lim Thean Ee, Tan Woon Hum and Dr Wang Kai Yuen.

Other information regarding the Scheme is set out below:

Option granted on 11 October 2011 ("Grant Date 1")

- The exercise price of each option is fixed at S$0.259.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 11 October 2012 to 11 October 2021:
  - i. 20% of the options shall vest after the end of first anniversary of Grant Date 1;
  - ii. 50% of the options shall vest after 31 March 2013; and
  - iii. 30% of the options shall vest after 31 March 2014.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.

Option granted on 7 June 2012 ("Grant Date 2")

- The exercise price of each option is fixed at S$0.462.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 7 June 2013 to 7 June 2022:
  i. 30% of the options shall vest after the end of first anniversary of Grant Date 2;
  ii. 30% of the options shall vest after the end of second anniversary of Grant Date 2; and
  iii. 40% of the options shall vest after the end of third anniversary of Grant Date 2.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.

Option granted on 21 January 2013 ("Grant Date 3")

- The exercise price of each option is fixed at S$0.973.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 21 January 2015 to 21 January 2023:
  i. 30% of the options shall vest after the end of second anniversary of Grant Date 3;
  ii. 30% of the options shall vest after the end of third anniversary of Grant Date 3; and
  iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 3.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.

Option granted on 16 January 2015 ("Grant Date 5")

- The exercise price of each option is fixed at S$1.011.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 16 January 2017 to 16 January 2025:
  i. 30% of the options shall vest after the end of second anniversary of Grant Date 5;
  ii. 30% of the options shall vest after the end of third anniversary of Grant Date 5; and
  iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 5.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.

Option granted on 9 March 2016 ("Grant Date 6")

- The exercise price of each option is fixed at S$0.489.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 9 March 2018 to 9 March 2026:
  - i. 30% of the options shall vest after the end of second anniversary of Grant Date 6;
  - ii. 30% of the options shall vest after the end of third anniversary of Grant Date 6; and
  - iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 6.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.

Option granted on 13 April 2018 ("Grant Date 7")

- The exercise price of each option is fixed at S$0.189.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 13 April 2020 to 13 April 2028:
  - i. 30% of the options shall vest after the end of second anniversary of Grant Date 7;
  - ii. 30% of the options shall vest after the end of third anniversary of Grant Date 7; and
  - iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 7.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.

DIRECTORS' STATEMENT

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2020 '000	Options granted '000	Options cancelled '000	Options outstanding at 31 December 2020 '000	Number of option holders at 31 December 2020	Exercise period
11/10/2011	S$0.259	2,245	–	–	2,245	1	11/10/2012 to 11/10/2021
7/6/2012	S$0.462	1,187	–	–	1,187	2	7/6/2013 to 7/6/2022
21/1/2013	S$0.973	1,556	–	–	1,556	4	21/1/2015 to 21/1/2023
16/1/2015	S$1.011	2,000	–	–	2,000	4	16/1/2017 to 16/1/2025
9/3/2016	S$0.489	1,100	–	–	1,100	5	9/3/2018 to 9/3/2026
13/4/2018	S$0.189	26,608	–	(13,095)	13,513	26	13/4/2020 to 13/4/2028
		34,696	–	(13,095)	21,601		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to the directors of the Company are as follows:

Name of director	Options granted for financial year ended 31 December 2020	Aggregate options granted since commencement of Scheme to 31 December 2020	Aggregate options exercised since commencement of Scheme to 31 December 2020	Aggregate options cancelled since commencement of Scheme to 31 December 2020	Aggregate options outstanding as at 31 December 2020
Chew Thiam Keng	–	8,130,587	–	(1,540,000)	6,590,587
Lim Thean Ee	–	819,978	(239,600)	(120,000)	460,378
Tan Woon Hum	–	874,929	(230,400)	(120,000)	524,529
Dr Wang Kai Yuen	–	863,465	(331,200)	(120,000)	412,265
	–	10,688,959	(801,200)	(1,900,000)	7,987,759

Employee Share Plan

The Employee Share Plan (the "Plan") was approved and adopted by members of the Company at the Extraordinary General Meeting held on 20 April 2008. The Plan is administered by a committee comprising the directors of the Company. No treasury shares had been awarded to employees under the Plan in 2020.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

Tan Woon Hum	(Chairman and independent non-executive director)
Lim Thean Ee	(Independent non-executive director)
Yee Chia Hsing	(Independent non-executive director) (resigned on 9 April 2021)
Dr Wang Kai Yuen	(Independent non-executive director) (appointed on 9 April 2021)

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption and approval; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

Year ended 31 December 2020

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Wang Kai Yuen
Director

Chew Thiam Keng
Director

14 July 2021

INDEPENDENT AUDITORS' REPORT

Members of the Company Ezion Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of opinion

We were engaged to audit the financial statements of Ezion Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 148.

We do not express an opinion on the accompanying consolidated financial statements of the Group or the statement of financial position of the Company. Because of the significance of the matters described in the '*Basis for disclaimer of opinion*' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Use of the going concern assumption

We draw attention to Note 2 to the financial statements which indicates that the financial statements have been prepared by management on a going concern basis. We have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation by management. In this regard, we draw your attention to the following related matters:

- The deficiencies in net working capital and equity position recorded by the Group and the Company as at 31 December 2020;
- The breach of loan covenants, and cross default on debt securities that rendered loans and borrowings and financial guarantees totalling US$1,542,806,000 in default. These amounts are callable on demand as at statement of financial position date and at the date of this report;
- The non-settlement of interest obligations for the outstanding loans and borrowings during the year;
- The issuance of notice of payment default from one unsecured lender; and
- The Group's and the Company's continued inability to settle the outstanding loans and interest obligations during the year ended 31 December 2020.

These matters give rise to material uncertainty over the ability of the Group and Company to continue as a going concern.

It is the intention of the Group and Company to continue as a going concern; and to address the matters by seeking third party investors to re-capitalise the Company, and thereafter, negotiate a debt restructuring plan with existing lenders, and have the entire corporate and debt restructuring plan drawn up to be approved by lenders and shareholders.

As at the date of this report, the corporate restructuring plan contemplated by the directors and management of the Company have not been met with firm offers of capital injection from any prospective investors, nor have there been any debt restructuring plans drawn up with existing lenders. As the outcome of the Group's plans to resolve its liquidity problems cannot be determined at this time, the ability of the Group to realise the assets at their carrying values and timing is inherently uncertain.

The carrying value of assets as recorded on the statement of financial position of the Group and Company as at 31 December 2020 has been determined based on the continuation as a going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the statement of financial position. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position.

The comparative financial statements were similarly disclaimed.

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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditors' report. However, because of the matters described in the '*Basis for disclaimer of opinion*' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company Ezion Holdings Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, because of the significance of the matters described in the '*Basis for disclaimer of opinion*' section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Yeo Lik Khim.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 July 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Note	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Non-current assets					
Property, plant and equipment	5	68,351	600,727	1,519	2,244
Subsidiaries	6	–	–	30,496	30,799
Loans to subsidiaries	6	–	–	187,104	285,647
Joint ventures	7	4,746	3,030	–	–
Loans to joint ventures	7	4,870	67,254	25	6,746
Associates	8	–	–	–	–
Loans to associates	8	–	–	–	–
Other assets	9	20,412	26,879	20,412	26,879
Finance lease receivables	29	278	–	–	–
		98,657	697,890	239,556	352,315
Current assets					
Trade receivables	10	12,871	63,601	14,866	14,904
Other assets	9	23,061	62,277	58,004	56,275
Finance lease receivables	29	3,178	–	–	–
Assets held for sale	11	105,250	14,895	–	–
Cash and cash equivalents	12	57,961	43,201	28,942	9,297
		202,321	183,974	101,812	80,476
Total assets		300,978	881,864	341,368	432,791
Equity					
Share capital	13	958,497	934,656	958,497	934,656
Perpetual securities	14	14,748	14,938	14,748	14,938
Redeemable exchangeable preference shares	15	–	23,464	–	–
Reserves	16	(5,934)	806	(7,223)	(1,573)
Accumulated losses		(2,348,648)	(1,841,308)	(2,404,617)	(2,142,357)
Total deficit		(1,381,337)	(867,444)	(1,438,595)	(1,194,336)
Non-current liabilities					
Other payables	17	8,655	23,655	–	–
Financial liabilities	19	–	818	–	818
		8,655	24,473	–	818
Current liabilities					
Trade payables	20	32,417	64,751	50	392
Other payables	17	77,750	64,524	410,967	427,764
Debt securities	18	180,962	177,628	180,962	177,628
Financial liabilities	19	1,371,631	1,404,411	1,187,984	1,020,525
Current tax payable		10,900	13,521	–	–
		1,673,660	1,724,835	1,779,963	1,626,309
Total liabilities		1,682,315	1,749,308	1,779,963	1,627,127
Total equity and liabilities		300,978	881,864	341,368	432,791

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000 Restated*
Continuing operations			
Revenue	22	24,734	56,037
Cost of sales		(43,624)	(56,799)
Gross loss		(18,890)	(762)
Other income		1,674	2,434
Administrative expenses		(10,423)	(4,374)
Other expenses		(450,268)	(200,333)
Results from operating activities		(477,907)	(203,035)
Finance income		290	222
Finance costs		(13,603)	(73,657)
Net finance loss	23	(13,313)	(73,435)
Share of results of joint ventures and associates, net of tax		2,292	1,050
Loss before tax	24	(488,928)	(275,420)
Tax expense	25	(424)	(5,591)
Loss from continuing operations		(489,352)	(281,011)
Discontinued operations			
Loss from discontinued operations, net of tax	26	(18,197)	(333,925)
Loss for the year, attributable to owners of the Company		(507,549)	(614,936)
Loss per share			
Basic loss per share (cents)	27	(13.55)	(16.51)
Diluted loss per share (cents)	27	(13.55)	(16.51)
Loss per share – Continuing operations			
Basic loss per share (cents)	27	(13.06)	(7.54)
Diluted loss per share (cents)	27	(13.06)	(7.54)

* Comparative information has been re-presented due to discontinued operations. See Note 26.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 US$'000	2019 US$'000
Loss for the year	(507,549)	(614,936)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at FVOCI	(5,650)	(93)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to financial statements of foreign operations	(1,090)	(2,196)
Foreign currency translation differences on loss of significant influence reclassified to profit or loss	–	3,078
Exchange differences on monetary items forming part of net investment in foreign operations	–	(2,410)
Effective portion of changes in fair value of cash flow hedges	–	(713)
	(1,090)	(2,241)
Other comprehensive income for the year, net of tax	(6,740)	(2,334)
Total comprehensive income for the year, attributable to owners of the Company	(514,289)	(617,270)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Treasury shares US$'000	Foreign currency translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Accumulated losses US$'000	Total equity US$'000
		Attributable to owners of the Company								
Group										
At 1 January 2019		930,509	14,938	23,464	(1,480)	3,907	713	–	(1,226,803)	(254,752)
Total comprehensive income for the year										
Loss for the year		–	–	–	–	–	–	–	(614,936)	(614,936)
Other comprehensive income										
Net change in fair value of equity investments at FVOCI		–	–	–	–	–	–	(93)	–	(93)
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	–	(2,196)	–	–	–	(2,196)
Foreign currency translation differences on loss of significant influence reclassified to profit or loss		–	–	–	–	3,078	–	–	–	3,078
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(2,410)	–	–	–	(2,410)
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	(713)	–	–	(713)
Total comprehensive income for the year		–	–	–	–	(1,528)	(713)	(93)	(614,936)	(617,270)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issue of shares		4,147	–	–	–	–	–	–	–	4,147
Share-based payment transactions	21	–	–	–	–	–	–	–	431	431
Total transactions with owners		4,147	–	–	–	–	–	–	431	4,578
At 31 December 2019		934,656	14,938	23,464	(1,480)	2,379	–	(93)	(1,841,308)	(867,444)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Treasury shares US$'000	Foreign currency translation reserve US$'000	Fair value reserve US$'000	Accumulated losses US$'000	Total equity US$'000
		Attributable to owners of the Company							
Group									
At 1 January 2020		934,656	14,938	23,464	(1,480)	2,379	(93)	(1,841,308)	(867,444)
Total comprehensive income for the year									
Loss for the year		–	–	–	–	–	–	(507,549)	(507,549)
Other comprehensive income									
Net change in fair value of equity investments at FVOCI		–	–	–	–	–	(5,650)	–	(5,650)
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	–	(1,090)	–	–	(1,090)
Total comprehensive income for the year		–	–	–	–	(1,090)	(5,650)	(507,549)	(514,289)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares		23,841	(190)	(23,464)	–	–	–	–	187
Share-based payment transactions	21	–	–	–	–	–	–	209	209
Total transactions with owners		23,841	(190)	(23,464)	–	–	–	209	396
At 31 December 2020		958,497	14,748	–	(1,480)	1,289	(5,743)	(2,348,648)	(1,381,337)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Loss for the year		(507,549)	(614,936)
Adjustments for:			
Tax expense	25	424	5,591
Depreciation	5	29,144	48,348
(Gain)/loss on disposal of:			
- property, plant and equipment	24	(15,812)	10,170
- subsidiaries	24	(1,166)	–
- joint venture	7	–	890
- associate	8	–	(2,206)
- assets held for sale	24	(1,279)	(638)
Loss on derecognition of an associate	8	–	8,507
Foreign exchange loss, net	24	4,436	2,058
Finance income	23	(3,035)	(7,994)
Finance costs	23	18,115	138,159
Net impairment/(reversal of) losses on:			
- property, plant and equipment	5	363,507	259,215
- trade receivables	32	8,599	3,348
- other assets	32	3,053	–
- finance lease receivables	32	361	–
Loss allowances on financial guarantees to joint ventures	19	91	71,980
Write-off of trade and other payables obligations	24	–	(22,511)
Write-off of loans to joint venture	7	62,256	19,099
Write-off of loans to associate	8	–	21,287
Write-off of other assets	9	35,731	70,782
Equity-settled share-based payment transactions	21	209	431
Share of results of joint ventures and associates, net of tax		(2,292)	10,082
		(5,207)	21,662
Changes in:			
Trade receivables and other assets		45,149	16,682
Trade and other payables		(35,313)	(8,433)
Cash generated from operating activities		4,629	29,911
Tax paid		(2,740)	(2,247)
Net cash generated from operating activities		1,889	27,664

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from investing activities			
Interest received		1,247	234
Investment in joint ventures		–	(450)
Proceeds from disposal of property, plant and equipment		54,475	3,929
Proceeds from disposal of subsidiaries, net of cash disposed of		1,762	–
Proceeds from disposal of joint venture		–	2,050
Proceeds from disposal of associate		–	2,206
Proceeds from disposal of assets held for sale		10,174	2,800
Purchase of property, plant and equipment		(6,153)	(14,848)
Net cash from/(used in) investing activities		61,505	(4,079)
Cash flows from financing activities			
Interest paid		(7,936)	(24,254)
Net proceeds from issuance of ordinary shares		4	–
Proceeds from borrowings		37,978	13,292
Repayment of borrowings		(77,075)	(16,852)
Repayment of lease liabilities		(515)	(203)
Net cash used in financing activities		(47,544)	(28,017)
Net increase/(decrease) in cash and cash equivalents		15,850	(4,432)
Cash and cash equivalents at 1 January		43,201	49,029
Effect of exchange rate fluctuations on cash held		(1,090)	(1,396)
Cash and cash equivalents at 31 December	12	57,961	43,201

Significant non-cash transactions

The following are significant non-cash transactions which were not included under financing activities in the statement of cash flows:

	2020 US$'000	2019 US$'000
Conversion of redeemable exchangeable preference shares	23,464	–
Conversion of perpetual securities	191	–
Conversion of Series B convertible bonds	182	–

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 July 2021.

1. DOMICILE AND ACTIVITIES

Ezion Holdings Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company, its subsidiaries and joint operations (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Company are those of investment holding company and the provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in Note 6 to the financial statements.

2. GOING CONCERN

The Group incurred a net loss of US$507,549,000 for the year ended 31 December 2020. As at that date, the Group and the Company had net current liabilities of US$1,471,339,000 and US$1,678,151,000 respectively; and net liabilities of US$1,381,337,000 and US$1,438,595,000 respectively. Of the total liabilities recorded, loans and borrowings of US$1,542,806,000 were classified as "current liabilities" due to breaches on certain financial covenants, which make such debt obligations immediately callable on demand. During the year, the contractual interest obligations from the outstanding loans and borrowings amounting to US$33,935,000 were not settled. As at the date of this report, a notice of payment default from an unsecured lender for an outstanding obligation of US$8,914,000 has been served onto the Company, but not from secured lenders.

The Group forecasts that the cash flows from continuing businesses are sufficient to meet working capital needs in the next 12 months, but not to meet the loan and interest obligations.

In order to support the continuing use of the going concern assumption, the directors and management of the Company remain committed to seek third party investors to re-capitalise the Company, and to negotiate a debt restructuring plan with existing lenders. The financial statements of the Group and Company have therefore been prepared on a going concern basis assuming that such corporate and debt restructuring plans remain feasible to be undertaken to enable the Group and Company to operate as a going concern.

Notwithstanding the on-going restructuring plans being contemplated, there is uncertainty over the re-capitalisation of equity and debt restructuring plans, as these plans are subject to investment evaluation by prospective investors and agreement by individual and collective lenders to undertake a debt restructuring plan, and also voting by shareholders at general meetings to approve any scheme of arrangement.

If the financial statements were presented on a realisation basis, the carrying value of its assets and liabilities may be materially different. If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial positions. In addition, the Group and Company may have to reclassify its non-current assets as current assets. No such adjustments have been made to these financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The changes to significant accounting policies are described in Note 3.5.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These financial statements are presented in United States dollars ("US$"), which is the Company's functional currency. All financial information presented in US$ have been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information on areas involving a high degree of judgement or areas where estimates are significant to the financial statements, is set out in Note 31.

3.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 3.5, which addresses changes in accounting policies.

Certain comparative amounts have been restated, reclassified or re-presented, as a result of operations discontinued during the current year (see Note 26).

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an equity investment designated as at FVOCI; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to US$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the foreign currency translation reserve in equity.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to OCI in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the gain or loss arising on disposal.

4.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2017, the Group's date of transition to SFRS(I), was determined with reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the shorter of period to next estimated dry-docking and five years. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off in the month of the next dry-docking.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Vessels	10 to 25 years
Assets on board the vessels	3 to 23 years
Dry-docking expenditure	5 years
Rig and other oil and gas related assets	10 to 25 years
Renovation, furniture, fittings and office equipment	2 to 5 years
Motor vehicles	5 to 7 years
Property	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (cont'd)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges (cont'd)

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vii) Hybrid financial instruments

Hybrid financial instruments issued by the Group comprise convertible debt securities denominated in Singapore dollars that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is not fixed.

Hybrid financial instruments are instruments that contain bifurcatable embedded derivatives. The Group bifurcates the embedded derivative from the associated debt, for which the derivative is accounted for at FVTPL and the host contract is accounted for at amortised cost. If the Group designates the entire hybrid financial instrument at FVTPL, the Group does not bifurcate the embedded derivative and instead the entire hybrid financial instrument is measured at FVTPL.

(viii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (cont'd)

(viii) Share capital (cont'd)

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(ix) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from financial guarantees are included within 'financial liabilities'.

4.5 Leases

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Leases (cont'd)

(i) As a lessee (cont'd)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Leases (cont'd)

(i) As a lessee (cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from liftboats, jack-up rigs and offshore support logistics vessels under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

4.6 Inter-company loans

In the Company's financial statements, inter-company loans to subsidiaries are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest rate method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

4.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost; and
- intra-group financial guarantee contract ("FGC").

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Impairment (cont'd)

(ii) Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.8 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Property, plant and equipment once classified as held for sale are not depreciated.

4.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Employee benefits (cont'd)

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

4.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.11 Revenue recognition

Revenue from rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the services. The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

Revenue is recognised over time following the timing of satisfaction of the PO.

(i) Chartering revenue

Revenue from rendering of chartering services is recognised over time on a straight-line basis over the respective term of the charter (see Note 4.5(ii)).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Revenue recognition (cont'd)

(ii) Offshore support and marine services

Revenue from rendering of offshore support and marine services is recognised over time since the customer simultaneously receives and consumes the benefits provided by the Group.

(iii) Management services fees

Management services fees are recognised as and when the related services are rendered.

(iv) Dividend income

Dividend income is recognised in profit or loss when the shareholders' right to receive payment is established.

4.12 Finance income and costs

Finance income comprises interest income. Finance costs comprise interest expense on borrowings. Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4.14 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business;

- is part of a single co-ordinated plan to dispose of a separate major line of business; or

- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, redeemable exchangeable preference shares and convertible equity and debt securities.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

4.17 Operating loss

Operating loss is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating loss excludes net finance costs, share of profit of equity-accounted investees and income taxes.

4.18 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

5. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction US$'000	Vessels US$'000	Assets on board the vessels US$'000	Dry-docking expenditure US$'000	Rig and other oil and gas related assets US$'000	Renovation, furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Property US$'000	Total US$'000
Group									
Cost									
At 1 January 2019	285,525	109,825	34	27,847	721,962	2,751	730	–	1,148,674
Additions	12,002	–	–	3,519	265	921	–	1,518	18,225
Disposals/Write-offs	(10,880)	(11,200)	–	–	(5,882)	(843)	–	–	(28,805)
Reclassification to assets held for sale	(57,712)	(18,000)	–	–	(47,490)	–	–	–	(123,202)
Translation differences on consolidation	–	(26)	–	–	–	–	–	–	(26)
At 31 December 2019	228,935	80,599	34	31,366	668,855	2,829	730	1,518	1,014,866
Additions	4,542	–	–	1,307	247	28	29	–	6,153
Disposals/Write-offs	(80,512)	(23,538)	–	(14,868)	(84,101)	(45)	–	–	(203,064)
Reclassification to finance lease receivables	–	(14,879)	–	–	–	–	–	–	(14,879)
Reclassification to assets held for sale	(152,965)	(42,182)	–	–	(391,432)	–	–	–	(586,579)
At 31 December 2020	–	–	34	17,805	193,569	2,812	759	1,518	216,497
Accumulated depreciation and impairment losses									
At 1 January 2019	56,058	26,991	34	21,656	121,744	2,471	651	–	229,605
Depreciation	–	4,103	–	2,363	41,473	171	27	211	48,348
Disposals/Write-offs	(7,751)	(5,462)	–	–	(652)	(841)	–	–	(14,706)
Reclassification to assets held for sale	(55,713)	(10,751)	–	–	(41,843)	–	–	–	(108,307)
Impairment loss	125,592	32,601	–	2,423	98,599	–	–	–	259,215
Translation differences on consolidation	–	(16)	–	–	–	–	–	–	(16)
At 31 December 2019	118,186	47,466	34	26,442	219,321	1,801	678	211	414,139
Depreciation	–	1,145	–	2,267	24,990	207	29	506	29,144
Disposals/Write-offs	(62,012)	(8,582)	–	(13,648)	(83,414)	(24)	–	–	(167,680)
Reclassification to finance lease receivables	–	(9,635)	–	–	–	–	–	–	(9,635)
Reclassification to assets held for sale	(132,465)	(27,208)	–	–	(321,656)	–	–	–	(481,329)
Impairment loss	76,291	(3,186)	–	2,744	287,658	–	–	–	363,507
At 31 December 2020	–	–	34	17,805	126,899	1,984	707	717	148,146
Carrying amounts									
At 1 January 2019	229,467	82,834	–	6,191	600,218	280	79	–	919,069
At 31 December 2019	110,749	33,133	–	4,924	449,534	1,028	52	1,307	600,727
At 31 December 2020	–	–	–	–	66,670	828	52	801	68,351

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

	Renovation, furniture, fittings and office equipment	Motor vehicles	Property	Total
Company				
Cost				
At 1 January 2019	1,825	730	–	2,555
Additions	914	–	1,518	2,432
Disposals	(587)	–	–	(587)
At 31 December 2019	2,152	730	1,518	4,400
Additions	28	29	–	57
Disposals	(39)	–	–	(39)
At 31 December 2020	2,141	759	1,518	4,418
Accumulated depreciation				
At 1 January 2019	1,731	651	–	2,382
Depreciation	121	27	211	359
Disposals	(585)	–	–	(585)
At 31 December 2019	1,267	678	211	2,156
Depreciation	226	29	506	761
Disposals	(18)	–	–	(18)
At 31 December 2020	1,475	707	717	2,899
Carrying amounts				
At 1 January 2019	94	79	–	173
At 31 December 2019	885	52	1,307	2,244
At 31 December 2020	666	52	801	1,519

Property, plant and equipment of the Group and the Company includes right-of-use assets of US$801,000 (2019: US$1,307,000) related to leased property, whose assessment under SFRS(I) 16 is disclosed in Note 29.

Impairment assessment

Liftboats, jack-up rigs and offshore support logistics vessels (including assets under construction) ("vessels and rigs")

In 2020, due to the continuing challenging industry conditions, the Group re-computed the recoverable amounts of the vessels and rigs. For the purpose of impairment assessment, each vessel and rig is a separate cash-generating unit ("CGU") and management estimated the recoverable amounts of the vessels and rigs based on their fair value less costs of disposal (2019: value in use, or fair value less costs of disposal, or scrap value). As a result, the Group recognised additional impairment losses of US$363,507,000 (2019: US$259,215,000) for the year. The recoverable amounts of these impaired vessels and rigs amounted to US$66,670,000 (2019: US$460,524,000). The impairment losses were included in 'other expenses' in the consolidated income statement.

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

Impairment assessment (cont'd)

The fair value less costs of disposal was estimated based on offer quotes from interested buyers or valuation amounts (2019: the fair value less costs of disposal was estimated based on offer quotes from interested buyers, and scrap value was premised on scrap metal prices). Valuation amounts were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the category of assets being valued. The fair value was derived using the market approach based on comparable prices of vessels and rigs that were based on existing market conditions as at 31 December 2020, adjusted for asset specific characteristics. These are categorised as Level 3 fair values based on inputs to the valuation technique used.

In 2019, the value in use calculation was based on cash flow projections with the following key assumptions:

	Liftboats	Jack-up rigs	Offshore support logistics vessels
Period of cash flow projections	Estimated remaining useful life	Estimated remaining useful life	Estimated remaining useful life
Charter rates			
- FY2020 to FY2022	Actual FY2019 or FY2020 secured charter rates	Actual FY2019 or FY2020 secured charter rates	Actual FY2019 or FY2020 secured charter rates
- FY2023 to end of estimated useful life	An average upward revision of 40% from FY2023	An average downward revision of 71% from FY2023	0% revision from FY2023
Projected utilisation rates			
- FY2020	0% - 90%	50%	20%
- FY2021	50% - 90%	50%	35% - 40%
- FY2022 to end of estimated useful life	65% - 80%	50%	55% - 70%
- Pre-tax discount rate	10.0%	10.45%	10.0%

The cash flow projections were based on forecasts prepared by management. The key assumptions took into account agreed terms in secured charter contracts, where relevant, recent past experience and existing market conditions. The discount rates applied to the cash flow projections were estimated based on weighted average cost of capital of similar assets. Any adverse movements in the key assumptions could lead to further impairment losses in future periods.

Security

At 31 December 2020, property, plant and equipment of the Group with carrying amount of US$66,670,000 (2019: US$591,723,000) were pledged as security to secure the term loans facilities (Note 19).

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

Assets under construction

In 2019, included in assets under construction was an amount of US$1,859,000, that represented borrowing costs capitalised during the year using a capitalisation rate of 2.32% to 3.21%.

The depreciation charge of the Group is recognised in the following line items of profit or loss:

	Group	
	2020 US$'000	2019 US$'000
Cost of sales	28,339	47,943
Administrative expenses	805	405
	29,144	48,348

6. SUBSIDIARIES

	Company	
	2020 US$'000	2019 US$'000
Equity investments, at cost	334,852	334,853
Impairment losses	(304,356)	(304,054)
	30,496	30,799
Loans to subsidiaries	1,368,251	1,359,204
Impairment losses	(1,181,147)	(1,073,557)
	187,104	285,647
	217,600	316,446

Loans to subsidiaries of US$716,259,000 (2019: US$512,620,000) bear interest ranging from 4.7% to 8.0% (2019: 0.25% to 5.0%) per annum, while the remaining loans of US$651,992,000 (2019: US$846,584,000) are interest-free. These loans to subsidiaries form an extension of the Company's interest in subsidiaries. They are unsecured and the settlement of the amount is neither planned nor likely to occur in the foreseeable future. Accordingly, these loans are classified as non-current.

6. SUBSIDIARIES (CONT'D)

Impairment losses

The change in impairment loss in respect of equity investments in subsidiaries was as follows:

	2020 US$'000	2019 US$'000
At 1 January	304,054	238,967
Impairment losses	303	65,087
Disposal of subsidiaries	(1)	–
At 31 December	304,356	304,054

The change in impairment loss in respect of loans to subsidiaries was as follows:

	Company	
	2020 US$'000	2019 US$'000
At 1 January	1,073,557	982,641
Impairment losses	107,590	90,916
At 31 December	1,181,147	1,073,557

The impairment losses amounting to US$303,000 (2019: US$65,087,000) and US$107,590,000 (2019: US$90,916,000) were recognised in respect of the Company's investments in and loans to subsidiaries as a result of the challenging industry conditions and the recurring losses incurred by these subsidiaries. Management assessed the recoverable amounts for each of the relevant subsidiaries based on the net assets of the subsidiaries, which comprise predominantly vessels and rigs whose recoverable amounts were estimated using fair value less costs of disposal (2019: value in use calculations or fair value less costs of disposal or scrap value) as described in Note 5, and other assets and liabilities are predominantly monetary items whose carrying values closely appropriate the fair values.

A subsidiary is considered significant if its net tangible assets represent 5% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 5% or more than the Group's consolidated pre-tax profits.

Details of the significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities	Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Held by the Company				
Teras Offshore Pte Ltd [1]	Shipping agent and provision of ship chartering services, ship management services and engineering works	Singapore	100	100

6. SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows: (cont'd)

Name of significant subsidiaries	Principal activities	Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Teras Conquest 2 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Held by the Company				
Teras Conquest 5 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Conquest 6 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras 375 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Pneuma Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Atlantic London Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras 336 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Atlantic Esbjerg Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Atlantic Amsterdam Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Atlantic Tiburon 2 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Atlantic Tiburon 3 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Ezion Investments Pte Ltd [1]	Investment holding	Singapore	100	100
Kenai Offshore Ventures, LLC [2]	Ship owner and provision of ship chartering services	United States of America	100	100
Teras Conquest 1 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Conquest 4 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Conquest 3 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Fortress 2 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Atlantic Tiburon 1 Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Investments Pte Ltd [1]	Investment holding	Singapore	100	100
Meridian Maritime Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Sunrise Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Wallaby Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Atlantic Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Singapore Pte Ltd [1]	Provision of financing services	Singapore	100	100

6. SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows: (cont'd)

Name of significant subsidiaries	Principal activities	Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Teras Oranda Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Teras Progress Pte Ltd [1]	Ship owner and provision of ship chartering services	Singapore	100	100
Held by Teras Investments Pte. Ltd.				
Other indirect significant subsidiaries:				
GSP Magellan Limited [3]	Ship owner and provision of ship chartering services	Malaysia	100	100
Nora Limited [3]	Ship owner and provision of ship chartering services	Malaysia	100	100
Held by Ezion Investments Pte. Ltd.				
Other indirect significant subsidiaries:				
Victory Drilling [4, 6]	Ship owner and provision of ship chartering services	Mauritius	–	100
Jackup Drilling Limited [4, 6]	Ship owner and provision of ship chartering services	Mauritius	–	100
Ezion Exerter Limited [4]	Ship owner and provision of ship chartering services	Mauritius	100	100
Teras Endeavour Limited [4]	Ship owner and provision of ship chartering services	Mauritius	100	100
Teras Maritime Pty Ltd [5]	Ship owner and provision of ship chartering services	Australia	100	100
Teras Cargo Logistics Limited [2]	Investment holding	British Virgin Islands	100	100
Other indirect significant subsidiaries:				
Teras Titanium Limited [4]	Ship owner and provision of ship chartering services	Mauritius	100	100

1 Audited by KPMG LLP, Singapore.
2 Not required to be audited in accordance with the law of the country of incorporation.
3 Audited by PKF, Malaysia.
4 Audited by KPMG (Mauritius).
5 Audited by RSM, Australia.
6 Disposed during the financial year.

7. JOINT VENTURES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Interests in joint ventures	4,746	3,030	743	743
Impairment losses	–	–	(743)	(743)
	4,746	3,030	–	–
Financial guarantees for joint ventures	62,463	62,463	62,463	62,463
Impairment losses (Note 19)	(62,463)	(62,463)	(62,463)	(62,463)
	–	–	–	–
Total interests in joint ventures	4,746	3,030	–	–
Loans to joint ventures	4,870	67,254	25	6,746

Loans to joint ventures are interest-free (2019: US$65,959,000 of loans to joint ventures bore interest ranging from 2.32% to 7.14% per annum while the remaining loans of US$1,295,000 were interest-free). These loans to joint ventures form an extension of the Company's investment in these joint ventures. They are unsecured and the settlement of the amount is neither planned nor likely to occur in the foreseeable future. Accordingly, these loans are classified as non-current.

Write-offs

During the financial year, the Group and Company wrote off loans to joint ventures of US$62,256,000 (2019: US$19,099,000) and US$7,165,000 (2019: US$18,993,000) respectively as there is no realistic prospect of recovery, owing to the recurring losses which had resulted in these joint ventures recording net liabilities positions as at 31 December 2020 and 31 December 2019.

As at 31 December 2020, the Group has one (2019: one) joint venture that is material and a number of joint ventures that are individually immaterial to the Group. All joint ventures are equity accounted. The following are details of a material joint venture:

	Sinomarine & Teras (Tianjin) Offshore Co. Ltd [1] ("STOCL")
Nature of relationship with the Group	Strategic partner principally engaged in operation of offshore windfarm support vessels' services
Country of incorporation	People's Republic of China
Ownership interest	49% (2019: 49%)

1 Audited by ShineWing Certified Public Accountants Co., Ltd, People's Republic of China.

The above joint arrangement in which the Group has joint control, is an unlisted entity.

In 2019, the Group disposed of its 49% ownership interest in PT Pelita Bara Samudera, an Indonesian joint venture, for a total consideration of US$2,050,000 and recognised a loss on disposal of US$890,000 in the consolidated income statement.

7. JOINT VENTURES (CONT'D)

Write-offs (cont'd)

The following table summarises the financial information of each of the Group's material joint venture based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial joint ventures.

	STOCL US$'000
2020	
Revenue	20,111
Profit from operations	4,677
Total comprehensive income	3,337
Includes	
- depreciation and amortisation	46
Non-current assets	232
Current assets	21,704
Non-current liabilities	(3,062)
Current liabilities	(8,958)
Net assets	9,916
Includes:	
- cash and cash equivalents	4,297
2019	
Revenue	16,794
Profit from operations	3,337
Total comprehensive income	3,337
Includes	
- depreciation and amortisation	33
Non-current assets	363
Current assets	17,544
Non-current liabilities	(2,867)
Current liabilities	(8,622)
Net assets	6,418
Includes:	
- cash and cash equivalents	1,795

7. JOINT VENTURES (CONT'D)

Write-offs (cont'd)

	STOCL US$'000	Immaterial joint ventures US$'000	Total US$'000
2020			
Group's interest in net assets of investee at beginning of the year	3,030	–	3,030
Group's share of profit from operations	1,421	–	1,421
Others	2		2
Translation difference	293	–	293
Carrying amount of interest in investee at end of the year	4,746	–	4,746
2019			
Group's interest in net assets of investee at beginning of the year	2,405	4,606	7,011
Group's share of profit/(loss) from operations	1,652	(4,754)	(3,102)
Group's contribution during the year	–	148	148
Others	(115)	–	(115)
Translation difference	(912)	–	(912)
Carrying amount of interest in investee at end of the year	3,030	–	3,030

The joint ventures had no capital commitments and contingent liabilities as at 31 December 2020 and 31 December 2019.

Joint operations

The Group is a 49% partner in PT Teras Marine Indonesia ("PTTMI") and PT Conquest Offshore Indonesia ("PTCOI") respectively to jointly operate two self-propelled liftboats to provide charterer service to external customers.

The Group has classified PTTMI and PTCOI as joint operations. This is on the basis that the partners are legally obliged to the benefits, rights, liabilities and obligation arising from the operating activities based on their shareholding proportion.

8. ASSOCIATES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Interests in associates	–	–	8,269	8,269
Impairment losses	–	–	(8,269)	(8,269)
Total interests in associates	–	–	–	–
Loans to associates	–	–	–	–

8. ASSOCIATES

Impairment losses

In 2019, owing to recurring losses incurred by the associates, additional impairment losses of US$4,238,000 were recognised in respect of the Company's associates. As these associates were in net liabilities position, the recoverable amounts had been deemed to be nil. As such, these investments were fully impaired since 2019.

Write-offs

In 2019, the Group and Company wrote off loans to associates of US$21,287,000 and US$21,093,000 respectively as there was no realistic prospect of recovery, owing to the recurring losses which had resulted in these associates recording net liabilities position as at 31 December 2019.

As at 31 December 2020, the Group has no (2019: no) associate that is material. All associates are equity-accounted.

In 2019, following the share placement of 301,025,000 ordinary shares in Alpha Energy Holdings Limited ("Alpha Energy") by a third-party shareholder, the Group's ownership interest in Alpha Energy was diluted from 26.41% to 14.10%, and the Group ceased to exert significant influence on Alpha Energy. Accordingly, the Group ceased equity accounting of Alpha Energy and reclassified its interest in Alpha Energy to other non-current assets thereon. Arising from this, a loss of US$8,507,000 was recognised in 'other expenses' in the consolidated income statement following an initial measurement of the equity interest in Alpha Energy as a FVOCI equity investment, as compared with the previous carrying amount as an associate.

In 2019, the Group disposed of its 30% ownership interest in ROS for a consideration of US$2,206,000, and recognised a gain on disposal of US$2,206,000 in the consolidated income statement.

The table analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of individually immaterial associates.

	Total immaterial associates US$'000
2019	
Group's interest in net assets of investee at beginning of the year	16,943
Group's share of loss from operations	(6,980)
Derecognition of an associate	(8,507)
Translation difference	893
Fair value of associate, at the date significant influence was lost	(2,349)
Carrying amount of interest in investee at end of the year	–

9. OTHER ASSETS

	Note	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current					
Prepayments		65	76	65	76
Other receivables	(a)	15,291	14,652	15,291	14,652
Equity investments – at FVOCI	(b)	6,501	12,151	6,501	12,151
		21,857	26,879	21,857	26,879
Impairment losses		(1,445)	–	(1,445)	–
		20,412	26,879	20,412	26,879
Current					
Advances to suppliers	(c)	–	1,319	4	4
Deposits to suppliers	(c)	580	895	139	156
Prepayments		1,356	2,060	44	56
Non-trade amounts due from related parties:					
- joint ventures	(d)	17,020	3,231	665	913
- joint operations	(d)	–	51,519	–	–
Interest receivables		1,905	755	51,652	53,579
Other receivables		3,808	2,498	5,563	1,567
		24,669	62,277	58,067	56,275
Impairment losses		(1,608)	–	(63)	–
		23,061	62,277	58,004	56,275
Total		43,473	89,156	78,416	83,154

(a) Other receivables relate to loan extended to AusGroup Limited ("AusGroup"), an equity investment at FVOCI. The loan bears interest at 2% per annum and is repayable on 31 October 2023.

(b) The Group designates the investments in AusGroup and Alpha Energy as equity investments at FVOCI as the Group intends to hold the investments for long-term strategic purposes.

(c) Advances and deposits to suppliers relate to advances and deposits made to service providers, such as vessel owners, rent and utilities.

(d) Non-trade amounts due from joint ventures and joint operations are unsecured, interest-free and repayable on demand. There is no allowance for impairment arising from outstanding non-trade balances with related parties.

As at 31 December 2020, the deposits to suppliers, non-trade amounts due from related parties, interest receivables and other receivables were not past due.

During the financial year, the Group wrote off advances to suppliers, deposits to suppliers, interest receivables, other receivables, and certain non-trade amounts due from associates, joint ventures and joint operations, totalling US$35,731,000 (2019: US$70,782,000) as there is no realistic prospect of recovery caused by the challenging conditions of the oil and gas industry faced by these entities.

The Group's and the Company's exposure to credit and currency risks, and impairment losses for other assets, are disclosed in Note 32.

10. TRADE RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Trade amounts due from:				
- joint ventures	5,180	6,655	2,884	1,511
- subsidiaries	–	–	17,341	18,613
- third parties	209,228	249,884	18	3,040
	214,408	256,539	20,243	23,164
Impairment losses	(201,537)	(192,938)	(5,377)	(8,260)
Total trade receivables	12,871	63,601	14,866	14,904

As at 31 December 2020, trade amounts due from joint ventures and subsidiaries are unsecured and were not past due.

The Group's primary exposure to credit risk from trade receivables from third parties arise from chartering activities rendered by the subsidiaries. These customers are mainly national oil majors that are engaged in a wide spectrum of offshore activities. The Group's and the Company's exposure to credit and currency risks, and impairment losses for trade receivables, are disclosed in Note 32.

11. ASSETS HELD FOR SALE

As at 31 December 2020, the Group committed to a plan to sell two jack-up rigs, seven offshore support logistics vessels and seven liftboats (2019: five jack-up rigs and two offshore support logistics vessels). Accordingly, these assets were presented as assets held for sale, measured at the lower of their carrying amounts and fair value less costs to sell, resulting in a loss of US$262,370,000 (2019: US$67,616,000), recognised as impairment losses in 'property, plant and equipment'.

The sale of five jack-up rigs and two offshore support logistics vessels previously classified as held for sale in 2019 were completed during the financial year.

At 31 December 2020, assets held for sale with carrying amount of US$105,250,000 (2019: US$14,895,000) were pledged as security to secure the term loans facilities (Note 19).

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand	55,621	43,132	26,602	9,297
Fixed deposits	2,340	69	2,340	–
	57,961	43,201	28,942	9,297

US$45,491,000 (2019: US$27,028,000) of cash and cash equivalents are restricted or earmarked by banks as collaterals for loans and revolving credit facilities granted. Such restricted use follows an administration procedure from a debt refinancing exercise since 2018, where the Group is obliged to seek approval for disbursement of all payments made from secured lenders.

The interest rates for cash at bank and fixed deposits for the Group and the Company range between 0.01% to 1.37% (2019: 0.01% to 1.98%) per annum.

13. SHARE CAPITAL

	Group and Company	
	2020 No. of shares '000	2019 No. of shares '000
At 1 January	3,730,386	3,710,966
Shares issued during the year	23,895	20,224
Shares cancelled during the year	–	(804)
At 31 December	3,754,281	3,730,386

All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid with no par value.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Issuance of ordinary shares

In 2020, the Company issued the following:

- 22,073,345 new ordinary shares pursuant to the terms of the redeemable exchangeable preference shares ("REPS") at the exchange price of S$1.3591 per share to the REPS holders (Note 15);
- 904,813 new ordinary shares at an issue price of S$0.2763 per share pursuant to the conversion of perpetual securities into ordinary shares of the Company (Note 14);
- 12,039 new ordinary shares at an issue price of S$0.45 per share pursuant to the exercise of 12,039 warrants by warrant holders; and
- 904,813 new ordinary shares at an issue price of S$0.2763 per share pursuant to the conversion of Series B convertible bonds (Note 18).

The following is a reconciliation of the share capital of the Company for 2020:

	Group and Company	
	2020	
	US$'000	No. of shares '000
At 1 January	934,656	3,730,386
Conversion of redeemable exchangeable preference shares	23,464	22,073
Conversion of perpetual securities	191	905
Exercise of warrants	4	12
Conversion of Series B convertible bonds	182	905
At 31 December	958,497	3,754,281

13. SHARE CAPITAL (CONT'D)

Ordinary shares (cont'd)

Issuance of ordinary shares (cont'd)

In 2019, the Company issued 20,223,469 new ordinary shares pursuant to the exercise of a call option at an issue price of S$0.2763 per share by a private subscriber. The proceeds raised of US$4,147,000 were used to settle the outstanding amounts due from the Company to the private subscriber.

In 2019, 804,182 ordinary shares of the Company that were previously issued pursuant to the debt refinancing exercise in 2018 were cancelled, due to the rectification of a bond conversion.

Exercise of share options

There were no shares issued under the Company's Employee Share Option Scheme for both years ended 31 December 2020 and 31 December 2019.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

The Group monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as financial liabilities and debt securities less cash and cash equivalents. Total equity includes share capital, perpetual securities, redeemable exchangeable preference shares, reserves and accumulated losses.

	Group	
	2020 **US$'000**	**2019** **US$'000**
Financial liabilities	1,371,631	1,405,229
Debt securities	180,962	177,628
Less: Cash and cash equivalents	(57,961)	(43,201)
Net debt	1,494,632	1,539,656
Total equity	(1,381,337)	(867,444)
Gearing ratio (times)	N/M	N/M

N/M: Not meaningful

There were no changes in the Group's approach to capital management during the year.

The Singapore vessels-owning companies are required to have a minimum share capital of US$37,818 (2019: US$37,114), equivalent to S$50,000 (2019: S$50,000) as required by the Maritime and Port Authority of Singapore. The Company and its subsidiaries are not subject to any other externally imposed capital requirements.

14. PERPETUAL SECURITIES

The Company has a Multi-Currency Debt Issuance Programme (the "Programme") which allows the Company from time to time to issue notes and perpetual securities in any currency. With effect from 8 May 2014, the limit of the Programme was increased from S$500 million to S$1.5 billion. Under the Programme, the perpetual securities shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu, without any preference among themselves, and with any parity obligations of the Company.

The Company has perpetual securities with a nominal principal amount of S$150,000,000 (equivalent to US$117,380,000) issued in 2014. The securities are perpetual and subordinated to the ordinary shares of the Company. The distribution interest of 7.0% per annum may be deferred at the sole discretion of the Company.

The terms of the perpetual securities were subsequently amended in April 2018 where the Company had undergone a debt refinancing exercise. Under the debt refinancing exercise, the holder of the perpetual securities had an option to elect between receiving non-convertible bonds known as "Series C", or to retain the existing perpetual securities with an amendment of key terms. The holders of S$30,500,000 of perpetual securities had opted to receive Series C bonds, while the remaining holders of S$119,500,000 of perpetual securities had opted to retain and amend the terms of the perpetual securities (now known as "amended perpetual securities").

The amended perpetual securities has no fixed maturity date and shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu, without any preference among themselves, and with any parity obligations of the Company. The amended perpetual securities may be redeemed at the option of the Company on or after 20 November 2024. The distribution rate of the amended perpetual securities are as follows:

- 7% per annum for the period before 20 November 2017;
- 0.25% per annum for period between 28 March 2018 to 19 November 2024;
- 1.25% for the period from 20 November 2024 to 20 November 2025; and
- an increase in 1% per annum thereafter on the 21 November of each succeeding year.

The distribution interest above may be deferred at the sole discretion of the Company.

The amended perpetual securities have a conversion feature where the holder of the amended perpetual securities will have the right during the conversion period to convert the amended perpetual securities into ordinary shares of the Company. The conversion period for the amended perpetual securities is between 13 April 2018 ("Conversion Start Date") to 19 November 2021, known as the "Conversion Period". Within the Conversion Period, these amended perpetual securities are convertible into new ordinary shares of the Company at the following conversion prices:

- S$0.2487 per share, exercisable on or before 60 days after the Conversion Start Date;
- S$0.2763 per share, exercisable after 60 days from the Conversion Start Date or before the sixth month of the Conversion Start Date; and
- the price per share thereafter is reset every six months (each, a "Conversion Price Reset Date") by the Company beginning on the date that is six months after the sixth month of the Conversion Start Date to a price that represents the six month volume weighted average price of the shares of the Company prior to each Conversion Price Reset Date, subject to a floor conversion price of S$0.2763.

14. PERPETUAL SECURITIES (CONT'D)

In 2020, the Company issued 904,813 ordinary shares at an issue price of S$0.2763 per share pursuant to the conversion of perpetual securities into ordinary shares of the Company

As at 31 December 2020 and 31 December 2019, the principal amount of amended perpetual securities remaining is US$14,748,000 (US$14,938,000).

These amended perpetual securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

15. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

	Group	
	2020	2019
	US$'000	US$'000
At 1 January	23,464	23,464
Converted to ordinary shares	(23,464)	–
At 31 December	–	23,464

In 2013, 300 redeemable exchangeable preference shares ("REPS") were issued by a subsidiary of the Company ("Subsidiary") at an issue price of S$100,000 (equivalent to US$78,388) per share ("Issue Price''). All issued shares were fully paid. Prior to the conversion of these REPS into ordinary shares during the year, the main terms and conditions of the subscription agreement are as follows:

(a) The REPS are convertible into certain number of ordinary shares in the share capital of the Company ("Exchange Shares") based on an exchange price of S$1.8214 ("Exchange Price"). The conversion ratio will be subject to the usual anti-dilution adjustments.

(b) The holders of REPS shall have the right to convert:

(i) the first 50% of their holdings of REPS into Exchange Shares at the Exchange Price at any time starting from the first anniversary of the date of issue of REPS ("Issue Date") and up to one business day before the third anniversary of the Issue Date ("Maturity Date"); and

(ii) the remaining 50% of their holdings of REPS into Exchange Shares at any time starting from the second anniversary of the Issue Date and up to one business day before the Maturity Date.

15. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONT'D)

(c) Save as otherwise provided herein under the clause entitled "Distribution Preference Deferral" and subject to the Companies Act (Chapter 50) of Singapore, the Preference Shares shall be entitled to:

(i) an annual dividend equal to 5% of the Issue Price (the "Distribution Preference") in respect of the outstanding REPS as at the Maturity Date, with such Distribution Preference payable cumulatively on the Maturity Date; and

(ii) a one-off dividend equal to 3% of the Issue Price (the "One-Time Dividend") in respect of the REPS that are exchanged into Exchange Shares before the Maturity Date, with such One-Time Dividend payable no later than 5 business days after the date of exchange of the REPS into Exchange Shares,

(such date of payment of the Distribution Preference or the One-Time Dividend by the Subsidiary, a "Distribution Payment Date").

(d) The Group may, at its sole discretion, elect to defer (in whole or in part) the payment of any Distribution Preference and/or One-Time Dividend which is otherwise scheduled to be paid on a Distribution Payment Date to a date no later than the date on which the Group pays a discretionary dividend, distribution or other payment (other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) for the financial year in which the relevant Distribution Payment Date falls within.

The Group has no obligation to pay any dividend on any Distribution Payment Date if it validly elects not to do so.

(e) Each holder of REPS shall have the right to exchange all of its holdings of REPS into Exchange Shares upon the occurrence of any of the following events prior to the Maturity Date:

(i) a merger or consolidation of the Subsidiary with or into another entity (except a merger or consolidation in which the Group continues to hold at least 50% of the voting power of the capital of the surviving or acquiring entity);

(ii) a change in control in which in excess of 50% of the outstanding voting power of the Subsidiary is transferred;

(iii) the Subsidiary is unable to pay its debts as they fall due or is insolvent; or

(iv) the Subsidiary is subject to a liquidation or winding up action (whether voluntary or otherwise), or an administrator or receiver has been appointed over any of the assets of the Subsidiary, or if any of its material assets have been seized by a court order.

Such number of Exchange Shares is to be determined in accordance with the exchange formula.

15. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONT'D)

(f) Within five business days immediately after the Maturity Date, the Subsidiary has the option to redeem (upon which the Company shall guarantee) any amount of outstanding REPS not exchanged by the Holders as at the Maturity Date at a redemption price per REPS equal to the Issue Price in cash.

In the event that the Subsidiary does not exercise the aforementioned redemption option, all outstanding REPS as at the Maturity Date shall be automatically exchanged into Exchange Shares at the Exchange Price. For the avoidance of doubt, the Holders shall be entitled to the Distribution Preference on the outstanding Preference Shares as at the Maturity Date.

On 7 October 2016, the Company entered into a supplemental agreement to the subscription agreement with the REPS holders and the Subsidiary, to amend the terms of the REPS as follows:

(a) The maturity date of the REPS shall be extended by three years, from the date falling on the third anniversary of the Issue Date, being 10 October 2016, to the date falling on the sixth anniversary of the Issue Date, being 10 October 2019 (the "Extended Maturity Date").

(b) No annual dividend in respect of the outstanding REPS as at the Extended Maturity Date shall accrue and be payable for the period commencing from 11 October 2016 to the Extended Maturity Date.

Save as disclosed above, the terms and conditions of the subscription agreement shall continue to apply mutatis mutandis and shall remain in full force and effect.

On 11 October 2019, the Company entered into a standstill agreement with the REPS holders and the Subsidiary, to withhold from taking any action under the subscription agreement and supplemental agreement for a period of three months commencing on the Extended Maturity Date. On 10 January 2020, the standstill agreement was further extended from 10 January 2020 to 10 March 2020 by the Company, the REPS holders and the Subsidiary.

On 11 March 2020, the Company, REPS holders and the Subsidiary have, pursuant to the terms of the REPS as set out in the subscription agreement and supplemental agreement, agreed to convert all the 300 REPS in the capital of the Subsidiary at the exchange price of S$1.3591 into 22,073,345 new ordinary shares in the Company.

16. RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Treasury shares	(1,480)	(1,480)	(1,480)	(1,480)
Foreign currency translation reserve	1,289	2,379	–	–
Fair value reserve	(5,743)	(93)	(5,743)	(93)
	(5,934)	806	(7,223)	(1,573)

Treasury shares

Treasury shares comprise the cost of the Company's shares held by the Group.

As at 31 December 2020, the Group held 3,184,000 (2019: 3,184,000) of the Company's shares. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

17. OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Non-current				
Other payables	–	15,000	–	–
Deposits received	8,655	8,655	–	–
	8,655	23,655	–	–
Current				
Downpayments and advances from customers	14,393	5,044	1,700	1,700
Deferred revenue	–	6,821	–	–
Non-trade amounts due to:				
- joint ventures	22,067	20,247	6,893	6,181
- subsidiaries	–	–	394,990	414,299
Accrued interest payable	33,935	26,023	5,203	3,460
Accrued expenses	3,530	4,195	740	810
Employee benefits	105	99	33	57
Other payables	3,720	2,095	1,408	1,257
	77,750	64,524	410,967	427,764
Total	86,405	88,179	410,967	427,764

Current non-trade amounts due to subsidiaries and joint ventures are unsecured, interest-free and repayable on demand.

In 2019, the deferred revenue represented advanced payments from customers for the Group's charter contracts. The Group amortised the deferred revenue to profit or loss on a straight-line basis over the period stipulated in the charter contract.

In 2019, the Group reversed other payables of US$10,416,000 to the consolidated income statement due to the expiry of the term of contractual obligations of these payables owing to the statutory time-bar limit.

The Group's and the Company's exposure to currency risk and liquidity risk related to other payables is disclosed in Note 32.

18. DEBT SECURITIES

	Maturity	Group and Company	
		2020	2019
		US$'000	US$'000
Series A	November 2024	69,586	68,290
Series B	November 2023	88,307	86,699
Series C	November 2027	23,069	22,639
Total debt securities		180,962	177,628

The above debt securities are listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The face values of the debt securities are as follows:

	Group and Company			
	2020		2019	
	Face value	Carrying amount	Face value	Carrying amount
	US$'000	US$'000	US$'000	US$'000
Series A	69,586	69,586	68,290	68,290
Series B	88,307	88,307	86,699	86,699
Series C	23,069	23,069	22,639	22,639
Total debt securities	180,962	180,962	177,628	177,628

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 32.

In April 2018, the Company underwent a debt refinancing exercise where Series 003, 004, 005, 006 and 007 debt securities, issued in prior years, amounting to S$425,000,000 (US$317,596,000) were fully redeemed and converted to Series A and Series B bonds. Series C bonds were issued as a result of the amendment to the terms of the Company's perpetual securities as mentioned in Note 14.

Details of Series A, B and C bonds are as follows:

<u>Series A</u>

Series A bonds are non-convertible bonds of the Company which are due on 20 November 2024 with interest rate at 0.25% per annum payable semi-annually. The principal amount of Series A bonds is S$92,000,000 (2020: US69,586,000, 2019: US$68,290,000). The redemption amount at maturity is 106% of the principal amount or S$97,520,000.

As at 31 December 2020, the fair value of Series A bonds was US$69,586,000 (2019: US$68,290,000).

18. DEBT SECURITIES (CONT'D)

Series B

Series B bonds are convertible bonds of the Company due on 20 November 2023 with interest rate at 0.25% per annum payable semi-annually. The principal amount of the convertible bonds on issuance date is S$333,000,000 of which S$500,000 is held by the Company. The conversion period for the convertible bond is between the date of issuance, 13 April 2018 ("Bonds Issue Date") to 19 November 2022, known as the "Conversion Period". Within the Conversion Period, these convertible bonds are convertible into new ordinary shares of the Company at the following conversion prices:

- S$0.2487 per share, exercisable on or before 60 days after the Bonds Issue Date;
- S$0.2763 per share, exercisable after 60 days from the Bonds Issue Date or before the sixth month of the Bonds Issue Date; and
- the price per share thereafter is reset every six months (each, a "Conversion Price Reset Date") by the Company beginning on the date that is six months after the Bonds Issue Date to a price that represents the six month volume weighted average price of the shares of the Company prior to each Conversion Price Reset Date, subject to a floor conversion price of S$0.2763.

In 2020, S$250,000 principal amount of convertible bonds were converted into 904,813 new ordinary shares at an issue price of S$0.2763 per share (See Note 13).

There were no conversions in 2019.

The principal amount of Series B bonds is S$116,750,000 (US$88,307,000) (2019: S$117,000,000 (US$86,699,000)).

Series C

Series C bonds are non-convertible bonds of the Company which are due on 20 November 2027 with interest rate at 0.25% per annum payable semi-annually. The principal amount of Series C bonds is S$30,500,000 (2020: US$23,069,000, 2019: US$22,639,000). The redemption amount at maturity is 107.5% of the principal amount or S$32,788,000.

As at 31 December 2020, the fair value of Series C bonds was US$23,069,000 (2019: US$22,639,000).

Default of debt securities

As at 31 December 2020, the Group breached its loan covenant requirements for bank loans (see Note 19) resulting in a cross-default of its debt securities. As a result, the debt securities of US$180,962,000 (2019: US$177,628,000) were classified as current liabilities. The Group plans to address default of its debt securities through a corporate and debt restructuring plan. Please see Note 33 for details.

19. FINANCIAL LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Non-current				
Lease liabilities	–	818	–	818
Current				
Secured bank loans	1,227,310	1,260,701	174,380	151,941
Unsecured bank loans	8,914	8,748	8,914	8,748
Lease liabilities	873	519	873	519
Financial guarantees	134,534	134,443	1,003,817	859,317
	1,371,631	1,404,411	1,187,984	1,020,525
Total financial liabilities	1,371,631	1,405,229	1,187,984	1,021,343

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 32.

Secured bank loans

All the bank loans were secured by corporate guarantees from the Company, first legal charge on the Group's vessels, legal assignment of the rental proceeds from the Group's vessels, assignment of insurances in respect of vessels in bank's favour and all monies standing to the credit of the Group's receiving operating account in respect of the vessels maintained by the Group with the bank.

The bank loans are secured on liftboats, jack-up rigs and offshore support logistics vessels with carrying amount of US$171,920,000 (2019: US$606,618,000) (see Notes 5 and 11).

Breach of financial covenants

As at 31 December 2020, the Group breached the following loan covenant requirements:

- the maintenance of net debt (defined as borrowings owing to banks, financial institutions and debt securities holders, net of cash balances) to equity ratio of not more than 8:1; and
- the maintenance of EBITDA (defined as profits before interest expenses, tax expenses, depreciation expenses and amortisation expenses) to interest expense ratio of at least 1:1.

The affected bank loans and financial guarantees can be called for repayment upon notification by the banks. As a result, the bank loans and financial guarantees of US$1,361,844,000 (2019: US$1,391,489,000) were classified as current liabilities as at 31 December 2020. Except for a notice of payment default served by an unsecured lender for an amount of US$8,914,000 (2019: US$Nil) during the year, there were no statutory demands served by secured lenders, as at the date of this report. The Group plans to address the default of its bank loans through a corporate and debt restructuring plan. Please see Note 33 for details.

19. FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2020 Face value US$'000	2020 Carrying amount US$'000	2019 Face value US$'000	2019 Carrying amount US$'000
Group						
USD secured floating rate loans	0.65 – 4.75	2024	700,040	700,040	1,133,021	1,132,194
SGD secured floating rate loan	0.65 – 2.12	2024	527,270	527,270	128,507	128,507
SGD unsecured fixed rate loan	1.00	2021	8,914	8,914	8,748	8,748
			1,236,224	1,236,224	1,270,276	1,269,449
Company						
USD secured floating rate loan	0.66 – 2.33	2024	43,434	43,434	23,434	23,434
SGD secured floating rate loan	0.65 – 2.12	2024	130,946	130,946	128,507	128,507
SGD unsecured fixed rate loan	1.00	2020	8,914	8,914	8,748	8,748
			183,294	183,294	160,689	160,689

Financial guarantees

Group

Financial guarantees comprise guarantees given by the Group to banks in respect of loans amounting to US$134,534,000 (2019: US$134,443,000) granted to the Group's joint ventures which expires on 2 April 2024. Due to the continued losses incurred by the joint ventures, the Group assessed that the joint ventures are unlikely to be in a position to repay the loans. Accordingly, the Group recognised additional loss allowances for expected credit losses on these financial guarantees amounting to US$91,000 (2019: US$71,980,000) during the year based on the loan exposure of the joint ventures, bringing the accumulated loss allowance to US$134,534,000 (2019: US$134,443,000) as at 31 December 2020. The loss allowances were included in 'other expenses' in the consolidated income statement.

Company

Financial guarantees comprise guarantees given by the Company to banks in respect of loans amounting to US$1,186,228,000 (2019: US$1,243,206,000) granted to the Company's subsidiaries and joint ventures expiring on March 2023, April 2024, June 2025 and June 2026 (2019: March 2023, April 2024, June 2025 and June 2026). In 2020, due to the continued losses incurred by the subsidiaries and joint ventures, the Company assessed that the subsidiaries and joint ventures are unlikely to be in a position to repay the loans. Accordingly, the Company recognised additional loss allowances for expected credit losses on these financial guarantees amounting to US$144,500,000 (2019: US$179,911,000) during the year based on the loan exposures of subsidiaries and joint ventures, bringing the accumulated loss allowance to US$1,003,817,000 (2019: US$859,317,000) as at 31 December 2020.

19. FINANCIAL LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Accrued interest payable US$'000	**Debt securities US$'000**	**Financial liabilities US$'000**	**Total US$'000**
Balance at 1 January 2019	12,499	118,701	1,288,310	1,419,510
Changes from financing cash flows				
Proceeds from borrowings	–	–	13,292	13,292
Repayment of borrowings	–	–	(16,852)	(16,852)
Payment of lease liabilities	–	–	(203)	(203)
Interest paid	(24,236)	–	(18)	(24,254)
Total changes from financing cash flows	(24,236)	–	(3,781)	(28,017)
The effect of changes in foreign exchange rates	(872)	1,135	3,608	3,871
Other changes				
Interest expenses capitalised at cost	1,859	–	–	1,859
Interest expenses	36,773	–	18	36,791
Amortisation	–	31,431	43,576	75,007
Change in fair value of financial instruments	–	26,361	–	26,361
Financial guarantees	–	–	71,980	71,980
New leases			1,518	1,518
Total other changes	38,632	57,792	117,092	213,516
Balance at 31 December 2019	26,023	177,628	1,405,229	1,608,880
Balance at 1 January 2020	26,023	177,628	1,405,229	1,608,880
Changes from financing cash flows				
Proceeds from borrowings	–	–	37,978	37,978
Repayment of borrowings	–	–	(77,075)	(77,075)
Payment of lease liabilities	–	–	(515)	(515)
Interest paid	(7,936)	–	–	(7,936)
Total changes from financing cash flows	(7,936)	–	(39,612)	(47,548)
The effect of changes in foreign exchange rates	–	1,067	5,923	6,990
Other changes				
Interest expenses	15,848	–	–	15,848
Amortisation	–	472	–	472
Change in fair value of financial instruments	–	1,795	–	1,795
Financial guarantees	–	–	91	91
Total other changes	15,848	2,267	91	18,206
Balance at 31 December 2020	33,935	180,962	1,371,631	1,586,528

20. TRADE PAYABLES

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Trade amounts due to:				
- joint ventures	–	5,373	–	–
- third parties	32,417	59,378	50	392
	32,417	64,751	50	392

Trade amounts due to joint ventures are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to currency risk and liquidity risk related to trade payables is disclosed in Note 32.

In 2019, the Group reversed trade payables of US$12,095,000 to the consolidated income statement due to the expiry of the term of contractual obligations owing to the statutory time-bar limit.

21. SHARE-BASED PAYMENTS

As at 31 December 2020, the Group has the following share-based payment arrangements:

(a) Ezion Employee Share Option Scheme (equity-settled)

The Ezion Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 23 November 2009. The Scheme is administered by the Company's Remuneration Committee. All Directors and Employees of the Group shall be eligible to participate in the Scheme.

Other information regarding the Scheme is set out below:

Option granted on 11 October 2011 ("Grant Date 1")

- The exercise price of each option is fixed at S$0.259. (Prior to Rights Issue: S$0.288)
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 11 October 2012 to 11 October 2021:
  - i. 20% of the options shall vest after the end of first anniversary of Grant Date 1;
  - ii. 50% of the options shall vest after 31 March 2013; and
  - iii. 30% of the options shall vest after 31 March 2014.
- All options are settled by physical delivery of shares.

21. SHARE-BASED PAYMENTS

(a) Ezion Employee Share Option Scheme (equity-settled) (cont'd)

Option granted on 11 October 2011 ("Grant Date 1") (cont'd)

- The options granted expire after 10 years or upon cessation of the employment of employees.
- The options include 1,400,000 share options granted to each of the executive directors, Chew Thiam Keng and Captain Larry Glenn Johnson; and 100,000 share options granted to each of the non-executive directors, Lim Thean Ee, Tan Woon Hum and Dr Wang Kai Yuen.
- With effect from 7 November 2014, Captain Larry Glenn Johnson resigned as an executive director of the Company.

Option granted on 7 June 2012 ("Grant Date 2")

- The exercise price of each option is fixed at S$0.462.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 7 June 2013 to 7 June 2022:

  i. 30% of the options shall vest after the end of first anniversary of Grant Date 2;

  ii. 30% of the options shall vest after the end of second anniversary of Grant Date 2; and

  iii. 40% of the options shall vest after the end of third anniversary of Grant Date 2.

- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.
- The options include 700,000 share options granted to each of the executive directors, Chew Thiam Keng and Captain Larry Glenn Johnson; and 100,000 share options granted to each of the directors, Lim Thean Ee, Tan Woon Hum, Dr Wang Kai Yuen and Lee Kian Soo.
- With effect from 7 November 2014 and 5 January 2016, Captain Larry Glenn Johnson and Lee Kian Soo resigned as directors of the Company respectively.

Option granted on 21 January 2013 ("Grant Date 3")

- The exercise price of each option is fixed at S$0.973

21. SHARE-BASED PAYMENTS

(a) Ezion Employee Share Option Scheme (equity-settled) (cont'd)

Option granted on 21 January 2013 ("Grant Date 3") (cont'd)

- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 21 January 2015 to 21 January 2023:

  i. 30% of the options shall vest after the end of second anniversary of Grant Date 3;

  ii. 30% of the options shall vest after the end of third anniversary of Grant Date 3; and

  iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 3.

- All options are settled by physical delivery of shares.

- The options granted expire after 10 years or upon cessation of the employment of employees.

- The options include 700,000 share options granted to each of the executive directors, Chew Thiam Keng and Captain Larry Glenn Johnson; and 100,000 share options granted to each of the directors, Lim Thean Ee, Tan Woon Hum, Dr Wang Kai Yuen and Lee Kian Soo.

- With effect from 7 November 2014 and 5 January 2016, Captain Larry Glenn Johnson and Lee Kian Soo resigned as directors of the Company respectively.

Option granted on 16 January 2015 ("Grant Date 5")

- The exercise price of each option is fixed at S$1.011.

- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 16 January 2017 to 16 January 2025:

  i. 30% of the options shall vest after the end of second anniversary of Grant Date 5;

  ii. 30% of the options shall vest after the end of third anniversary of Grant Date 5; and

  iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 5.

- All options are settled by physical delivery of shares.

- The options granted expire after 10 years or upon cessation of the employment of employees.

- The options include 1,400,000 share options granted to the executive director, Chew Thiam Keng; and 200,000 share options granted to each of the directors, Lim Thean Ee, Tan Woon Hum, Dr Wang Kai Yuen and Lee Kian Soo.

- With effect from 5 January 2016, Lee Kian Soo resigned as a director of the Company.

21. SHARE-BASED PAYMENTS

(a) Ezion Employee Share Option Scheme (equity-settled) (cont'd)

Option granted on 9 March 2016 ("Grant Date 6")

- The exercise price of each option is fixed at S$0.489.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 9 March 2018 to 9 March 2026:

  i. 30% of the options shall vest after the end of second anniversary of Grant Date 6;

  ii. 30% of the options shall vest after the end of third anniversary of Grant Date 6; and

  iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 6.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.
- The options include 700,000 share options granted to the executive director, Chew Thiam Keng; and 100,000 share options granted to each of the directors, Lim Thean Ee, Tan Woon Hum, Dr Wang Kai Yuen and Yee Chia Hsing.
- With effect from 9 April 2021, Yee Chia Hsing resigned as a director of the Company.

Option granted on 13 April 2018 ("Grant Date 7")

- The exercise price of each option is fixed at S$0.189.
- The share option shall be exercised, in whole or in part, in accordance with the following schedule from 13 April 2020 to 13 April 2028:

  i. 30% of the options shall vest after the end of second anniversary of Grant Date 7;

  ii. 30% of the options shall vest after the end of third anniversary of Grant Date 7; and

  iii. 40% of the options shall vest after the end of fourth anniversary of Grant Date 7.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years or upon cessation of the employment of employees.
- No share options were granted to the executive director, Chew Thiam Keng and each of the directors, Lim Thean Ee, Tan Woon Hum, Dr. Wang Kai Yuen and Yee Chia Hsing.
- With effect from 9 April 2021, Yee Chia Hsing resigned as a director of the Company.

21. SHARE-BASED PAYMENTS

(a) Ezion Employee Share Option Scheme (equity-settled) (cont'd)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise prices per share	Options outstanding at 1 January 2020 '000	Options cancelled '000	Options outstanding at 31 December 2020 '000	Number of option holders at 31 December 2020	Exercise period
11/10/2011	S$0.259	2,245	–	2,245	1	11/10/2012 to 11/10/2021
7/6/2012	S$0.462	1,187	–	1,187	2	7/6/2013 to 7/6/2022
21/1/2013	S$0.973	1,556	–	1,556	4	21/1/2015 to 21/1/2023
16/1/2015	S$1.011	2,000	–	2,000	4	16/1/2017 to 16/1/2025
9/3/2016	S$0.489	1,100	–	1,100	5	9/3/2018 to 9/3/2026
13/4/2018	S$0.189	26,608	(13,095)	13,513	26	13/4/2020 to 13/4/2028
		34,696	(13,095)	21,601		

Fair value of share options and assumptions

The grant-date fair value of share options granted was measured based on the Black-Scholes option-pricing model formula as the fair value of services performed by employees and directors cannot be measured reliably. Expected volatility is estimated by considering historic average share price volatility. Option lives are based on the assumption that each tranche of share options will be exercised once the vesting period is over.

Options granted at 11 October 2011

	At 11 October 2011		
	Tranche A	Tranche B	Tranche C
Fair value (S$)	0.077	0.091	0.159
Share price (S$)	0.45	0.45	0.45
Exercise price (S$)	0.414	0.414	0.414
Expected volatility	32%	33%	52%
Expected dividends (Singapore cents)	–*	–*	–*
Risk-free interest rate	0.20%	0.21%	0.35%

* Denotes less than 0.01 Singapore cents

21. SHARE-BASED PAYMENTS (CONT'D)

(a) Ezion Employee Share Option Scheme (equity-settled) (cont'd)

Fair value of share options and assumptions (cont'd)

Options granted at 7 June 2012

	At 7 June 2012		
	Tranche A	**Tranche B**	**Tranche C**
Fair value (S$)	0.16	0.174	0.224
Share price (S$)	0.78	0.78	0.78
Exercise price (S$)	0.74	0.74	0.74
Expected volatility	46.11%	35.88%	39.13%
Expected dividends (Singapore cents)	–*	–*	–*
Risk-free interest rate	0.25%	0.23%	0.33%

* Denotes less than 0.01 Singapore cents

Options granted at 21 January 2013

	At 21 January 2013		
	Tranche A	**Tranche B**	**Tranche C**
Fair value (S$)	0.473	0.530	0.758
Share price (S$)	1.76	1.76	1.76
Exercise price (S$)	1.56	1.56	1.56
Expected volatility	39.06%	36.58%	51.40%
Expected dividends (Singapore cents)	–*	–*	–*
Risk-free interest rate	0.24%	0.27%	0.30%

* Denotes less than 0.01 Singapore cents

Options granted at 16 January 2015

	At 16 January 2015		
	Tranche A	**Tranche B**	**Tranche C**
Fair value (S$)	0.267	0.337	0.396
Share price (S$)	1.155	1.155	1.155
Exercise price (S$)	1.011	1.011	1.011
Expected volatility	28.75%	32.57%	34.62%
Expected dividends (Singapore cents)	–*	–*	–*
Risk-free interest rate	0.54%	0.73%	1.02%

* Denotes less than 0.01 Singapore cents

21. SHARE-BASED PAYMENTS (CONT'D)

(a) Ezion Employee Share Option Scheme (equity-settled) (cont'd)

Fair value of share options and assumptions (cont'd)

Options granted at 9 March 2016

	At 9 March 2016		
	Tranche A	Tranche B	Tranche C
Fair value (S$)	0.220	0.234	0.258
Share price (S$)	0.630	0.630	0.630
Exercise price (S$)	0.489	0.489	0.489
Expected volatility	43.10%	38.16%	37.78%
Expected dividends (Singapore cents)	–*	–*	–*
Risk-free interest rate	1.06%	1.21%	1.43%

* Denotes less than 0.01 Singapore cents

Options granted at 13 April 2018

	At 13 April 2018		
	Tranche A	Tranche B	Tranche C
Fair value (S$)	0.101	0.104	0.107
Share price (S$)	0.197	0.197	0.197
Exercise price (S$)	0.189	0.189	0.189
Expected volatility	52.61%	51.81%	51.55%
Expected dividends (Singapore cents)	–*	–*	–*
Risk-free interest rate	2.17%	2.23%	2.28%

* Denotes less than 0.01 Singapore cents

There is no market condition associated with the share option grants.

(b) Employee Share Plan (equity-settled)

The Employee Share Plan (the "Plan") was approved and adopted by members of the Company at the Extraordinary General Meeting held on 29 April 2008. The Plan is administered by a committee comprising the directors of the Company.

In 2009, 230,000 treasury shares were awarded to certain employees pursuant to the Plan. No treasury shares had been awarded to employees under the Plan subsequent to 2009.

21. SHARE-BASED PAYMENTS (CONT'D)

Disclosure of share-based payments arrangements

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price per share 2020 S$	Number of options 2020 '000	Weighted average exercise price per share 2019 S$	Number of options 2019 '000
Outstanding at 1 January	0.28	34,696	0.28	40,926
Cancelled during the year	0.19	(13,095)	0.19	(6,230)
Outstanding at 31 December	0.36	21,601	0.29	34,696
Exercisable at 31 December	0.49	12,142	0.64	8,088

The options outstanding at 31 December 2020 have an exercise price in the range of S$0.19 to S$1.01 (2019: S$0.19 to S$1.01) and the weighted average contractual life of 3.5 years (2019: 4.5 years).

Employee expenses

	Group	
	2020 US$'000	2019 US$'000
Ezion Employee Share Option Scheme	209	431
Total expenses recognised as share-based payments	209	431

22. REVENUE

	Group	
	2020 US$'000	2019 US$'000
Continuing operations		
Chartering revenue	24,059	54,018
Offshore support and marine services income	287	1,519
Others	388	500
	24,734	56,037
Discontinued operations		
Chartering revenue	4,676	33,760
Offshore support and marine services income	334	530
	5,010	34,290
	29,744	90,327

22. REVENUE (CONT'D)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Chartering revenue

Nature of goods or services	Revenue generated from the leasing of liftboats, jack-up rigs and offshore support logistics vessels ("vessels and rigs").
When revenue is recognised	Vessels and rigs charter income is recognised over time on a straight-line basis over the respective term of the charter.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 days.

Offshore support and marine services income

Nature of goods or services	Revenue generated from the provision of offshore support and marine services to the oil and gas industry.
When revenue is recognised	Revenue from rendering of offshore support and marine services is recognised over time since the customer simultaneously receives and consumes the benefits provided by the Group.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 days.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

22. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers (cont'd)

Continuing operations

	Liftboats		Others		Total	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Primary geographical markets						
Singapore	–	–	388	500	388	500
China	6,740	6,620	–	–	6,740	6,620
Brunei	–	6,889	–	–	–	6,889
Malaysia	4,586	6,377	–	–	4,586	6,377
Middle East	10,166	21,798	–	–	10,166	21,798
Nigeria	–	6,467	–	–	–	6,467
Other countries	2,854	7,386	–	–	2,854	7,386
	24,346	55,537	388	500	24,734	56,037
Major products/service line						
Chartering revenue	24,059	54,018	–	–	24,059	54,018
Offshore support and marine services income	287	1,519	–	–	287	1,519
Others	–	–	388	500	388	500
	24,346	55,537	388	500	24,734	56,037
Timing of revenue recognition						
Services transferred over time	24,346	55,537	388	500	24,734	56,037

22. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers (cont'd)

Discontinued operations

	Jack-up rigs		Offshore support logistics services		Total	
	2020	2019	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Primary geographical markets						
Singapore	–	–	717	8,104	717	8,104
India	1,494	7,527	–	–	1,494	7,527
Thailand	2,657	18,434	–	–	2,657	18,434
Other countries	–	–	142	225	142	225
	4,151	25,961	859	8,329	5,010	34,290
Major products/service line						
Chartering revenue	4,151	25,961	525	7,799	4,676	33,760
Offshore support and marine services income	–	–	334	530	334	530
	4,151	25,961	859	8,329	5,010	34,290
Timing of revenue recognition						
Services transferred over time	4,151	25,961	859	8,329	5,010	34,290

23. NET FINANCE GAIN/(LOSS)

	Group			Group		
	Continuing operations 2020 US$'000	Discontinued operations 2020 US$'000	Total 2020 US$'000	Continuing operations 2019 US$'000	Discontinued operations 2019 US$'000	Total 2019 US$'000
Interest income:						
- banks	5	–	5	104	130	234
- related companies	285	1,423	1,708	118	6,384	6,502
- unwinding of discount	–	639	639	–	1,258	1,258
- finance lease	–	683	683	–	–	–
Finance income	290	2,745	3,035	222	7,772	7,994
Interest expense:						
- banks	(11,336)	(4,512)	(15,848)	(20,000)	(16,791)	(36,791)
- amortisation of financial liabilities	–	–	–	(27,296)	(16,280)	(43,576)
- amortisation of debt securities	(472)	–	(472)	–	(31,431)	(31,431)
Change in fair value of financial instruments	(1,795)	–	(1,795)	(26,361)	–	(26,361)
Finance costs	(13,603)	(4,512)	(18,115)	(73,657)	(64,502)	(138,159)
Net finance loss	(13,313)	(1,767)	(15,080)	(73,435)	(56,730)	(130,165)

24. LOSS BEFORE TAX

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

	Note	Group			Group		
		Continuing operations 2020 US$'000	Discontinued operations 2020 US$'000	Total 2020 US$'000	Continuing operations 2019 US$'000	Discontinued operations 2019 US$'000	Total 2019 US$'000
Foreign exchange loss, net		4,436	–	4,436	2,058	–	2,058
(Gain)/Loss on disposal of:							
- property, plant and equipment		(125)	(15,687)	(15,812)	–	10,170	10,170
- subsidiaries		–	(1,166)	(1,166)	–	–	–
- joint venture	7	–	–	–	–	890	890
- associate	8	–	–	–	(2,206)	–	(2,206)
- assets held for sale		–	(1,279)	(1,279)	–	(638)	(638)
Loss on derecognition of associate	8	–	–	–	8,507	–	8,507
Depreciation expense on property, plant and equipment	5	25,526	3,618	29,144	26,617	21,731	48,348
Net impairment losses on:							
- property, plant and equipment	5	329,907	33,600	363,507	90,281	168,934	259,215
- trade receivables	32	3,728	4,871	8,599	2,807	541	3,348
- other receivables	32	3,053	–	3,053	–	–	–
- Finance lease receivables	32	–	361	361	–	–	–
Loss allowances on financial guarantees to joint ventures	19	–	91	91	51,901	20,079	71,980
Write-off of loans to joint venture	7	62,256	–	62,256	4	19,095	19,099
Write-off of loans to associate	8	–	–	–	–	21,287	21,287
Write-off/(Write-back) of other assets	9	52,905	(17,174)	35,731	25,626	45,156	70,782
Write-off of trade and other payables obligations		–	–	–	(17,943)	(4,568)	(22,511)
Audit fees paid/payable to auditors of the Company		335	–	335	366	–	366
Non-audit fees paid/payable to auditors of the Company		19	–	19	19	–	19
Operating lease expense		–	–	–	684	–	684
Staff costs		5,754	239	5,993	7,406	644	8,050
Contributions to defined contribution plans, included in staff costs		587	23	610	664	58	722
Equity-settled share-based payment transactions, included in staff costs	21	209	–	209	431	–	431

Staff costs include key management personnel compensation and key executives compensation as disclosed in Note 30.

25. TAX EXPENSE

	Group	
	2020 US$'000	2019 US$'000 Restated*
Current tax expense		
Current year	448	220
(Over)/Under provision in respect of prior years	(476)	3,732
Foreign tax expense	452	1,639
Total tax expense on continuing operations	424	5,591
Reconciliation of effective tax rate		
Loss before tax from continuing operations	(488,928)	(275,420)
Share of results of joint ventures and associates (net of tax)	(2,292)	(1,050)
Loss before tax excluding share of results of joint ventures and associates	(491,220)	(276,470)
Tax calculated using Singapore tax rate of 17% (2019: 17%)	(83,507)	(47,000)
Effect of tax rates in foreign jurisdictions	7,942	597
Income not subject to tax	(70)	–
Net tax exempt income under Section 13A of Income Tax Act	(2,847)	(5,325)
Non-deductible expenses	77,766	51,071
Foreign tax expense	452	1,639
(Over)/Under provision in respect of prior years	(476)	3,732
Current year losses for which no deferred tax asset was recognised	1,164	877
Tax expense	424	5,591

* See Note 26.

The Group has unrecognised deferred tax assets in respect of tax losses of US$17,610,000 (2019: US$10,763,000) at the statement of financial position date. Deferred tax assets have not been recognised as the Group does not consider it probable that there will be future taxable profits of certain subsidiaries available to utilise these tax losses. These tax losses, which are available to set-off against future taxable income in the foreseeable future, are also subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries.

26. DISCONTINUED OPERATIONS

In October 2020, the Group resolved a business restructuring plan to:

- refocus the Group's business on the provision of vessel management services, i.e. transition to a vessel management company. In this process, the Group will be taking steps to realise value by disposing of its vessels in an orderly manner over a period of time. This will allow the Group to better manage cashflow constraints by reducing the holding costs of vessels and rigs, and their related loan liabilities; and

- implement further cost-cutting measures in line with business requirements.

Pursuant to this business restructuring plan, all jack-up rigs and offshore support logistics vessels were either sold, classified as held for sale or held under finance leases by the year ended 31 December 2020. Accordingly, the 'Jack-up rigs" and "Offshore support logistic services" segments were classified as discontinued operations.

		Group	
	Note	2020 US$'000	2019 US$'000
Results of discontinued operations			
Revenue	22	5,010	34,290
Cost of sales		(8,023)	(35,476)
Gross loss		(3,013)	(1,186)
Other income		18,588	2,424
Administrative expenses		(1,971)	(3,741)
Other expenses		(30,684)	(263,560)
Results from operating activities		(16,430)	(266,063)
Finance income		2,745	7,772
Finance costs		(4,512)	(64,502)
Net finance costs	23	(1,767)	(56,730)
Share of results of joint ventures and associates, net of tax		–	(11,132)
Loss before tax	24	(18,197)	(333,925)
Tax expense	25	–	–
Loss from discontinued operations, net of tax, attributable to owners of the Company		(18,197)	(333,925)
Basic loss per share (cents)	27	(0.49)	(8.96)
Diluted loss per share (cents)	27	(0.49)	(8.96)
Cash flows from discontinued operations			
Net cash used in operating activities		(2,887)	(1,888)
Net cash from investing activities		48,621	8,779
Net cash used in financing activities		(14,033)	(6,719)
Net cash flows for the year		31,701	172

27. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended 31 December was based on:

	Note	Group	
		2020 US$'000	2019 US$'000
Continuing operations			
Loss attributable to owners of the Company		(489,352)	(281,011)
Discontinued operations			
Loss attributable to owners of the Company	26	(18,197)	(333,925)
Total			
Loss attributable to owners of the Company		(507,549)	(614,936)

Weighted average number of ordinary shares

	2020 '000	2019 '000
Issued ordinary shares at 1 January, excluding treasury shares	3,725,674	3,707,782
Effect of issue of new ordinary shares	20,173	17,892
Weighted average number of ordinary shares during the year	3,745,847	3,725,674

The average market value of the Company's shares for purposes of calculating dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. As the Group recorded losses for 2020 and 2019, the share options, redeemable exchangeable preference shares and convertible equity and debt securities were not included in the computation of diluted loss per share because these potential ordinary shares would have been anti-dilutive.

28. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's key management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Liftboats: engaged in the owning, chartering and management of self-propelled rigs involved in the production and maintenance phase of the oil and gas industry as well as the offshore windfarm industry.

(b) Jack-up rigs: engaged in the owning, chartering and management of non self-propelled rigs involved in the production, maintenance and exploration phase of the oil and gas industry as well as offshore windfarm accommodation market.

(c) Offshore support logistics services: engaged in the owning, chartering and management of oil and gas related offshore logistics support vessels.

(d) Others: assets or investments involved in renewable energy and other oil and gas related industry.

The accounting policies of the reportable segments are the same as described in Note 4.16.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

With reference to Note 26, all 'Jack-up rigs" and "Offshore support logistic services" were classified as discontinued operations.

28. OPERATING SEGMENTS (CONT'D)

Business segments

Year ended 31 December 2020	Liftboats US$'000	Jack-up rigs (Discontinued) US$'000	Offshore support logistics services (Discontinued) US$'000	Others US$'000	Total operations US$'000
Revenue	24,346	4,151	859	388	29,744
Reportable segment results from operating activities	(7,569)	7,150	4,250	43	3,874
Depreciation expense	(25,526)	(2,399)	(1,219)	–	(29,144)
Impairment loss on property, plant and equipment	(329,907)	(36,786)	3,186	–	(363,507)
Impairment loss/write-off of trade receivables, other assets, finance lease receivables, loans to joint ventures and loss allowances on financial guarantees to joint ventures (net)	(121,942)	16,095	(4,244)	–	(110,091)
Other income	1,674	11,846	6,742	–	20,262
Share of results of joint ventures and associates, net of tax	2,292	–	–	–	2,292
Finance income	290	–	2 ,745	–	3,035
Finance costs	(13,603)	(1,937)	(2,575)	–	(18,115)
Unallocated expenses					(15,731)
Loss before tax					(507,125)
Tax expense					(424)
Loss for the year					(507,549)
Reportable segment assets	207,637	3,467	35,741	–	246,845
Investment in joint ventures and associates	9,616	–	–	–	9,616
Unallocated assets					44,517
Total assets					300,978
Reportable segment liabilities	473,456	205,307	48,515	–	727,278
Unallocated liabilities					955,057
Total liabilities					1,682,315
Capital expenditure[1]	4,663	1,490	–	–	6,153

(1) Excludes additions to property – right-of-use assets.

28. OPERATING SEGMENTS (CONT'D)

Business segments (cont'd)

Year ended 31 December 2019	Liftboats US$'000	Jack-up rigs (Discontinued) US$'000	Offshore support logistics services (Discontinued) US$'000	Others US$'000	Total operations US$'000
Revenue	55,537	25,961	8,329	500	90,327
Reportable segment results from operating activities	18,330	6,314	6,601	(8,018)	23,227
Depreciation expense	(26,617)	(17,099)	(4,632)	–	(48,348)
Impairment loss on property, plant and equipment	(90,281)	(138,634)	(30,300)	–	(259,215)
Impairment loss/write-off of trade receivables, other assets, loans to joint ventures and associate, and loss allowances on financial guarantees to joint ventures (net)	(80,338)	(33,933)	(72,225)	–	(186,496)
Other income	2,434	–	2,424	–	4,858
Share of results of joint ventures and associates, net of tax	1,050	–	(11,132)	–	(10,082)
Finance income	222	4,972	2,800	–	7,994
Finance costs	(73,657)	(60,771)	(3,731)	–	(138,159)
Unallocated expenses					(3,124)
Loss before tax					(609,345)
Tax expense					(5,591)
Loss for the year					(614,936)
Reportable segment assets	635,033	55,869	78,353	–	769,255
Investment in joint ventures and associates	70,285	–	–	–	70,285
Unallocated assets					42,324
Total assets					881,864
Reportable segment liabilities	850,891	801,530	93,084	–	1,745,505
Unallocated liabilities					3,803
Total liabilities					1,749,308
Capital expenditure[1]	10,665	6,042	–	–	16,707

(1) Excludes additions to property – right-of-use assets.

28. OPERATING SEGMENTS (CONT'D)

Geographical segments

The businesses of the Group are operated in nine principal geographical areas, namely, Singapore, China, Brunei, Malaysia, Middle East, Nigeria, India, Thailand, Mauritius and other countries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location where assets are registered.

Continuing operations

	Revenue		Non-current assets[1]	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Singapore	390	500	62,405	469,311
China	6,740	6,620	–	–
Brunei	–	6,889	–	–
Malaysia	4,586	6,377	–	–
Middle East	10,166	21,798	–	–
Nigeria	–	6,467	–	–
Other countries	2,852	7,386	5,145	56,064
	24,734	56,037	67,550	525,375

Discontinued operations

	Revenue		Non-current assets[1]	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Singapore	857	8,104	–	33,278
India	1,495	7,527	–	–
Thailand	2,658	18,434	–	–
Mauritius	–	–	–	26,126
Other countries	–	225	–	14,641
	5,010	34,290	–	74,045

(1) Non-current assets consist of property, plant and equipment, excluding right-of-use assets.

Major customers

During the financial year ended 31 December 2020, the Group had two (2019: three) customers in the Liftboats segment and Nil (2019: one) customer in Jack-up rigs segment that contributed 10% or more of the Group's total revenue. Revenue from these customers amounted to US$16,906,000 (2019: US$54,238,000).

29. LEASES

Leases as lessee

The Group leases property for its office space. The lease runs for a period of 3 years, with an option to renew after that date. Lease payments are renegotiated every three years to reflect market rentals.

In addition, the Group leases photocopier machines, which are low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment. See Note 5.

	Property	
	2020 US$'000	2019 US$'000
Balance at 1 January	1,307	–
Additions to right-of-use assets	–	1,518
Depreciation charge for the year	(506)	(211)
Balance at 31 December	801	1,307

Amounts recognised in profit or loss

	2020 US$'000	2019 US$'000
2020		
Interest on lease liabilities	32	18
Expenses relating to short-term leases	–	664
Expenses relating to leases of low-value assets	24	20

Amounts recognised in statement of cash flows

	2020 US$'000	2019 US$'000
Total cash outflow for leases	515	203

29. LEASES (CONT'D)

Leases as lessor

Operating lease

The Group leases out its liftboats, jack-up rigs and offshore support logistics vessels. The Group has classified certain leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	2020 US$'000	2019 US$'000
Less than one year	9,578	30,746
One to two years	4,480	9,479
Two to three years	–	4,809
Three to four years	–	143
Four to five years	–	31
More than five years	–	–
Total	14,058	45,208

Finance lease

During the financial year, the Group classified certain leases as finance leases as substantially all of the risks and rewards incidental to the ownership of the assets are transferred to the lessee.

The following table sets out a maturity analysis of lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	2020 US$'000
Less than one year	3,627
One to two years	143
Two to three years	143
Three to four years	31
Total undiscounted lease receivables	3,944
Unearned finance income	(127)
Gross finance lease receivables	3,817
Impairment loss	(361)
Net finance lease receivables	3,456
Non-current	278
Current	3,178
Total	3,456

30. RELATED PARTIES

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

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Key management personnel compensation and key executives compensation

Key management personnel compensation and key executives compensation comprised:

	Group	
	2020 US$'000	2019 US$'000
Short-term employee benefits	1,390	2,401
Share-based payments	3	24

Other related party transactions

	Group	
	2020 US$'000	2019 US$'000
Transactions with joint ventures		
Interest income received and receivable	2,667	5,080
Management fee income from joint ventures	132	132
Transactions with associates		
Interest income received and receivable	1,072	1,422
Management fee income from associates	226	368

31. ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is discussed as follows:

Impairment of property, plant and equipment

The Group assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Extended periods of idle time;
- Inability to contract specific assets or groups of assets; and
- Significant adverse industry or economic trends.

31. ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to property, plant and equipment affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group's financial statements.

In 2020, the recoverable amounts of vessels and rigs were determined primarily based on their fair value less costs of disposal. The fair value less costs of disposal was estimated based on offer quotes from interested buyers or valuation amounts. Valuation amounts were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the category of assets being valued. The fair value was derived using the market approach based on comparable prices of vessels and rigs that were based on existing market conditions as at 31 December 2020, adjusted for asset specific characteristics. The fair values are based on highest-and-best-use basis.

In 2019, the recoverable amounts of vessels and rigs were determined primarily based on their value in use. In estimating the recoverable amounts of the vessels and rigs using value in use, management assumed certain prospective charter contracts and utilisation rates. The assumed charter rates, as well as the utilisation rate of the vessels and rigs, however, continue to be subject to estimation uncertainties that may result in material adjustments on the vessels and rigs' recoverable amounts in future periods.

Impairment of trade receivables

Trade receivables are recorded at the invoiced amount and do not bear interest.

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the trade receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation including evaluation of the Group's past history of loss rate, existing market conditions as well as forward-looking estimates at the end of each reporting period. In assessing the segmentation of the customers for the loss allowance, judgement is involved in determining the credit-worthiness and financial health of its customers. Where their conditions change, this may require changes in the customers' segmentation, which in turn may affect the level of loss allowance in future periods.

If the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset. Actual results could differ from estimates.

Impairment of investments in and loans to subsidiaries and joint ventures

The carrying values of investments in and loans to subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that the investments and loans may be impaired. This determination requires significant judgement. In estimating the recoverable amount of the investments and loans, the Group and the Company evaluate, amongst other factors, the future profitability of the subsidiaries and joint ventures, their financial health and near-term business outlook, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows. For details of the key assumptions and inputs used, see Notes 6 and 7.

32. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing those risks.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments comprise cash and cash equivalents and bank loans. The main purpose of these financial instruments is to finance the Group's operations. The other financial instruments such as trade and other receivables and trade and other payables are directly from its operations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2020 US$'000	2019 US$'000
Impairment loss on:		
- trade receivables	8,599	3,348
- other receivables	3,053	–
- finance lease receivables	361	–
	12,013	3,348

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 28.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

The Group has seven (2019: eight) third party trade receivables which account for approximately 99% (2019: 81%) of the total trade receivables as at 31 December 2020. The remaining third party trade receivables are individually insignificant.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by type of customer was as follows:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Government related and multi-national entities	12,871	50,758	2,902	1,668
Small-medium enterprises	–	12,843	–	–
Subsidiaries	–	–	11,964	13,236
	12,871	63,601	14,866	14,904

The age analysis of trade receivables for the Group and Company is as follows:

	Gross 2020 US$'000	Impairment 2020 US$'000	Gross 2019 US$'000	Impairment 2019 US$'000
Group				
Not past due or less than 60 days overdue	7,085	(636)	16,354	(646)
Past due 61 – 120 days	2,788	(264)	5,494	(217)
Past due more than 120 days	204,535	(200,637)	234,691	(192,075)
	214,408	(201,537)	256,539	(192,938)
Company				
Not past due	20,243	(5,377)	23,164	(8,260)

Credit terms of the invoices issued are 30 days from the date of issuance and is considered past due if unpaid after the 30 days credit term.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Expected credit loss ("ECL") assessment for customers

The Group allocates exposure from key customers to a credit risk grade based on data that is determined to be indicative of the risk of loss (including but not limited to external ratings if available, audited financial statements and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from Standards and Poor's.

ECL rate is calculated based on probabilities of default and loss given default. The Group monitors changes in credit risk through on-going review of customer credit worthiness and by tracking published external credit ratings.

Loss rates are adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers with credit ratings (or equivalent):

	Credit impaired	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
2020				
Group				
Receivables measured at lifetime ECL				
- Trade receivables	Yes	200,230	(200,230)	–
Receivables measured at lifetime ECL				
- Trade receivables[1]	No	13,826	(1,307)	12,519
- GST receivables	No	352	–	352
		14,178	(1,307)	12,871
Company				
Receivables measured at lifetime ECL				
- Trade receivables	Yes	5,377	(5,377)	–
Receivables measured at lifetime ECL				
- Trade receivables	No	14,866	–	14,866

[1] Excludes GST receivables.

	Credit impaired	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
2019				
Group				
Receivables measured at lifetime ECL				
- Trade receivables	Yes	191,247	(191,247)	–
Receivables measured at lifetime ECL				
- Trade receivables	No	65,292	(1,691)	63,601
Company				
Receivables measured at lifetime ECL				
- Trade receivables	Yes	8,260	(8,260)	–
Receivables measured at lifetime ECL				
- Trade receivables	No	14,904	–	14,904

There were no trade receivables for which credit risk has increased significantly since initial recognition but that are not credit-impaired.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Loss allowance

The Group assesses on a forward-looking basis the expected credit losses associated with trade receivables.

Loss rates are calculated using Standards and Poor's energy and natural resources industry default rate.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December:

	Credit impaired	Weighted average loss rate %	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
2020					
Group					
Not past due or less than 60 days overdue	No	9.45	6,733	(636)	6,097
Past due 61 – 120 days	No	9.45	2,788	(264)	2,524
Past due more than 120 days	No	9.45	4,305	(407)	3,898
Total			13,826	(1,307)	12,519
Company					
Not past due	No	–	–	–	–
2019					
Group					
Not past due or less than 60 days overdue	No	3.95	16,354	(646)	15,708
Past due 61 – 120 days	No	3.95	5,494	(217)	5,277
Past due more than 120 days	No	3.95	20,962	(828)	20,134
Total			42,810	(1,691)	41,119
Company					
Not past due	No	–	–	–	–

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Loss allowance (cont'd)

Movements in the allowance for impairment of trade receivables are as follows:

	Group	Company
	Lifetime ECL	Lifetime ECL
	US$'000	US$'000
Balance at 1 January 2019	189,590	16,688
Impairment loss recognised	7,597	2,883
Loss allowance written back	(4,249)	(11,311)
Balance at 31 December 2019	192,938	8,260
Impairment loss recognised	8,599	–
Loss allowance written back	–	(2,883)
Balance at 31 December 2020	201,537	5,377

The total net impairment loss of US$8,599,000 (2019: US$3,348,000) has been recognised in 'other expenses' in the consolidated income statement.

Other receivables

As at 31 December 2020, the Group has loan to AusGroup and non-trade amounts due from joint ventures totalling US$32,311,000 (2019: US$17,883,000). The Group assesses on a forward-looking basis the expected credit losses associated with these receivables. Loss rates are calculated using Standards and Poor's energy and natural resources industry default rate of 9.45%. As a result, impairment loss of US$3,053,000 (2019: US$Nil) was recognised during the financial year.

Finance lease receivables

As at 31 December 2020, the Group has finance lease receivables amounting to US$3,817,000 (2019: US$Nil). The Group assesses on a forward-looking basis the expected credit losses associated with finance lease receivables. Loss rates are calculated using Standards and Poor's energy and natural resources industry default rate of 9.45%. As a result, impairment loss of US$361,000 (2019: US$Nil) was recognised during the financial year.

Cash and cash equivalents and undrawn banking facilities

Cash and fixed deposits are placed with, and undrawn banking facilities are provided by, banks and approved financial institutions which have a minimum rating of A- based on Standard & Poor's ratings.

Financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries and joint ventures.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial guarantees (cont'd)

Financial guarantees provided by the Company to its subsidiaries are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Financial guarantees comprise guarantees granted by the Company to banks in respect of the following banking facilities of its subsidiaries and joint ventures:

	2020 US$'000	2019 US$'000
Subsidiaries	1,051,694	1,108,763
Joint ventures	134,534	134,443
	1,186,228	1,243,206

As at 31 December 2020, US$1,186,228,000 (2019: US$1,243,206,000) of the banking facilities were utilised.

At 31 December, the Group and Company recognised ECL provision as the ECL amount was higher than the amortised liability for financial guarantee contracts. The Group and Company consider it probable that a claim will be made against the Group and Company under these guarantees.

	Group ECL US$'000	Company ECL US$'000
Balance at 1 January 2019	62,463	592,569
Loss allowances for ECLs	71,980	179,911
Balance at 31 December 2019	134,443	772,480
Loss allowances for ECLs	91	144,500
Balance at 31 December 2020	134,534	916,980

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient level of cash and cash equivalents and bank facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

As at 31 December 2020, the Group and the Company were in net liabilities position of US$1,381,337,000 and US$1,438,595,000 (2019: US$867,444,000 and US$1,194,336,000) respectively. The Group and the Company were also in net current liabilities of US$1,471,339,000 and US$1,678,151,000 (2019: US$1,540,861,000 and US$1,545,833,000) respectively at year-end.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The Group's operations are financed mainly through equity and bank borrowings. As disclosed in Note 2, the Group had breached certain financial covenants as stipulated under the bank facilities agreements. The Group plans to address the default of its loan obligations through a corporate and debt restructuring plan.

The Group is working towards a successful completion of a corporate and debt restructuring plan (refer to Notes 2 and 33 for details), so as to have continuing support and availability of banking facilities from lenders.

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000
Group					
2020					
Non-derivative financial liabilities					
Secured bank loans	1,227,310	(1,271,670)	(1,271,670)	–	–
Unsecured bank loans	8,914	(9,003)	(9,003)	–	–
Debt securities	180,962	(181,414)	(181,414)	–	–
Lease liabilities	873	(914)	(914)	–	–
Financial guarantees	134,534	(134,534)	(134,534)	–	–
Trade payables	32,417	(32,417)	(32,417)	–	–
Other payables[1]	72,012	(72,012)	(63,357)	(8,655)	–
	1,657,022	(1,701,964)	(1,693,309)	(8,655)	–
2019					
Non-derivative financial liabilities					
Secured bank loans	1,260,701	(1,295,463)	(1,295,463)	–	–
Unsecured bank loans	8,748	(8,835)	(8,835)	–	–
Debt securities	177,628	(178,073)	(178,073)	–	–
Lease liabilities	1,337	(1,391)	(538)	(853)	–
Financial guarantees	134,443	(134,443)	(134,443)	–	–
Trade payables	64,751	(64,751)	(64,751)	–	–
Other payables[1]	76,314	(76,314)	(52,659)	(23,655)	–
	1,723,922	(1,759,270)	(1,734,762)	(24,508)	–

(1) Excludes downpayments and advances from customers and deferred revenue.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Exposure to liquidity risk (cont'd)

	Carrying amount US$'000	Cash flows Contractual cash flows US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000
Company					
2020					
Non-derivative financial liabilities					
Secured bank loans	174,380	(175,521)	(175,521)	–	–
Unsecured bank loans	8,914	(9,003)	(9,003)	–	–
Debt securities	180,962	(181,414)	(181,414)	–	–
Lease liabilities	873	(914)	(914)	–	–
Financial guarantees	1,003,817	(1,003,817)	(1,003,817)	–	–
Trade payables	50	(50)	(50)	–	–
Other payables[1]	409,267	(409,267)	(409,267)	–	–
	1,778,263	(1,779,986)	(1,779,986)	–	–
2019					
Non-derivative financial liabilities					
Secured bank loans	151,941	(155,466)	(155,466)	–	–
Unsecured bank loans	8,748	(8,835)	(8,835)	–	–
Debt securities	177,628	(178,073)	(178,073)	–	–
Lease liabilities	1,337	(1,391)	(538)	(853)	–
Financial guarantees	859,317	(859,317)	(859,317)	–	–
Trade payables	392	(392)	(392)	–	–
Other payables[1]	426,064	(426,064)	(426,064)	–	–
	1,625,427	(1,629,538)	(1,628,685)	(853)	–

(1) Excludes downpayments and advances from customers and deferred revenue.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's interest rate risk exposure relates primarily to its long-term debt obligations as they are subject to fluctuating interest rates that reset according to market rates change.

At 31 December 2020 and 31 December 2019, the Group and Company had no interest rate swaps arrangements to hedge the interest rate risk.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

At 31 December 2020 and 31 December 2019, the Group has fixed deposits bearing fixed interest rates with banks which are regulated.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial interests, as reported to the management, was as follows:

	Group		Company	
	Carrying amount		Carrying amount	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
USD secured floating rate loans	(700,040)	(1,132,194)	(43,434)	(23,434)
SGD secured floating rate loans	(527,270)	(128,507)	(130,946)	(128,507)
	(1,227,310)	(1,260,701)	(174,380)	(151,941)

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting dates would not affect profit or loss.

For the variable rate financial assets and liabilities, a change of 50 basis point ("bp") in interest rate at the reporting date would increase/(decrease) loss before tax by the pre-tax amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Loss before tax	
	50 bp Increase	50 bp Decrease
	US$'000	US$'000
Group		
31 December 2020		
Interest-bearing loans	6,137	(6,137)
31 December 2019		
Interest-bearing loans	6,304	(6,304)
Company		
31 December 2020		
Interest-bearing loans	872	(872)
31 December 2019		
Interest-bearing loans	760	(760)

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the Singapore dollar ("SGD") (2019: Singapore dollar ("SGD")).

In respect of other monetary assets and liabilities held in currencies other than the functional currencies of respective entities, the Group ensures that the net exposure is kept to an acceptable level by buying currencies at spot rates, where necessary, to address short term imbalances.

The Group's and the Company's exposures to foreign currencies are as follows:

	SGD US$'000	Others US$'000	Total US$'000
Group			
31 December 2020			
Trade receivables and other assets	6	13,516	13,522
Cash and cash equivalents	3,415	6,143	9,558
Trade and other payables	(2,379)	(2,325)	(4,704)
Financial liabilities	(536,184)	–	(536,184)
Debt securities	(180,962)	–	(180,962)
Lease liabilities	(873)	–	(873)
	(716,977)	17,334	(699,643)
31 December 2019			
Trade receivables and other assets	346	5,554	5,900
Cash and cash equivalents	10,765	2,198	12,963
Trade and other payables	(10,119)	(3,270)	(13,389)
Financial liabilities	(137,255)	–	(137,255)
Debt securities	(177,628)	–	(177,628)
Lease liabilities	(1,337)	–	(1,337)
	(315,228)	4,482	(310,746)
Company			
31 December 2020			
Cash and cash equivalents	5,395	4	5,399
Financial liabilities	(139,860)	–	(139,860)
Debt securities	(180,962)	–	(180,962)
Lease liabilities	(873)	–	(873)
	(316,300)	4	(316,296)
31 December 2019			
Trade receivables and other assets	65,968	–	65,968
Cash and cash equivalents	2,805	4	2,809
Trade and other payables	(26,791)	(361)	(27,152)
Financial liabilities	(137,255)	–	(137,255)
Debt securities	(177,628)	–	(177,628)
Lease liabilities	(1,337)	–	(1,337)
	(274,238)	(357)	(274,595)

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of US dollar against the following currencies at the reporting date would decrease/(increase) loss before tax by the pre-tax amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	Company
	Loss before tax US$'000	Loss before tax US$'000
31 December 2020		
Singapore dollar	71,698	31,630
Others	(1,733)	–
31 December 2019		
Singapore dollar	31,523	27,424
Others	(448)	36

A 10% weakening of US dollar against the above currencies would have had the equal but opposite effect on the above currencies to the pre-tax amounts shown above, on the basis that all other variables remain constant.

Fair values versus carrying amounts

Non-derivative financial assets and liabilities

As at 31 December 2020 and 31 December 2019, the carrying amounts of the Group's and the Company's financial instruments, other than equity investment at FVOCI and debt securities, carried at cost or amortised cost are not materially different from their fair values due to their short-term nature and immaterial effects of discounting.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category

The carrying amounts and fair values of financial assets and financial liabilities are as follows:

	Note	Amortised cost US$'000	FVOCI – equity instruments US$'000	Financial liabilities at FVTPL US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2020							
Financial assets not measured at fair value							
Other assets[1]	9	35,551	–	–	–	35,551	35,551
Trade receivables	10	12,871	–	–	–	12,871	12,871
Cash and cash equivalents	12	57,961	–	–	–	57,961	57,961
Financial assets measured at fair value							
Equity investments – at FVOCI	9	–	6,501	–	–	6,501	6,501
Financial liabilities not measured at fair value							
Other payables[2]	17	–	–	–	(72,012)	(72,012)	(72,012)
Trade payables	20	–	–	–	(32,417)	(32,417)	(32,417)
Financial liabilities[3]	19	–	–	–	(1,370,758)	(1,370,758)	(1,370,758)
Lease liabilities	19	–	–	–	(873)	(873)	(873)
Debt securities[4]	18	–	–	–	(92,655)	(92,655)	(92,655)
Financial liability measured at fair value							
Debt securities	18	–	–	(88,307)	–	(88,307)	(88,307)

(1) Excludes advances to suppliers, prepayments and equity investments.
(2) Excludes downpayments and advances from customers and deferred revenue.
(3) Excludes lease liabilities.
(4) Excludes Series B debt securities.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

The carrying amounts and fair values of financial assets and financial liabilities are as follows: (cont'd)

	Note	Amortised cost US$'000	FVOCI – equity instruments US$'000	Financial liabilities at FVTPL US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2019							
Financial assets not measured at fair value							
Other assets[(1)]	9	73,550	–	–	–	73,550	73,550
Trade receivables	10	63,601	–	–	–	63,601	63,601
Cash and cash equivalents	12	43,201	–	–	–	43,201	43,201
Financial assets measured at fair value							
Equity investments – at FVOCI	9	–	12,151	–	–	12,151	12,151
Financial liabilities not measured at fair value							
Other payables[(2)]	17	–	–	–	(76,314)	(76,314)	(76,314)
Trade payables	20	–	–	–	(64,751)	(64,751)	(64,751)
Financial liabilities[(3)]	19	–	–	–	(1,403,892)	(1,403,892)	(1,403,892)
Lease liabilities	19	–	–	–	(1,337)	(1,337)	(1,337)
Debt securities[(4)]	18	–	–	–	(90,929)	(90,929)	(90,929)
Financial liability measured at fair value							
Debt securities	18	–	–	(86,699)	–	(86,699)	(86,699)

(1) Excludes advances to suppliers, prepayments and equity investments.
(2) Excludes downpayments and advances from customers and deferred revenue.
(3) Excludes lease liabilities.
(4) Excludes Series B debt securities.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

The carrying amounts and fair values of financial assets and financial liabilities are as follows: (cont'd)

	Note	Amortised cost US$'000	FVOCI – equity instruments US$'000	Financial liabilities at FVTPL US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company							
31 December 2020							
Financial assets not measured at fair value							
Other assets[1]	9	71,802	–	–	–	71,802	71,802
Trade receivables	10	14,866	–	–	–	14,866	14,866
Cash and cash equivalents	12	28,942	–	–	–	28,942	28,942
Financial asset measured at fair value							
Equity investments – at FVOCI	9	–	6,501	–	–	6,501	6,501
Financial liabilities not measured at fair value							
Other payables[2]	17	–	–	–	(409,267)	(409,267)	(409,267)
Trade payables	20	–	–	–	(50)	(50)	(50)
Financial liabilities[3]	19	–	–	–	(1,187,111)	(1,187,111)	(1,187,111)
Lease liabilities	19	–	–	–	(873)	(873)	(873)
Debt securities[4]	18	–	–	–	(92,655)	(92,655)	(92,655)
Financial liability measured at fair value							
Debt securities	18	–	–	(88,307)	–	(88,307)	(88,307)

(1) Excludes advances to suppliers, prepayments and equity investments.
(2) Excludes downpayments and advances from customers and deferred revenue.
(3) Excludes lease liabilities.
(4) Excludes Series B debt securities.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

The carrying amounts and fair values of financial assets and financial liabilities are as follows: (cont'd)

	Note	Amortised cost	FVOCI – equity instruments	Financial liabilities at FVTPL	Other financial liabilities	Total carrying amount	Fair value
			US$'000	US$'000	US$'000	US$'000	US$'000
Company							
31 December 2019							
Financial assets not measured at fair value							
Other assets[1]	9	70,867	–	–	–	70,867	70,867
Trade receivables	10	14,904	–	–	–	14,904	14,904
Cash and cash equivalents	12	9,297	–	–	–	9,297	9,297
Financial asset measured at fair value							
Equity investments – at FVOCI	9	–	12,151	–	–	12,151	12,151
Financial liabilities not measured at fair value							
Other payables[2]	17	–	–	–	(426,064)	(426,064)	(426,064)
Trade payables	20	–	–	–	(392)	(392)	(392)
Financial liabilities[3]	19	–	–	–	(1,020,006)	(1,020,006)	(1,020,006)
Lease liabilities	19	–	–	–	(1,337)	(1,337)	(1,337)
Debt securities[4]	18	–	–	–	(90,929)	(90,929)	(90,929)
Financial liability measured at fair value							
Debt securities	18	–	–	(86,699)	–	(86,699)	(86,699)

(1) Excludes advances to suppliers, prepayments and equity investments.
(2) Excludes downpayments and advances from customers and deferred revenue.
(3) Excludes lease liabilities.
(4) Excludes Series B debt securities.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities measured at fair value

	Note	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group and Company					
31 December 2020					
Asset					
Equity investments – at FVOCI	9	6,501	–	–	6,501
Liability					
Debt securities	18	–	–	(88,307)	(88,307)
31 December 2019					
Asset					
Equity investments – at FVOCI	9	12,151	–	–	12,151
Liability					
Debt securities	18	–	–	(86,699)	(86,699)

*Financial assets and financial liabilities not measured at fair value but for which fair values are disclosed**

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group and Company				
31 December 2020				
Liability				
Debt securities	–	–	(92,655)	(92,655)
31 December 2019				
Liability				
Debt securities	–	–	(90,929)	(90,929)

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair value due to their short-term nature and where the effect of discounting is immaterial.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group and Company			
2020 and 2019			
Debt securities – Series B	As at 31 December 2020 and 31 December 2019, the Group breached its loan covenant requirements for its bank loans (see Note 19) resulting in a cross-default of its debt securities. As such, the face value of Series B debt securities has been assessed to approximate the fair value.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company	
2020 and 2019	
Debt securities – Series A and C	As at 31 December 2020 and 31 December 2019, the Group breached its loan covenant requirements for its bank loans (see Note 19) resulting in a cross-default of its debt securities. As such, the face value of Series A and C debt securities have been assessed to approximate the fair value.

33 CORPORATE AND DEBT RESTRUCTURING PLANS

On 19 October 2020, pursuant to a strategic review of the Group's options and in consultation with the major secured lenders ("Major Secured Lenders"), the Company undertook a business restructuring plan to:

(a) refocus its business as a vessel management company. In this process, the Group will be taking steps to realise value by disposing its liftboats, jack-up rigs and offshore support logistics vessels ("vessels and rigs") in an orderly manner over a period of time. This will allow the Group to better manage its cashflow constraints by reducing the holding costs of the vessels and rigs, as well as the amount of liabilities;

(b) implement further cost-cutting measures in line with the business requirements; and

(c) continue the search for potential investors to re-capitalise the Group and/or realise the value of the listed status of the Company, on the basis of a vessel management company.

A. Project and vessel management services while disposing of the fleet of vessels and rigs in an orderly manner

Project and vessel management services

On 7 December 2020, the Group was awarded a Wind Turbine and Installation Contract (the "Contract") for Phase II of the Taipower Offshore Wind Project Phase II in Taiwan (the "Taipower II Project") amounting to approximately US$83.4 million. The Contract is for one year and expected to commence in September 2024.

On 16 March 2021, the Group entered into a Cooperation Agreement (the "Agreement") with 特瑞斯海事技術服務（股）公司 ("TRS") to manage the works pertaining to the procurement, transportation and installation of subsea foundations, subsea cable and offshore substations for the Taipower II Project, for a fee of up to US$20 million. The Agreement is for the period from 1 July 2021 to 31 December 2025.

As at the date of this report, in view of the ongoing COVID-19 pandemic situation in Singapore and Taiwan, the Group is still in discussions with TRS on details of the scope of work, fee structure and payment terms.

B. Further cost reduction exercise

As the Group continues to review its operational requirements based on the current asset size of the Group, it has further reduced its headcount with effect from 1 July 2021, to conserve its cash reserve.

C. Continue the search for potential investors to re-capitalise the Group and/or realise the value of the listed status of the Company, on the basis of a vessel management company

In consultation with the Major Secured Lenders, the Group has been engaging with various potential third party investors. As at the date of this report, the Group is in the midst of negotiating key terms of an investment structure which includes a debt to equity conversion of loans after the orderly disposal of the Group's vessels and rigs.

34. SUBSEQUENT EVENTS

Disposal of assets held for sale

Subsequent to 31 December 2020, the Group divested liftboats, jack-up rigs and offshore support logistics vessels classified as held for sale with carrying amount of US$66.6 million for a total cash consideration of US$66.7 million. The proceeds raised from the divestment were channelled towards the repayment of secured bank loans.

Disposal of subsidiary

Subsequent to 31 December 2020, a share purchase agreement was entered into by the Company and ZhongXie (HK) Industrial Company., Limited to dispose the Company's 100% effective interest in Teras Sunrise Pte. Ltd. ("TSPL"), a wholly-owned subsidiary, for a total consideration of US$80.2 million. TSPL is a company incorporated in Singapore which owns the liftboat Teras Sunrise. The transaction is expected to complete in the third quarter of 2021.

SHAREHOLDERS' INFORMATION

as at 30 June 2021

Total no. of Issued shares	: 3,751,097,087 (excluding treasury shares)
Class of shares	: Ordinary share
Total no. of Treasury Shares held	: 3,184,000
No. of Subsidiary Holdings held	: Nil
Voting rights	: 1 vote per share, except for treasury shares.
Percentage of treasury shares	: 0.08% based on total number of issued shares (excluding treasury shares)

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	103	0.60	4,269	0.00
100 – 1,000	495	2.90	317,052	0.01
1,001 - 10,000	4,961	29.07	29,537,726	0.79
10,001 - 1,000,000	11,254	65.95	997,199,151	26.56
1,000,001 and above	252	1.48	2,727,222,889	72.64
	17,065	100.00	3,754,281,087	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% **
1	DBS Nominees Pte Ltd	773,599,152	20.62
2	Citibank Nominees Singapore Pte Ltd	228,558,830	6.09
3	Raffles Nominees (Pte) Limited	198,838,991	5.30
4	United Overseas Bank Nominees Pte Ltd	162,322,271	4.33
5	Pavilion Capital Fund Holdings Pte Ltd	151,569,400	4.04
6	BNP Paribas Nominees Singapore Pte Ltd	107,928,158	2.88
7	CGS-CIMB Securities (Singapore) Pte Ltd	59,849,180	1.60
8	OCBC Securities Private Ltd	58,866,277	1.57
9	Maybank Kim Eng Securities Pte.Ltd	47,782,490	1.27
10	RSM Corporate Advisory Pte. Ltd.	47,000,000	1.25
11	Phillip Securities Pte Ltd	41,850,369	1.12
12	UOB Kay Hian Pte Ltd	37,353,420	1.00
13	Evia Growth Opportunities II Ltd (In Members' Voluntary Liquidation)	33,494,174	0.89
14	HSBC (Singapore) Nominees Pte Ltd	27,767,686	0.74
15	Chew Thiam Keng	25,309,440	0.67
16	Lim Oon Hock	23,000,000	0.61
17	Rotating Offshore Solutions Pte Ltd	22,747,156	0.61
18	OCBC Nominees Singapore Pte Ltd	22,228,768	0.59
19	EDB Investments Pte Ltd	20,548,253	0.55
20	Kau Wee Lee	20,188,600	0.54
		2,110,802,615	56.27

** The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the company as at 30 June 2021, excluding 3,184,000 ordinary shares held as treasury shares as at that date.

SHAREHOLDERS' INFORMATION

as at 30 June 2021

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest		Deemed Interest	
	No. of Shares	% [3]	No. of Shares	% [3]
Chan Fooi Peng [1]	32,824,000	0.88	184,759,440	4.93
Chew Thiam Keng [2]	27,259,440	0.73	190,324,000	5.08

Notes:

(1) By virtue of shares held directly by Madam Chan Fooi Peng's spouse, Mr Chew Thiam Keng, she is deemed to be interested in the shares held by Mr Chew Thiam Keng; and deemed interested in 157,500,000 shares held by Macarios Pte Ltd.

(2) By virtue of shares held directly by Mr Chew Thiam Keng's spouse, Madam Chan Fooi Peng and her deemed interest in 157,500,000 shares held by Macarios Pte Ltd, he is deemed to be interested in the shares held by Madam Chan Fooi Peng and Macarios Pte Ltd. 1,950,000 of the shares under Mr Chew Thiam Keng's direct interest are registered under Citibank Nominees SG.

(3) The percentage of shareholdings is computed based on the issued and paid-up share capital of the Company comprising 3,751,097,087 shares (excluding treasury shares) as at 30 June 2021.

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on information made available to the Company as at 30 June 2021, approximately 94.10% of the Company's shares (excluding treasury shares) was held in the hands of the public, and accordingly, Rule 723 of the SGX-ST Listing Manual is complied with.

STATISTICS OF WARRANT HOLDINGS

as at 30 June 2021

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant holdings	No. of Warrant holders	%	No. of Warrants	%
1 - 99	115	0.72	4,073	0.00
100 - 1,000	685	4.27	380,585	0.03
1,001 - 10,000	7,052	43.91	35,419,226	2.86
10,001 - 1,000,000	8,165	50.84	366,172,293	29.60
1,000,001 and above	42	0.26	835,173,909	67.51
	16,059	100.00	1,237,150,086	100.00

TOP 20 WARRANTHOLDERS

No.	Name of Warrant holder	No. of Warrants	%
1	DBS Nominees Pte Ltd	204,057,499	16.50
2	Citibank Nominees Singapore Pte Ltd	167,269,290	13.52
3	Raffles Nominees (Pte) Limited	92,884,698	7.51
4	HSBC (Singapore) Nominees Pte Ltd	64,388,930	5.21
5	CGS-CIMB Securities (Singapore) Pte Ltd	33,782,421	2.73
6	United Overseas Bank Nominees Pte Ltd	32,685,560	2.64
7	BNP Paribas Nominees Singapore Pte Ltd	27,799,536	2.25
8	OCBC Securities Private Ltd	18,595,387	1.50
9	Maybank Kim Eng Securities Pte. Ltd.	16,623,947	1.34
10	Morgan Stanley Asia (S) Sec Pte Ltd	15,783,534	1.28
11	Chew Thiam Keng	15,185,664	1.23
12	Evia Growth Opportunities II Ltd (In Members' Voluntary Liquidation)	15,146,895	1.22
13	UOB Kay Hian Pte Ltd	15,081,061	1.22
14	DBSN Services Pte Ltd	14,600,920	1.18
15	Rotating Offshore Solutions Pte Ltd	13,648,293	1.10
16	EDB Investments Pte Ltd	12,328,951	1.00
17	Phillip Securities Pte Ltd	9,476,867	0.77
18	OCBC Nominees Singapore Pte Ltd	7,336,551	0.59
19	Venstar Investments Ltd (In Members' Voluntary Liquidation)	6,849,942	0.55
20	Nylect Holdings Pte Ltd	5,248,800	0.42
		788,774,746	63.76

STATISTICS OF WARRANT HOLDINGS

as at 30 June 2021

NON-LISTED WARRANTS (2018-SECURED LENDERS)

No. of Warrants Outstanding : 134,934,465

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant holdings	No. of Warrant holders	%	No. of Warrants	%
1,000,001 and above	6	100.00	134,934,465	100.00

TOP 20 WARRANT HOLDERS

No.	Name of Warrant holder	No. of Warrants	%
1	Oversea-Chinese Banking Corporation Limited	62,441,695	46.28
2	DBS Bank Ltd	39,327,000	29.15
3	Malayan Banking Berhad	13,109,000	9.71
4	United Overseas Bank Limited	13,109,000	9.71
5	CIMB Bank Berhad, Singapore Branch	3,670,520	2.72
6	Caterpillar Financial Services Asia Pte Ltd	3,277,250	2.43
		134,934,465	100.00

NON-LISTED WARRANTS (2018-UNSECURED LENDERS)

No. of Warrants Outstanding : 45,373,346

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant holdings	No. of Warrant holder	%	No. of Warrants	%
1,000,001 and above	1	100.00	45,373,346	100.00

Australia and New Zealand Banking Group Limited (Singapore Branch) is the registered holder of 45,373,346 Warrants (2018-Unsecured Lenders) issued by the Company on 16 April 2018.

STATISTICS OF BOND HOLDINGS

as at 30 June 2021

REFINANCING SERIES B 0.25 PER CENT. CONVERTIBLE BONDS DUE 2023 (ISIN: SG38F9000006)

The Company has on 13 April 2018 issued S$333,000,000 Series B convertible bonds due 2023 with interest rate at 0.25% per annum payable semi-annually ("Series B Bond"). For further details on the Series B Bond, please refer to Note 18 to the Financial Statements and the circular of the Company dated 12 March 2018.

DISTRIBUTION OF BOND HOLDINGS

Range of Bond holdings	No. of Bondholders	%	Amount of Bonds	%
10,001 - 1,000,000	49	84.48	14,350,000	12.24
1,000,001 and above	9	15.52	102,900,000	87.76
	58	100.00	117,250,000	100.00

TOP 20 BOND HOLDERS

No.	Name of Bond holder	Amount of Bonds	%*
1	DBS Nominees Pte Ltd	39,400,000	33.75
2	United Overseas Bank Nominees Pte Ltd	31,300,000	26.81
3	Citibank Nominees Singapore Pte Ltd	16,850,000	14.43
4	DBSN Services Pte Ltd	4,750,000	4.07
5	Raffles Nominees (Pte) Limited	3,500,000	3.00
6	HSBC (Singapore) Nominees Pte Ltd	2,500,000	2.14
7	ECICS Limited	2,000,000	1.71
8	CGS-CIMB Securities (Singapore) Pte Ltd	1,350,000	1.16
9	The Singapore Police Co-Operative Society Ltd	1,250,000	1.07
10	Nylect Holdings Pte Ltd	1,000,000	0.86
11	Low Chiew Eng	500,000	0.43
12	Ng Cheow Chye	500,000	0.43
13	Tan Kah Bee	500,000	0.43
14	Tan Kah Mei Jenny	500,000	0.43
15	Tan Poh Tiang	500,000	0.43
16	UOB Kay Hian Pte Ltd	500,000	0.43
17	Ang Ah Beng	250,000	0.21
18	BNP Paribas Nominees Singapore Pte Ltd	250,000	0.21
19	Boo Boo Seng	250,000	0.21
20	Chong Chu Ghin	250,000	0.21
		107,900,000	92.42

* Calculated based on the outstanding amount of Series B Bond of the Company as at 30 June 2021, excluding S$500,000 held by the Company as at that date.

STATISTICS OF BOND HOLDINGS

as at 30 June 2021

AMENDED SERIES 008 SUBORDINATED PERPETUAL SECURITIES (ISIN NO. SG6UH9000009)

The Company has perpetual securities issued in 2014. The terms of the perpetual securities were subsequently amended in April 2018. The amended perpetual securities, with distribution rate at 0.25% per annum payable semi-annually, have a conversion feature where the holder of the amended perpetual securities will have the right during the conversion period to convert the amended perpetual securities into ordinary shares of the Company. For further details on the Amended Series 008 Subordinated Perpetual Securities, please refer to Note 14 to the Financial Statements and the circular of the Company dated 12 March 2018.

DISTRIBUTION OF BOND HOLDINGS

Range of Bond holdings	No. of Bondholders	%	Amount of Bonds	%
10,001 - 1,000,000	10	83.33	4,000,000	19.51
1,000,001 and above	2	16.67	16,500,000	80.49
	12	100.00	20,500,000	100.00

BOND HOLDERS LIST

No.	Name of Bond holder	Amount of Bonds	%
1	DBS Nominees Pte Ltd	14,250,000	69.51
2	Citibank Nominees Singapore Pte Ltd	2,250,000	10.97
3	DBSN Services Pte Ltd	1,000,000	4.88
4	Raffles Nominees (Pte) Limited	1,000,000	4.88
5	BNP Paribas Nominees Singapore Pte Ltd	250,000	1.22
6	Celine Ching Peck Gek	250,000	1.22
7	CGS-CIMB Securities (Singapore) Pte Ltd	250,000	1.22
8	Goh Thiam Huat (Wu Tianfa)	250,000	1.22
9	Hotel Miramar (Singapore) Ltd	250,000	1.22
10	HSBC (Singapore) Nominees Pte Ltd	250,000	1.22
11	Lim Tock Keng	250,000	1.22
12	United Overseas Bank Nominees Pte Ltd	250,000	1.22
		20,500,000	100.00

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ezion Holdings Limited (the "**Company**") will be held by way of electronic means on Thursday, 29 July 2021 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Auditors' Report thereon.

(Resolution 1)

2. To re-elect Mr Lim Thean Ee, a Director of the Company retiring pursuant to Regulation 107 of the Constitution of the Company. (See Explanatory Note (i))

(Resolution 2)

3. To re-elect Mr Tan Woon Hum, a Director of the Company retiring pursuant to Regulation 107 of the Constitution of the Company. (See Explanatory Note (ii))

(Resolution 3)

4. To approve the payment of Directors' fees of S$223,000.00 for the year ended 31 December 2020. (FY2019: S$223,000.00)

(Resolution 4)

5. To re-appoint KPMG LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 5)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be hereby authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might 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 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 of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such 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 (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall 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 (iii))

(Resolution 6)

8. **Authority to issue shares under the Ezion Employee Share Option Scheme**

That the Directors of the Company be hereby authorised and empowered to issue 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 Ezion Employee Share Option Scheme (the "Scheme"), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued to the Scheme, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes of the Company, shall not exceed ten per centum (10%) 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 (iv))

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and if thought fit, approve the following resolutions as Ordinary Resolutions relating to the continued appointment of the following Directors as Independent Directors, for purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022:
(See Explanatory Note (v))

(a) Dr Wang Kai Yuen

That the continued appointment of Dr Wang Kai Yuen, as an Independent Director by all members be and is hereby approved.
(Resolution 8(a)(i)

That contingent upon passing of Ordinary Resolution 8(a)(i) above, the continued appointment of Dr Wang Kai Yuen, as an Independent Director by all members, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer, be and is hereby approved.
(Resolution 8(a)(ii))

(b) Mr Lim Thean Ee

That contingent upon the passing of Ordinary Resolution 2 above, the continued appointment of Mr Lim Thean Ee, as an Independent Director by all members be and is hereby approved.
(Resolution 8(b)(i))

That contingent upon passing of Ordinary Resolution 2 and Ordinary Resolution 8(b)(i) above, the continued appointment of Mr Lim Thean Ee, as an Independent Director by all members, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer, be and is hereby approved.
(Resolution 8(b)(ii))

(c) Mr Tan Woon Hum

That contingent upon the passing of Ordinary Resolution 3 above, the continued appointment Mr Tan Woon Hum, as an Independent Director by all members be and is hereby approved.
(Resolution 8(c)(i))

That contingent upon passing of Ordinary Resolution 3 and Ordinary Resolution 8(c)(i) above, the continued appointment of Mr Tan Woon Hum, as an Independent Director by all members, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer, be and is hereby approved.
(Resolution 8(c)(ii))

By Order of the Board

Tan Wee Sin
Secretary
Singapore, 14 July 2021

NOTICE OF ANNUAL GENERAL MEETING

This Notice has been made available on SGXNet and the Company's website and may be accessed at www.ezionholdings.com. A printed copy of this Notice, proxy form and the Company's Annual Report 2020 will NOT be despatched to shareholders.

Explanatory Notes:

(i) Mr Lim Thean Ee will, upon re-election as a Director of the Company, continue to serve as Independent Non-Executive Director, Chairman of the Remuneration Committee ("RC") and a member of the Audit Committee ("AC") and Nominating Committee ("NC") of the Company. Detailed information on Mr Lim Thean Ee can be found under the sections entitled 'Board of Directors', 'Corporate Governance Report' and 'Additional information on Directors seeking re-election' in the Annual Report. There are no material relationships (including immediate family relationships) between Mr Lim Thean Ee and the other directors or the Company.

(ii) Mr Tan Woon Hum will, upon re-election as a Director of the Company, continue to serve as Independent Non-Executive Director, Chairman of the AC and a member of the NC and RC of the Company. Detailed information on Mr Tan Woon Hum can be found under the sections entitled 'Board of Directors', 'Corporate Governance Report' and 'Additional information on Directors seeking re-election' in the Annual Report. There are no material relationships (including immediate family relationships) between Mr Tan Woon Hum and the other directors or the Company.

(iii) Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company 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 of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which up to twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a *pro rata* basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(vi) Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the exercise of options granted under the Scheme up to a number not exceeding in aggregate, when added to the number of shares issued and issuable in respect of such Awards and other shares issued and/or issuable under the other share-based incentive schemes of the Company, ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(v) The proposed Ordinary Resolutions 8(a)(i), 8(a)(ii), 8(b)(i), 8(b)(ii), 8(c)(i) and 8(c)(ii) are proposed in compliance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022.

Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST provides that a Director will not be independent if he/she has been a Director for an aggregate period of more than nine years and his/her continued appointment as an independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the chief executive officer of the Company, and their respective associates (the "Two-Tier Voting").

NOTICE OF ANNUAL GENERAL MEETING

Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum are the Independent Directors who have served more than nine years.

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, Mr Lim Thean Ee and Mr Tan Woon Hum 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 Nominating Committee and the Board have determined that Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum remain objective and independent-minded in the Board 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, they have met the definition of Independent Directors of the SGX-ST Listing Rules and the Code of Corporate Governance 2018. The Board trust that they are able to continue to discharge their duties independently with integrity and competency.

Upon passing the Ordinary Resolutions 8(a)(i), 8(a)(ii), 8(b)(i), 8(b)(ii), 8(c)(i) and 8(c)(ii) respectively, the continued appointment of each of Dr Wang Kai Yuen, Mr Lim Thean Ee and Mr Tan Woon Hum as an Independent Director of the Company shall continue in force until the earlier of : (i) the retirement or resignation of the Independent Director as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of these Ordinary Resolutions.

Should the Ordinary Resolution(s) for the continued appointment of the Independent Director(s) is/are not passed at the forthcoming AGM, the Independent Director(s) will no longer be independent and shall continue as non-independent director(s) of the Company with effect from 1 January 2022.

Rule 210(5)(c) of the SGX-ST Listing Rules states that the Independent Directors must comprise of at least one-third of the Board. In the event that the Ordinary Resolutions for the continued appointment of the Independent Director are not passed at the forthcoming AGM which renders the Company unable to meet these requirements, the Company shall endeavour to fill the vacancy in the Board to comply with the Rules 210(5)(c) and 704(8) of the SGX-ST Listing Rules.

Notes:

Participation in the Annual General Meeting ("AGM") via live webcast or live audio feed

1. As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representative (in the case of shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("Pre-registration") at this link: https://forms.office.com/r/WdAMth3sDu by **10.00 a.m. on Monday, 26 July 2021** ("Registration Deadline") for verification of their status as shareholders (or corporate representatives of such shareholders).

2. Following the verification, authenticated shareholders or their corporate representatives will receive an email confirming successful registration, which will contain unique user credentials as well as instructions on how to access the live webcast and live audio feed of the AGM proceedings. Members who do not receive such email by 10.00 a.m. on Wednesday, 28 July 2021 but have pre-registered by the Registration Deadline should contact the Company's Share Registrar for assistance at (65) 6228 0530 or via email to gpb@mncsingapore.com.

3. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders of the Company and who are not entitled to participate in the AGM. This is also to avoid any technical disruptions or overload to the live webcast or live audio feed. Recording of the AGM proceedings in whatever form is also strictly prohibited.

Voting by Proxy

1. Shareholders may only exercise their voting rights at the AGM via proxy voting.

2. Shareholders who wish to vote on any or all of the resolutions to be tabled for approval at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the proxy form, a shareholder should specifically direct the Chairman on how he/she is to vote for or vote against or to abstain from voting on each resolution to be tabled at the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. The instrument appointing the Chairman of the AGM as proxy must be deposited at the office of the Company's Share Registrar, M&C Services Private Limited at **112 Robinson Road #05-01 Singapore 068902** or be submitted via email to **gpb@mncsingapore.com** not less than forty-eight (48) hours (i.e., by **10.00 a.m. on Tuesday, 27 July 2021**), before the time appointed for holding the AGM. The proxy form can be downloaded from SGXNet or the Company's website at www.ezionholdings.com.
In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the AGM, the Chairman of the AGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

5. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e., by 10.00 a.m. on Tuesday, 20 July 2021), to ensure that their votes are submitted.

Access to documents or information relating to the AGM

All documents and information relating to the business of the AGM (including the Annual Report and the proxy form) have been published on SGXNet and the Company's website at www.ezionholdings.com. Printed copies will not be sent to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

1. Shareholders or their corporate representatives may submit questions related to the resolutions to be tabled at the AGM via email to EzionAGM2021@ezionholdings.com or by post to the Company at **438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968.** All questions must be submitted by **10.00 a.m. on Tuesday, 27 July 2021**.

2. Shareholders or their corporate representatives who submit questions by post must provide his/her (i) full name; (ii) number of shares held; and (iii) the manner in which he/she hold shares in the Company (e.g., via CDP, CPF or SRS). Any question without the identification details will not be addressed.

3. The Company will endeavour to address the substantial and relevant questions (as may be determined by the Company in its sole discretion) before the AGM via the Company's website at www.ezionholdings.com and on the SGXNet.

4. Shareholders will not be able to ask questions at the AGM live during the webcast or audio feed, and therefore it is important for Shareholders who wish to ask questions to submit their questions prior to the AGM.

5. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);
(ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;
(iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions;
(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION

On Directors Seeking Re-Election

Mr Lim Thean Ee and Mr Tan Woon Hum are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 29 July 2021 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	MR LIM THEAN EE	MR TAN WOON HUM
Date of Appointment	28 July 2000	21 March 2007
Date of last re-appointment	29 April 2019	30 April 2018
Age	71	51
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Lim Thean Ee ("**Mr Lim**") for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Lim possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Tan Woon Hum ("**Mr Tan**") for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Tan possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee	Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee

ADDITIONAL INFORMATION

On Directors Seeking Re-Election

	MR LIM THEAN EE	MR TAN WOON HUM
Working experience and occupation(s) during the past 10 years	Mr Lim currently serves as the Managing Director of Coastal Navigation Pte Ltd and has more than 30 years of experience in shipbuilding and ship repairing industry.	Mr Tan is currently a partner of Shook Lin & Bok LLP, a Singapore law firm and has been with the firm since December 2003. He has been in private legal practice since 1996 and specializes in trust, asset and wealth management. He advises on the establishment of traditional and alternative funds including related licences and exemptions for fund management companies, as well as the establishment and listing of REITS.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 2,100,000 ordinary shares in the Company; 460,378 options in the Company; and 1,260,000 warrants in the Company.	Direct interest: 299,520 ordinary shares in the Company; 524,529 options in the Company; and 179,712 warrants in the Company. Deemed interest: 650,000 ordinary shares in the Company and 390,000 warrants in the Company.
any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION

On Directors Seeking Re-Election

	MR LIM THEAN EE	MR TAN WOON HUM
Other Principal Commitments Including Directorships (for the last 5 years) Present	Other Principal Commitments 1. Yue Hua Eating House 2. Honorary Chairman of Telok Blangah Citizens' Consultative Committee 3. Chairman of Telok Blangah CCC's Community Development & Welfare Fund Committee Past Directorships (for the last 5 years) 1. Transcon Shipping Pte Ltd *(struck-off on March 2017)* 2. Lumut Quarry (S) Pte Ltd *(struck-off on September 2019)* Present Directorships 1. Miyoshi Limited 2. Coastal Engineering Services Pte. Ltd. 3. Coastal Navigation Pte Ltd 4. All Construction Engineering Pte Ltd 5. Yue Hua Food Court Pte Ltd 6. Yue Hua 108 Pte Ltd 7. Yue Hua 118 Pte Ltd	Other Principal Commitments Shook Lin & Bok LLP Past Directorships (for the last 5 years) AP Oil International Limited Present Directorships 1. UTI International (Singapore) Pte Ltd 2. YTL Starhill Global Reit Management Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

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

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

Ezion Holdings Limited

(Company Registration No. 199904364E)

(Incorporated in the Republic of Singapore)

IMPORTANT:

1. Shareholders who wish to vote on any or all of the resolutions at the Annual General Meeting ("AGM") (as defined below) must appoint the Chairman of the AGM as their proxy to do so on their behalf.
2. 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.
3. CPF and SRS investors who wish to appoint the Chairman of the AGM as their proxy should contact their respective Agent Banks or SRS Operators at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, ______________________________ (Name) ______________________________ (NRIC/Passport/Co Reg no.*)
of ____ (Address)
being a shareholder/shareholders* of Ezion Holdings Limited (the "Company"), hereby appoint the Chairman of the AGM as my/our* proxy to vote for me/us* on my/our* behalf at the AGM of the Company to be held by way of electronic means on Thursday, 29 July 2021 at 10.00 a.m. and at any adjournment thereof.

I/We* direct Chairman of the AGM as my/our* proxy to vote for or against, or to abstain from voting on, the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	For#	Against#	Abstain#
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2020			
2.	Re-election of Mr Lim Thean Ee as a Director			
3.	Re-election of Mr Tan Woon Hum as a Director			
4.	Approval of Directors' fees amounting to S$223,000.00			
5.	Re-appointment of KPMG LLP as Auditor			
6.	Authority to issue new shares			
7.	Authority to issue shares under the Ezion Employee Share Option Scheme			
8(a)(i).	Approval for the continued appointment of Dr Wang Kai Yuen, as an Independent Director by all members			
8(a)(ii).	Approval for the continued appointment of Dr Wang Kai Yuen, as an Independent Director by all members, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer			
8(b)(i).	Approval for the continued appointment of Mr Lim Thean Ee, as an Independent Director by all members			
8(b)(ii).	Approval for the continued appointment of Mr Lim Thean Ee, as an Independent Director by all members, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer			
8(c)(i).	Approval for the continued appointment Mr Tan Woon Hum, as an Independent Director by all members			
8(c)(ii).	Approval for the continued appointment of Mr Tan Woon Hum, as an Independent Director by all members, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer			

Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "√" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with a "√" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.***

Dated this __________ day of __________ July 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Fold this Flap for sealing

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.

2. **In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.** This proxy form has been made available on SGXNET and may be accessed at the Company's website at www.ezionholdings.com. A printed copy of this proxy form will **NOT** be sent to shareholders.

3. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. The instrument appointing the Chairman of the AGM as proxy must be deposited at the office of the Company's Share Registrar, M&C Services Private Limited at **112 Robinson Road #05-01 Singapore 068902** or be submitted via email to **gpb@mncsingapore.com** not less than forty-eight (48) hours (i.e. by **10.00 a.m. on Tuesday, 27 July 2021**), before the time appointed for holding the AGM. **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are <u>strongly encouraged to submit completed proxy forms electronically via email</u>.**

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Affix Postage Stamp

Ezion Holdings Limited
c/o The Share Registrar
M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Companies Act, Chapter 50 of Singapore is applicable at this AGM.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.

7. In the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholders are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

8. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by **10.00 a.m. on Tuesday, 20 July 2021**), to ensure that their votes are submitted.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 July 2021.

Ezion Holdings Limited

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