THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

It contains important information and should be read in its entirety. If you are in any doubt about what action you should take, you should consult your professional adviser without delay.

Additional copies of this document can be obtained on request from the email address david.chew@dhccapital.com.

Unless otherwise defined, the capitalised terms used throughout this document (the "**Explanatory Statement**") shall bear the same meanings as defined in the Scheme of Arrangement dated 22 February 2021 enclosed herewith.

EXPLANATORY STATEMENT

To

SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 71 OF THE INSOLVENCY, RESTRUCTURING AND DISSOLUTION ACT 2018 (NO 40 OF 2018)

Between

VIKING OFFSHORE AND MARINE LIMITED
(Singapore UEN No. 199307300M)
(the "**Company**")

And

THE SCHEME CREDITORS
(as defined in the Scheme)

All creditors who wish to vote on the Scheme must cast their ballots on whether to approve the Scheme by 5:00pm on 12 April 2021.

The action that the Creditors should take is set out in this Explanatory Statement. As a Creditor, you should complete and return the Proof of Debt and Ballot Form enclosed with the Scheme in accordance with the instructions and notes contained therein to vote on the Scheme.

DATED THIS 22ND DAY OF FEBRUARY 2021

IMPORTANT NOTICE

Explanatory Statement in compliance with and pursuant to Section 71(3)(a) of the Insolvency, Restructuring and Dissolution Act 2018 explaining the effects of the Scheme of Arrangement proposed by **VIKING OFFSHORE AND MARINE LIMITED** (Singapore UEN No. 199307300M) (hereinafter the "**Company**").

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1. This Explanatory Statement is being distributed to all Creditors (as defined in the Scheme of Arrangement dated 22 February 2021 enclosed herewith) of the Company solely for purposes of the Scheme. A fuller description of who may be Creditors can also be found at paragraphs 58-62 of this Explanatory Statement.

2. Except as provided for below, this Explanatory Statement is for the exclusive use of the persons to whom it is addressed and their advisers and shall not be copied, reproduced or distributed to any other person without the prior written consent of the Company. The information contained in this Explanatory Statement is confidential and provided solely for the purposes mentioned above. Recipients of this Explanatory Statement are required to keep this information confidential and use it only for the purposes of the Scheme.

3. This Explanatory Statement contains extensive and detailed information and should be read in its entirety. If you are in doubt about this document or as to the action which you should take, you should consult your financial or investment adviser, stockbroker, bank manager, solicitor or other professional adviser immediately. You should note that the Explanatory Statement is not intended to constitute professional advice and that you should seek your own professional advice in relation to the Scheme.

4. The actions required to be taken by Creditors are set out in this Explanatory Statement. Whether or not you intend to vote in respect of the Scheme, you should complete and return as soon as possible the Proof of Debt (a copy of which is enclosed as **Appendix A** of the Scheme) in accordance with the instructions set out therein. Failure to take action could have consequences in respect of your rights against the Company.

5. While the Company has taken reasonable care in the preparation of the information provided herein, no representation or warranty is made that the information contained herein in the Explanatory Statement and the Scheme is accurate and complete.

6. The Explanatory Statement and the Scheme are to be taken as mutually explanatory of one another but in the event of any conflict or inconsistency between the Explanatory Statement and the Scheme, the terms of the Scheme shall prevail.

7. **Important Information:**

   7.1 Deadline for lodgment of your Proof of Debt if you intend to vote on the Scheme: 5:00pm on 8 March 2021

   7.2 Deadline for lodgment of the Ballot Form for purposes of voting on the Scheme: 5:00pm on 12 April 2021

   7.3 Email Address at which to submit Proof of Debt and Ballot Form: david.chew@dhccapital.com

7.4 Long-stop deadline for lodgment of your Proof of Debt if you do not intend to vote on the Scheme: 5:00pm on 12 April 2021

7.5 Date of the Nominal Scheme Meeting at which the Ballot Forms shall be tabulated: 13 April 2021

8. As the present Scheme is proposed pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018, there will not be a physical or virtual scheme meeting. Instead, if you are a creditor of the Company, you must carefully review this Explanatory Statement and the Scheme, and thereafter cast your votes thereon through Ballot Forms.

To: **Creditors of VIKING OFFSHORE AND MARINE LIMITED (THE "COMPANY")**

Introduction

1. **VIKING OFFSHORE AND MARINE LIMITED**, a company incorporated in the Republic of Singapore with Company Registration No.: 199307300M (the "**Company**"), issues this Explanatory Statement pursuant to Section 71(3)(a) of the Insolvency, Restructuring and Dissolution Act. This Explanatory Statement is to accompany the proposed Scheme of Arrangement (the "**Scheme**") between the Company and the Scheme Creditors that will be voted on by the Scheme Creditors of the Company. Tabulation of votes will take place on 13 April 2021 (the "**Nominal Scheme Meeting**"). As such, the Explanatory Statement should be read, construed and interpreted in the context of the Scheme.

2. Except where the words or phrases are otherwise defined, or the context otherwise indicates or requires, words and phrases (including defined terms) used in this Explanatory Statement shall have the same meaning that is ascribed to them in the Scheme.

3. The purpose of the Explanatory Statement is to explain the effect of the Scheme proposed to be entered into between the Company and its Creditors. However, this Explanatory Statement does not form the basis of the legal contract between the Company and its Creditors in the event that the proposed Scheme is approved and sanctioned by the Court. Please note that the Company has prepared this Explanatory Statement on a best-efforts basis but makes no warranty as to the accuracy or completeness of the information provided herein. The Company reserves the right to amend or supplement this Explanatory Statement and/or the information contained herein. In the event of any inconsistency, the terms of the Scheme will prevail.

4. Under Singapore law, a scheme of arrangement of the kind proposed here is an arrangement provided for under Section 71 of the Insolvency, Restructuring and Dissolution Act to take effect between a company and its creditors. The arrangement becomes legally binding on all of the creditors on whom it is intended to apply if:

   4.1 the Court is satisfied, amongst others, that had a meeting of the creditors or class of creditors been summoned, the conditions in section 210(3AB)(*a*) and (*b*) of the Companies Act (insofar as they relate to the creditors or class of creditors) would have been satisfied, and sanctions the Scheme pursuant to Section 71(1) of the Insolvency, Restructuring and Dissolution Act; and

   4.2 a sealed copy of the Order of Court sanctioning the Scheme is lodged with the Registrar of Companies.

5. The date on which all of the above is fulfilled is the "**Scheme Commencement Date**" under the Scheme, and certain clauses of the Scheme will come into effect on that date, including in particular the terms of the Scheme relating to the moratorium against creditor enforcement and other action taken against the Company during the period of the Scheme.

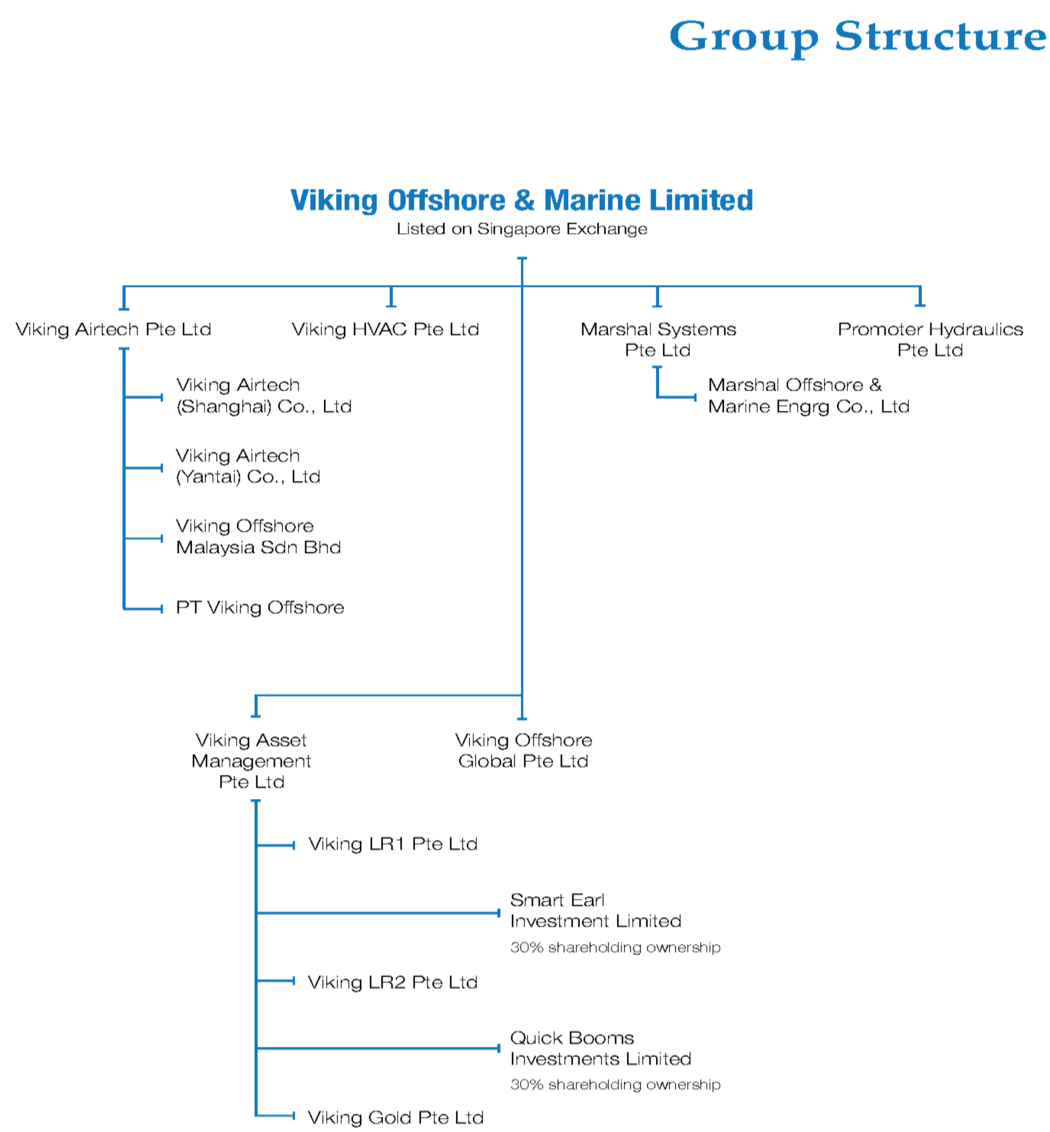
6. In addition to the above, additional conditions precedent to the Scheme must also be fulfilled in order to bring into effect the remaining clauses of the Scheme, including in particular the clauses providing for the release of Creditors' Claims against the Company and their replacement by entitlements to distributions of cash and shares in the Company pursuant to the Scheme. These additional conditions precedent to the Scheme are explained in greater detail at paragraph 33 below, and the date on which these additional conditions precedent are fulfilled shall be the "**Scheme Effective Date**".

7. The Scheme will be administered by the Scheme Manager, who is Mr David Chew of DHC Capital Pte. Ltd.

Background and Overview

8. The Company was incorporated in Singapore on 4 November 1993 and has its registered office at 21 Kian Teck Road Singapore 628773. The Company is listed on the Catalist Board of the Singapore Exchange and is the holding company of a group of companies (collectively the "**Group**"). A copy of the Company's Business Profile with the Accounting and Corporate Regulatory Authority (the "**Registrar**") is annexed hereto as "**Appendix-A**".

9. A diagrammatic representation of the Group is as follows:



10. The Group consists of companies in the offshore and marine industry which provide offshore and marine systems solutions to yards, vessels owners, and oil majors around the world. The Group provides its clients with bespoke engineering designs and projects to meet their specific needs.

11. Beginning in the financial year ending 31 December 2018, the Group began to experience financial difficulties arising from liquidity issues. These financial difficulties principally arose from three causes:

    11.1 First, the overall business environment in the (i) offshore and marine and (ii) oil and gas industries as a whole has been challenging, caused among other things by a 2014 collapse in oil prices, which have yet to fully recover.

    11.2 Second, there has been a general decline in upstream capital expenditure in industries adjacent to the (i) offshore and marine and (ii) oil and gas industries. This has affected the revenues of the industry as a whole.

    11.3 Third, key contractual counterparties of companies within the Group have defaulted on their contracts with companies within the Group.

12. In relation to the issue of contractual defaults, the Group has been vigorously pursuing its legal rights and remedies. In particular, Viking LR1 Pte Ltd ("**VLR1**") and Viking LR2 Pte Ltd ("**VLR2**"), two subsidiaries of the Company, have obtained a Final Award in SIAC Arb No. 226 of 2017 ("**ARB 226**") against (1) UK Trade-Free Int'l Co., Ltd, (2) Beijing Forpetro Sino-Rig Co., Ltd ("**Beijing Forpetro**") and (3) Liu Zhi ("**Mr Liu**"), which is dated 9 May 2018 and which has been registered in the SIAC Registry of Awards as Award No. 052 of 2018. This Award is in the sum of US$70,978,979.30 and S$394,364.28 and is presently in the process of enforcement in China against the respondents to ARB 226. The proceeds of ARB 226 form part of the monies to be distributed to Creditors pursuant to this Scheme and shall be elaborated upon at paragraphs 44-46 below.

13. Faced with a deteriorating financial situation, the Company made an application in the High Court of the Republic of Singapore on 13 June 2019 to be placed under moratorium protection pursuant to Section 211B of the Companies Act. The Company's subsidiary, Viking Asset Management Pte. Ltd. ("**VAM**"), also made a concurrent application to be placed under moratorium protection pursuant to Section 211C of the Companies Act on the same date. Both the Company and VAM have been subject to statutory moratorium protection since, with the most recent extension being granted on 14 January 2021 and lasting until 31 May 2021.

14. The Company and VAM have used the period of moratorium protection to restructure the operations of the Group, resolve creditor liabilities and seek out investment financing with which to recapitalise the Group's operations and fund the present Scheme.

15. To that end, the Company had on 13 January 2021 entered into a binding conditional term sheet with (1) Blue Ocean Capital Partners Pte. Ltd. and (2) Mr Ng Yeau Chong (collectively the "**Investors**") in relation to a proposed placement of shares in the Company. Mr Ng Yeau Chong is an executive director of the Company and its Chief Executive Officer, as shall be elaborated upon at paragraphs 64-65 below. Subsequently, the Company and the Investors have since entered into a definitive Placement and Loan Agreement dated 1 February 2021, the relevant terms of which contemplate:

    15.1 the subscription by the Investors for a total of 87% of the share capital of the Company on the Fully Diluted Basis (i.e. the Placement Shares). The Fully Diluted Basis means the share capital of the Company after issuance and allotment of all Conversion Shares and all

Placement Shares, and the conversion of all existing share warrants in respect of the Company;

15.2 cash consideration of S$2 million in total being provided to the Company by the Investors in respect of the Placement Shares; and

15.3 secured interest-free shareholder's loans of S$1 million in total being provided to the Company by the Investors subsequent to the placement of the Placement Shares.

16. Furthermore, the Company had on 13 January 2021 also entered into an indicative term sheet with (i) Luminor Pacific Fund 1 Ltd (in members' voluntary liquidation), (ii) Luminor Pacific Fund 2 Ltd (collectively "**Luminor**") and (iii) Tembusu Growth Fund II Ltd (in voluntary liquidation) (collectively with Luminor, the "**Lenders**") (the "**Scheme Term Sheet**") as to the terms of the scheme of arrangement which the Company is to propose to its Creditors. To the best of the Company's knowledge and records, and subject to adjudication of Creditors' Proofs of Debts pursuant to the Scheme, the Lenders collectively hold approximately 84.9% of the Company's liabilities. The material terms of the present Scheme reflect the terms of the Scheme Term Sheet agreed between the Company and the Lenders.

17. Accordingly, with (i) investment financing secured and (ii) the Scheme Term Sheet agreed with the Lenders, the Company now proposes the present scheme of arrangement to all Creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act.

The Group's present financial condition

18. The Company is a holding company with no active operations of its own. The Company's liabilities accordingly primarily arise from its guarantees provided in respect of the liabilities of its Subsidiaries. In particular, the Company's liabilities to the Lenders arise from guarantees provided in support of VLR1 and VLR2's liabilities to the Lenders.

19. The Company is not able to meet its liabilities to its Creditors as they fall due and is presently in default thereon. Accordingly, if the Scheme is not passed and the Company is not able to successfully restructure its liabilities, the alternative for all creditors would be insolvent liquidation.

20. The Company's full-year financial results for the financial year ended 31 December 2020 are not yet complete. The most recent financial statements for the Company are the Company's unaudited 3Q 2020 results, which show that:

20.1 the Company had non-current assets valued at approximately S$29.5 million (almost all of which are in the form of its equity interests in subsidiaries). However, the Company highlights that these non-current assets have since subsequently fallen to S$19.4 million following the sale of one of the Company's wholly-owned subsidiaries pursuant to the Company's restructuring, as will be elaborated on at paragraphs 25-28 below;

20.2 the Company had current assets of only S$141,000. By contrast, the Company's currently-due liabilities to its Creditors stood at approximately S$19.7 million;

20.3 the Company therefore does not have sufficient liquid assets to meet its current liabilities as they fall due; and

20.4 the Company is also subject to various court proceedings relating to unmet liabilities:

(a) in HC/S 4/2019, Ms Liu Hong is claiming the sum of S$500,000 from the Company and VAM; and

(b) in HC/CWU 87/2019, Ms Wang Qi is seeking to wind up the Company on the basis of an alleged liability of S$800,000.

21. A copy of the Company's unaudited 1Q, 2Q and 3Q 2020 financial results (incorporating results for the Group as well) is annexed hereto as "**Appendix-B**", together with the Company's last audited financial reports for FY 2019.

22. The Company's independent financial advisors, DHC Capital Pte. Ltd., estimate that in an insolvent liquidation of the Company:

22.1 creditors of the Company who have no separate rights of enforcement against any other companies within the Group will receive between 5-28% of the face value of their debts;

22.2 creditors of the Company who also have a concurrent right of recovery against VAM will receive between 8-36% of the face value of their debts; and

22.3 the Lenders, who each also have a concurrent right of recovery against either VLR1 or VLR2, will receive between 7-37% of the face value of their debts.

23. A copy of DHC Capital Pte. Ltd.'s liquidation scenario analysis dated 27 November 2019 is annexed hereto as "**Appendix-C**".

24. By contrast, and as will be elaborated upon hereinafter, all Scheme Creditors will, pursuant to the Scheme, receive substantial distributions in a mix of cash and equity in the Company. These distributions are separate from and exclusive of further Special Cash Distributions that Scheme Creditors will receive from the Arbitral Proceeds, being recovery in China by the Group from ARB 226. The Special Cash Distributions are elaborated on at paragraphs 44-46 below.

25. As a group holding company, the Company has no significant fixed assets of its own. Its assets are in the form of its equity investments in its Subsidiaries, which had an estimated value of S$29.5 million based on its unaudited quarterly financial statements for 3Q 2020. However, this sum has since fallen to approximately S$19.4 million, as the Company had on 30 October 2020 disposed of its wholly-owned subsidiary Viking Facilities Management & Operations Pte. Ltd. ("**VFMO**"). Through the sale of VFMO, the Company was able to resolve its liabilities to a significant and secured creditor of the Company, namely, Maybank Singapore Ltd (hereinafter referred to collectively with its predecessor in title, Malayan Banking Berhad, as "**Maybank**").

26. VFMO was a property-holding subsidiary of the Company with its sole operations consisting of the ownership and subletting of two properties situated at 21 Kian Teck Road Singapore 628773 and 23 Kian Teck Road Singapore 628774 (the "**Kian Teck Properties**") respectively. The Kian Teck Properties had been mortgaged to Maybank in consideration of various loans advanced by Maybank to VFMO and two other subsidiaries of the Company, Viking Airtech Pte Ltd and Marshal Systems Private Limited, and guaranteed by the Company. The total sums due and owing to Maybank by the Company as a result of these loans stood at about S$18,327,729.15 and US$414,531.45 as at 24 March 2020.

27. On 28 April 2020, the Company reached an agreement with Maybank to resolve all of its liabilities, together with that of its subsidiaries, to take place by way of a lump sum payment of S$12 million to

take place by 31 October 2020. This lump sum payment was funded in full by the aforementioned sale of VFMO on 30 October 2020 to Kinghaus Engineering Pte. Ltd. for S$12.1 million.

28. Following the disposal of VFMO, the Company estimates that the remaining value of the Company's equity investments in its Subsidiaries is approximately S$19.4 million.

29. Among the Group's fixed assets are, in particular, a train-type variable frequency modular land drilling rig and accompanying machinery equipment. The rig is of model type ZJ50DB-ST (1500 HP) and was manufactured in 2010. The rig is presently in Tamanar Town, Essaouira Province, Morocco and is owned by VLR1. The rig has an approximate fair market value of US$9,000,000 and an approximate forced-sale value of S$7,200,000 on the basis of a valuation carried out by Asian Appraisal Company Pte Ltd dated 2 March 2020, which is annexed hereto as "**Appendix-D**". The Company highlights that VLR1's access to the rig is uncertain given that the rig has been abandoned by its previous owner, Beijing Forpetro.

30. Notwithstanding its present financial difficulties, the Company projects that it will have sufficient cashflow to sustain its operations and working capital until 31 May 2021, by which time the Scheme will have successfully commenced. A copy of the Company's cashflow projections from 1 January 2021 until 31 May 2021 is annexed hereto as "**Appendix-E**".

The Scheme

31. The entry into effect of the Scheme is subject to the following conditions precedent (i.e. the Scheme Commencement Date):

    31.1 approval of the Scheme by the Court; and

    31.2 lodgment of the Order of Court sanctioning the Scheme with ACRA.

32. There will be a moratorium on the taking of certain specified actions against the Company by its Creditors for the duration of the Scheme. There will also be a similar moratorium in favour of the Subsidiaries of the Company in respect of any Guaranteed Debts. The moratorium will come into effect upon the Scheme Commencement Date.

33. It is presently anticipated that more time will be required for the Company to obtain the necessary approvals from the SGX-ST and the Securities Industry Council for the share issuances and allotments that are contemplated under the Scheme and the investment documentation relating to the Investors. Accordingly, the substantive commercial clauses of the Scheme are subject to further conditions precedent, namely:

    33.1 the occurrence of the Scheme Commencement Date;

    33.2 the approval of the SGX-ST for the listing and quotation of the Conversion Shares and the Placement Shares;

    33.3 the approval-in-principle of the SGX-ST for the resumption of trading of the Company's shares on the SGX-ST;

    33.4 the approval of the Company's shareholders being obtained at a general meeting for the allotment and issue of the Conversion Shares and the Placement Shares; and

33.5 the grant of a whitewash waiver by the Securities Industry Council in respect of the requirement to make a mandatory general offer pursuant to the Takeover Code in connection with the allotment and issue of the Placement Shares, and approval of the whitewash waiver by the Company's shareholders being obtained at a general meeting to be called.

34. The date on which all of the above conditions at paragraph 33 above are fulfilled is the Scheme Effective Date. Upon the Scheme Effective Date, the following key elements of the Scheme will also take effect:

34.1 All Creditors shall have their Claims against the Company released and discharged (including for the avoidance of doubt (i) their Approved Claims as determined by the Scheme Manager in the course of adjudication and (ii) any Guaranteed Debts owed to them by the Company and/or its Subsidiaries). In their place, Scheme Creditors shall be entitled to receive the Upfront Cash Distributions, the Conversion Shares and the Special Cash Distributions from the Company.

34.2 **Upfront Cash Distributions:** There will be an upfront cash distribution of up to S$3 million to all Scheme Creditors in order to resolve up to 15% of the Scheme Creditors' aggregate Approved Claims on a *pari passu* basis. The Upfront Cash Distributions shall be distributed within 30 days from the Scheme Effective Date and payable in S$.

34.3 **Conversion Shares:** The Company shall issue and allot shares in the Company to all Scheme Creditors equivalent to approximately 9.0% of the Company's total share capital as at the date of issuance (being, for the avoidance of doubt, after the issuance and allotment of the Placement Shares and Conversion Shares) within 60 days from the Scheme Effective Date.

34.4 **Special Cash Distributions:** The Company shall distribute 15 cents in every dollar of recovery from ARB 226 to all Scheme Creditors on a *pari passu* basis, up to a maximum of S$4 million. The Company's obligation to distribute the Special Cash Distributions is not limited by time and will continue even after the Scheme ends.

35. This Explanatory Statement shall address these key elements in order. Thereafter, this Explanatory Statement shall address the steps which Creditors must take in order to vote at the Nominal Scheme Meeting.

The Upfront Cash Distributions, the Conversion Shares and the Special Cash Distributions

36. Upon the Scheme Effective Date, the Claims that Creditors have against the Company shall be released and discharged (including any Approved Claims). Furthermore, any liabilities which may be owed by an Affiliate of the Company to Creditors shall also be discharged insofar as such liabilities:

36.1 arise by virtue of any agreements, dealings, matters or events having the nature of a guarantee provided by the Affiliate to the Creditor for the benefit of the Company and in respect of any agreement, transaction or dealing between the Company and the Creditor and for which the Company is the primary obligor; or

36.2 are owed by the Affiliate as primary obligor to the Creditor, and for which any agreements, dealings, matters or events having the nature of a guarantee had been provided by the Company to that Creditor in respect of the Affiliate's primary liability.

37. First, the Company is obliged to distribute the Upfront Cash Distributions within 30 days of the Scheme Effective Date. The Upfront Cash Distributions will consist of the entire sum of S$3 million invested in and loaned to the Company by the Investors pursuant to the Placement and Loan Agreement and are equivalent to approximately 15% of the estimated Scheme Creditors' aggregate Approved Claims on a *pari passu* basis (subject to the quantum of the Aggregated Approved Claims following adjudication).

38. Second, the Company is obliged to issue and allot the Conversion Shares within 60 days of the Scheme Effective Date. The Conversion Shares will consist of shares in the Company equivalent to approximately 9.0% of the Company's total share capital as at the date of issuance (being, for the avoidance of doubt, after the issuance and allotment of the Placement Shares and Conversion Shares), and approximately 8.8% of the Company's share capital on the Fully Diluted Basis.

39. The Conversion Shares shall be issued on the basis of an issue price to be determined by the Scheme Manager in accordance with the formula set out in Clause 4 of the Scheme.

40. The last traded price of shares in the Company, prior to the suspension of trading in the Company's securities on 11 June 2019, was S$0.004 per share. The issue price for the Placement Shares and Conversion Shares is estimated to be below the minimum bid size of S$0.001 prescribed by the SGX-ST.

41. Accordingly, the Company is presently considering whether to seek the approval of its existing shareholders in a general meeting to carry out a share consolidation exercise, to take place during the Scheme period but before the issuance of the Conversion Shares and the Placement Shares on a 50:1 basis. That is, every 50 of the Company's shares held on a pre-consolidated basis will entitle the shareholder to hold 1 share of the Company on a post-consolidated basis. For the avoidance of doubt, the share consolidation exercise, if proposed by the Company, approved by shareholders and thereafter put into effect, would also affect existing treasury shares held by the Company and all issued warrants as well.

42. Further updates will be provided to all creditors in respect of whether the Company will proceed with the share consolidation exercise. For the avoidance of doubt, the share consolidation exercise (if proposed by the Company) will not be made inter-conditional either with completion of proposed placement under the placement agreement entered into with the Investors, or with completion of the Scheme.

43. All Scheme Creditors will be subject to a prohibition on the sale of their Conversion Shares on the SGX-ST which will last 12 months from the date on which such Conversion Shares were issued and allotted to them pursuant to the Scheme. All Scheme Creditors will be permitted to dispose, sell or exchange any Conversion Shares if such disposal, sale or transfer were to take place on an off-market basis.

44. Third, the Company will be obliged to distribute the Special Cash Distributions to all Scheme Creditors on an ongoing basis and without limitation in time (including for the avoidance of doubt even after the successful conclusion of the Scheme). The Special Cash Distributions will consist of a 15% share of the net realisation proceeds from ARB 226 (net of realisation costs) against the respondents to ARB 226, as received by the Company. The Special Cash Distributions shall be distributed to all Scheme Creditors on a *pari passu* basis and limited to a maximum total sum of S$4,000,000. The Special Cash Distributions will be distributed to Scheme Creditors in cash within 30 days from each date on which the relevant Arbitral Proceeds are realised and paid to the Company.

45. As of the present date, the arbitral award granted to VLR1 and VLR2 has been recognised by the Beijing City Number 4 Intermediary Court (the "**Beijing Intermediary Court**"). The Beijing Intermediary Court has temporarily halted enforcement while further assets of the respondents are identified for enforcement purposes. The present status of the enforcement is as follows:

45.1 Beijing Forpetro has a wholly-owned subsidiary in China named Lanfang Forpetro Sino-Rig Co. Ltd ("**Lanfang Forpetro**"), which is in the business of manufacturing and engineering of rigs and rig-related equipment. VLR1 and VLR2 have been successful in freezing the shares in Lanfang Forpetro held by Beijing Forpetro. Lanfang Forpetro has RMB 50 million in registered and paid-up capital, and also has other assets including land, a factory and factory equipment. The assets of Lanfang Forpetro have all been previously frozen by other Chinese courts and are in the process of being realised by way of auction for distribution to its creditors. The Company is advised by VLR1 and VLR2's Chinese solicitors that it appears that Lanfang Forpetro's liabilities to its own creditors exceed the realisable value of its assets, and there is a possibility that there will be little or no recovery from the sale of the shares in Lanfang Forpetro owned by Beijing Forpetro.

45.2 Beijing Forpetro has a 38% interest in any production output from an oilfield in Morocco known as the "Haha" oilfield, pursuant to a production-sharing contract disclosed by Beijing Forpetro to VLR1 and VLR2. Mr Liu, who is Beijing Forpetro's principal representative and also one of the respondents to ARB 226, has told the Beijing Intermediary Court that the concession relating to this production-sharing contract has been forfeited by the Moroccan Government due to delinquencies in payment.

45.3 Mr Liu himself has a 2023 sqf personal apartment in Qingdao city of Shandong province in the People's Republic of China, which is subject to an outstanding mortgage worth RMB 8.6 million. The apartment is being disposed of by the Beijing Intermediary Court through auction exercises. VLR1 and VLR2 are advised that the first auction exercise ended on 29 September 2020 without a bid being made.

45.4 Mr Liu furthermore has a villa in Sanhe city of Hubei province, also in the People's Republic of China, together with personal bank accounts. The Beijing Intermediary Court is in the process of seizing these assets. VLR1 and VLR2's Chinese solicitors have advised the Company that, based on the ongoing proceedings in the Beijing Intermediary Court, they understand that these assets may have minimal value, owing to other claims and enforcement efforts by other personal creditors of Mr Liu.

46. The main creditors of VLR1 are Luminor, and the main creditor of VLR2 is Tembusu Growth Fund II Ltd (in voluntary liquidation). The Company had guaranteed the liabilities of VLR1 and VLR2 to the Lenders.

47. Payments in cash to the Scheme Creditors under the Scheme shall be effected by way of cheque and/or bank transfer to a bank account designated by the payee at the discretion of the Company.

48. Distributions of Conversion Shares to the Scheme Creditors under the Scheme shall be effected to each Scheme Creditor's nominated Securities Account held with CDP. Such Conversion Shares must be issued and credited to Scheme Creditors as being duly authorized, validly issued and fully-paid up, ranking *pari passu* in all other respects with any other shares of the Company then in issue, and free from any claims, charges or any other security interests of any kind. All Creditors wishing to receive Conversion Shares must complete and return the Details of CDP Account Holder Form to the Scheme Manager in accordance with paragraph 70 below.

The Moratorium

49. Beginning from the Scheme Commencement Date, each Creditor (regardless of whether it has filed a Proof of Debt in respect of the Scheme and regardless of the outcome of such adjudication if any), may not take any steps:

49.1 to wind up the Company;

49.2 to place the Company under judicial management;

49.3 to commence or continue any proceedings in any jurisdiction against the Company;

49.4 to enforce any judgments or orders against the Company;

49.5 to levy distress against the Company or its assets;

49.6 to amend the terms of any financial facilities that may have been extended to the Company, or any other contracts or agreements that are related to a Claim against the Company;

49.7 to accelerate the scheduled payments from the Company under any financial facilities that may have been extended to the Company, or otherwise vary the Company's rights under any contracts or agreements that are related to a Claim against the Company;

49.8 to enforce any ipso facto provisions against the Company;

49.9 to take any new security interest against the Company;

49.10 to enforce any guarantee or similar support given in connection to any financial facilities that may have been extended to the Company or under any contracts or agreements that are related to a Claim against the Company; and

49.11 to charge interest, commissions or fees, or amend the date for any payments in respect any financial facilities that may have been extended to the Company or under any contracts or agreements that are related to a Claim against the Company.

50. The prohibitions set out above also apply to all Subsidiaries of the Company in respect of any Guaranteed Debts.

51. The Scheme shall successfully terminate by performance once:

51.1 the Upfront Cash Distributions have been distributed to the Scheme Creditors, the Conversion Shares have been distributed to the Scheme Creditors, and the Scheme Manager (acting reasonably) certifies in writing that these distributions have been duly made;

51.2 the Scheme Creditors resolve by Special Resolution at a Scheme Creditors' Meeting to terminate the Scheme on the basis that the Company's obligations to distribute the Upfront Cash Distributions and the Conversion Shares have been satisfied or discharged; or

51.3 an order of the Court terminating the Scheme by performance is obtained.

52. The date on which any of the above take places shall be the End Date. On such End Date:

52.1 this Scheme shall cease and terminate, save that the Company's obligations to distribute the Special Cash Distributions shall continue;

52.2 the Scheme Manager will cease to have any further rights, obligations and liabilities under the Scheme, save in respect of the Special Cash Distributions (if applicable); and

52.3 for the avoidance of doubt, the moratorium under Clause 7 of the Scheme shall come to an end.

53. The Scheme will also terminate, albeit on an unsuccessful basis, if a special resolution is passed at a meeting of Scheme Creditors to terminate the Scheme on one of the bases set out at Clause 12.3 of the Scheme. In the event that the Scheme is terminated unsuccessfully by special resolution of Scheme Creditors prior to the Scheme Effective Date, all Scheme Creditors will continue to be entitled to exercise any and all of their pre-existing rights, powers and remedies against the Company, but only up to the amount of their Approved Claim as determined by the Scheme Manager in adjudication. In the alternative event that the Scheme is terminated unsuccessfully by special resolution of Scheme Creditors on or subsequent to the Scheme Effective Date, all Scheme Creditors will continue to be entitled to receive the Upfront Cash Distribution and the Conversion Shares from the Company, again only up to the amount of their Approved Claim as determined by the Scheme Manager through adjudication.

54. For the avoidance of doubt, if the Scheme is terminated unsuccessfully at any time, the Company will not be obliged to distribute the Special Cash Distributions to Scheme Creditors. Furthermore, any and all reductions, discharges and releases of any indebtedness or liabilities on the part of the Company or its subsidiaries that took place pursuant to the Scheme prior to its termination shall continue to be valid and effectual.

Proofs of Debt and Entitlement to Vote

55. Only Scheme Creditors of the Company shall be entitled to participate in the Scheme and receive distributions thereunder. A Scheme Creditor is a Creditor who has delivered a Proof of Debt to the Scheme Manager **by 5:00pm on 12 April 2021, being the Proof of Debt Long-Stop Date**, as required under the Scheme, and who has been determined by the Scheme Manager to be entitled to distributions under the Scheme. For the avoidance of doubt, it is not necessary to vote on the Scheme to be a Scheme Creditor and/or to be entitled to receive distributions under the Scheme.

56. However, if you intend to vote on the Scheme, **please note that you must file your Proof of Debt by 5:00pm on 8 March 2021, being the Proof of Debt Voting Cut-Off Date**. This is for the purpose of ascertaining the relative value of each Scheme Creditor's vote for or against the Scheme.

57. Accordingly, if you do not file your Proof of Debt by the Proof of Debt Voting Cut-Off Date, you will not be permitted to vote on the Scheme. If you further do not file your Proof of Debt by the Proof of Debt Long-Stop Date, you will not be a Scheme Creditor at all and will not be eligible to receive any distributions of cash and/or shares under the Scheme.

58. You will be a Creditor under the Scheme to the extent that you have a Claim against the Company. A Claim against the Company means any known or unknown claim, charge, promise, cause of action or similar right (which is not an Excluded Claim) arising out of any transaction, act or omission of the Company or of any person occurring on or before 22 February 2021, which is the Ascertainment Date of the Scheme, whether the claim be actual, present, future or contingent or whether liquidated or sounding only in damages, and whether in contract or tort or howsoever arising.

59. If your Claim relates to a debt which was not due to you from the Company as at the Ascertainment Date but was a contingent or future debt as of that date, then the Scheme Manager will ascertain the value of your Claim, for the purposes of voting or receiving distributions thereon, by application of a just estimate to the value of your Claim.

60. An Excluded Claim is a claim or similar right against the Company falling into any one of the following categories:

60.1 it comprises sums which would, pursuant to Section 203 of the Insolvency, Restructuring and Dissolution Act, be entitled to be paid in priority to the Claims of all other unsecured creditors of the Company in a winding up of the Company;

60.2 it comprises sums owed to any person or entity, being an essential vendor of the Company supplying it with goods and/or services necessary for the Company's continued business operations, whose claim against the Company (i) arises in the ordinary course of business of the Company, (ii) was incurred in good faith by the Company, and (iii) as at the Ascertainment Date does not exceed S$10,000; and/or

60.3 it comprises sums owed to the Company's professional advisors in respect of its restructuring, namely Lee & Lee LLP, Zico Capital Pte. Ltd, W Capital Markets Pte Ltd, DHC Capital Pte. Ltd. and Rajah & Tann Singapore LLP.

61. Any Creditor who wishes to dispute any aspect of the Scheme Manager's adjudication of its Claim must give written notice of this dispute to the Scheme Manager within 14 calendar days after the date of the Scheme Manager's notice to that Creditor of the outcome of the adjudication. Thereafter, the Creditor shall send a request in writing to the Scheme Managers to seek their agreement on the appointment of an independent assessor to adjudicate on the dispute. If no agreement can be reached on the appointment of an independent assessor, then the Creditor may take out an application to the Court to determine the appointment of the independent assessor. The costs of any independent assessor shall under all circumstances be borne by the Creditor who wishes to dispute the result of the Scheme Manager's adjudication.

62. The independent assessor, once appointed, must be provided with the disputed Proof of Debt in question by the Scheme Manager as soon as practicable. Thereafter, the independent assessor shall be required to make a decision on the dispute within 7 calendar days of receipt of the proof of debt, and send a written notice of the decision, together with his reasons, to the Scheme Manager, the Company and the Creditor.

63. Neither the Company nor the Scheme Manager shall be liable for any such costs, fees and expenses incurred by any Creditor in relation to or arising from any application to Court by any Creditor arising from any decision of the Scheme Managers or any independent assessors.

Material Interests of the Company's Directors

64. Mr Ng Yeau Chong, one of the two Investors into the Company, is presently an Executive Director and Chief Executive Officer of the Company. Mr Ng Yeau Chong will receive equity alongside Blue Ocean Capital Partners Pte. Ltd., the other Investor, in direct proportion to the sums that they had invested and loaned to the Company thereunder. In particular:

64.1 Blue Ocean Capital Partners Pte. Ltd. is investing the sum of S$1,850,000 into the Company and in exchange will receive 80.475% of the Company's share capital on a Fully Diluted Basis.

Furthermore, Blue Ocean Capital Partners Pte. Ltd. is making an interest-free loan to the Company in the sum of S$925,000.

64.2 Mr Ng Yeau Chong is investing the sum of S$150,000 into the Company and in exchange will receive 6.525% of the Company's share capital on a Fully Diluted Basis. Furthermore, Mr Ng Yeau Chong is making an interest-free loan to the Company in the sum of S$75,000.

64.3 The loans extended by Blue Ocean Capital Partners Pte. Ltd. and Mr Ng Yeau Chong to the Company will be secured by a floating charge over all of the assets of the Company in such form and on such terms as to be mutually agreed in future.

65. One of the conditions precedent to the Placement and Loan Agreement is, amongst other things, the successful commencement of the Scheme (i.e. the occurrence of the Scheme Commencement Date). As such, Mr Ng Yeau Chong will only be subject to the above obligations, and will only receive the above benefits, insofar as the Scheme successfully commences.

66. The executive director and sole shareholder of Blue Ocean Capital Partners Pte. Ltd., Mr Daniel Lin Wei, is the son of Mr Andy Lim, who is the chairman of the Company's board. Furthermore, Mr Ng Yeau Chong's spouse is the cousin of Mr Andy Lim.

67. Other than the above, none of the Company's directors have any material interests in the effect of the proposed Scheme, and in particular, none of the Company's directors are known to be Creditors of the Company.

<u>How to Vote</u>

68. The present Scheme is proposed under Section 71 of the Insolvency, Restructuring and Dissolution Act. Accordingly, there will not be any meeting of creditors in order to approve or reject the proposed Scheme. The Scheme shall be approved or rejected by Scheme Creditors on the basis of the Ballot Forms to be submitted for voting in accordance with the terms of the Scheme. If you are a Creditor, you are entitled to cast your vote on the Scheme.

69. To vote, please note that you **<u>must</u>**:

69.1 File your completed Proof of Debt with the Scheme Manager by no later than **<u>5:00pm on 8 March 2021</u>** at david.chew@dhccapital.com.

69.2 Provide your completed Ballot Form with the Scheme Manager by no later than **<u>5:00pm on 12 April 2021</u>** at david.chew@dhccapital.com.

70. The Proof of Debt form is enclosed as **<u>Appendix A</u>** of the Scheme, and the Ballot Form is enclosed as **<u>Appendix B</u>** of the Scheme. Please also note that if you intend to receive the Conversion Shares under the Scheme, you must also submit the completed Details of CDP Account Holder form enclosed at **<u>Appendix C</u>** of the Scheme by no later than **<u>5.00pm on 12 April 2021</u>**.

71. The categories of creditors who cannot vote on the Scheme, or who have restrictions on their voting rights, is as follows:

71.1 No Excluded Creditors will be permitted to vote on the Scheme.

71.2 A just estimate will be made of the value of any contingent creditor's Claim, and such contingent creditors will only be permitted to vote and receive distributions thereon.

71.3 No related parties of the Company will be permitted to vote on the Scheme. The categories of related parties for the purposes of the Scheme comprises:

(a) any creditor that controls the Company, or vice versa;

(b) any creditor that has common shareholder(s) with the Company who hold a less than 50%, but more than de minimis, stake in both companies;

(c) any creditor that has common director(s) with the Company;

(d) any creditor that has controlling shareholder(s) which (i) are related by blood, adoption or marriage to the controlling shareholder(s) of the Company, or (ii) themselves have controlling shareholder(s) which are related by blood, adoption or marriage to the controlling shareholder(s) of the Company; and/or

(e) any creditor which is related by blood, adoption or marriage to the controlling shareholder(s) or director(s) of the Company.

72. The filing, inspection and adjudication of the Proofs of Debt will be conducted in accordance with Section 68 of the Insolvency, Restructuring and Dissolution Act and the Insolvency, Restructuring and Dissolution (Proofs of Debt in Schemes of Arrangement) Regulations 2020. The value of each Creditor's Approved Claim for the purposes of voting at the Nominal Scheme Meeting shall be determined as at the Ascertainment Date (that is, 22 February 2021). Accordingly, the value of the Claim to be stated in your Proof of Debt shall also be that as at the Ascertainment Date.

Recommendation

73. If the Scheme is entered into and successfully discharged, all Scheme Creditors will receive the Upfront Cash Distributions, the Conversion Shares and the Special Cash Distributions. As set out at paragraphs 37-39 above, Scheme Creditors will receive approximately 15% of their aggregated Approved Claims pursuant to the Upfront Cash Distributions, subject to a total cap of S$3,000,000, and the Conversion Shares, which are monetisable in that they are shares in a listed company in Singapore, even leaving aside any further recovery to Scheme Creditors from the Special Cash Distributions. The Special Cash Distributions, if fully paid out up to the S$4 million limit, would represent an estimated further 20% recovery to all Scheme Creditors of their Approved Claims. Furthermore, the Upfront Cash Distributions and the Conversion Shares will be distributed to creditors upfront and within 30 and 60 days respectively of the Scheme Effective Date.

74. This must be contrasted to what will occur in a liquidation scenario. In a liquidation scenario, it is estimated that Creditors will only receive the recovery set out at paragraph 22 above, which may be lower than the recovery contemplated under the Scheme under the Upfront Cash Distributions and the Conversion Shares (even leaving aside the Special Cash Distributions). Furthermore, sums to be paid to Creditors in a liquidation (if any) will only be paid in the course of liquidation. There is no guarantee when (or if) any such payments will be made.

75. For that reason, and in the Company's opinion, the Scheme Creditors are likely to receive a better and more timely recovery from the Scheme if it is approved and duly implemented, as compared to the scenario where the Company is placed under compulsory liquidation.

76. For the reasons set out above, the Company recommends that the Scheme Creditors cast their Ballot Forms in support of the proposed Scheme.

Appendix-A

INFORMATION RESOURCES

Business Profile (Company) of VIKING OFFSHORE AND MARINE LIMITED (199307300M)

Date: 22/02/2021

The Following Are The Brief Particulars of :

Registration No.	:	199307300M
Company Name.	:	VIKING OFFSHORE AND MARINE LIMITED (w.e.f.12/02/2010)
Former Name if any	:	NOVENA HOLDINGS LIMITED
Incorporation Date.	:	04/11/1993
Company Type	:	PUBLIC COMPANY LIMITED BY SHARES
Status	:	Live Company
Status Date	:	04/11/1993

Principal Activities

Activities (I)	:	OTHER HOLDING COMPANIES (64202)
Description	:	
Activities (II)	:	
Description	:	

Capital

Issued Share Capital (AMOUNT)	Number of Shares *	Currency	Share Type
104311247.71	1106681074	SINGAPORE, DOLLARS	ORDINARY

* Number of Shares includes number of Treasury Shares

Paid-Up Capital (AMOUNT)	Number of Shares	Currency	Share Type
104311247.71		SINGAPORE, DOLLARS	ORDINARY

COMPANY HAS THE FOLLOWING ORDINARY SHARES HELD AS TREASURY SHARES

Number Of Shares	Currency
7961500	SINGAPORE, DOLLARS

INFORMATION RESOURCES

Business Profile (Company) of VIKING OFFSHORE AND MARINE LIMITED (199307300M)

Date: 22/02/2021

Registered Office Address	:	21 KIAN TECK ROAD SINGAPORE (628773)
Date of Address	:	07/03/2011
Date of Last AGM	:	29/06/2020
Date of Last AR	:	16/07/2020
FYE As At Date of Last AR	:	31/12/2019

Audit Firms

NAME
ERNST & YOUNG LLP

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)

Officers/Authorised Representative(s)

Name / Address	ID	Nationality/Citizenship / Position Held	Source of Address	Date of Appointment
LEE SUAN HIANG	S0004809G	SINGAPORE CITIZEN	ACRA	16/04/2010
16 JALAN JELITA MCMAHON PARK SINGAPORE (278340)		Director		
PHUA SIOK GEK CYNTHIA	S1320399G	SINGAPORE CITIZEN	ACRA	01/06/2015
6 SIMON PLACE SIMON LODGE SINGAPORE (545940)		Director		
NG YEAU CHONG	S1791941E	SINGAPORE CITIZEN	ACRA	22/02/2018
118 JURONG EAST STREET 13 #01-123 IVORY HEIGHTS SINGAPORE (600118)		Director		
LIM ANDY	S1234371Z	SINGAPORE CITIZEN	ACRA	15/06/2009
7 MARGOLIOUTH ROAD SINGAPORE (258534)		Director		

Authentication No. : Z21128602X

INFORMATION RESOURCES

Business Profile (Company) of VIKING OFFSHORE AND MARINE LIMITED (199307300M)

Date: 22/02/2021

Officers/Authorised Representative(s)

Name / Address	ID	Nationality/Citizenship / Position Held	Source of Address	Date of Appointment
TAN WEE PENG KELVIN	S1668298E	SINGAPORE CITIZEN	ACRA	25/06/2009
16 WAN THO AVENUE SENNETT ESTATE SINGAPORE (347545)		Director		
NG YEAU CHONG	S1791941E	SINGAPORE CITIZEN	ACRA	30/04/2019
118 JURONG EAST STREET 13 #01-123 IVORY HEIGHTS SINGAPORE (600118)		Chief Executive Officer		
LIM MEI HUA LOTUS ISABELLA	S2171051B	SINGAPORE CITIZEN	ACRA	30/12/2009
80 ROBINSON ROAD #02-00 SINGAPORE (068898)		Secretary		
LIN MOI HEYANG	S2750922C	MALAYSIAN	ACRA	05/08/2013
271A SENGKANG CENTRAL #06-261 TIVELA SINGAPORE (541271)		Secretary		

Shareholder (s)

Name / Address	ID	Nationality/Citizenship/ Place of incorporation/ Origin/Registration	Source of Address	Address Changed

INFORMATION RESOURCES

WHILST EVERY ENDEAVOR IS MADE TO ENSURE THAT INFORMATION PROVIDED IS UPDATED AND CORRECT. THE AUTHORITY DISCLAIMS ANY LIABILITY FOR ANY DAMAGE OR LOSS THAT MAY BE CAUSED AS A RESULT OF ANY ERROR OR OMISSION.

Business Profile (Company) of VIKING OFFSHORE AND MARINE LIMITED (199307300M)

Date: 22/02/2021

Abbreviation

UL - Local Entity not registered with ACRA

UF - Foreign Entity not registered with ACRA

AR - Annual Return

AGM - Annual General Meeting

FS - Financial Statements

FYE - Financial Year End

OSCARS - One Stop Change of Address Reporting Service by Immigration & Checkpoint Authority.

Note :

- The information contained in this product is collated from lodgements filed with ACRA, and/or information collected by other government sources.

- The list of officers for this entity is available for online authentication within 30 days from the date of purchase of this Business Profile. Please scan the QR code available on the last page of this profile to access the authentication page. For more information, please visit www.acra.gov.sg.

FOR REGISTRAR OF COMPANIES AND BUSINESS NAMES
SINGAPORE

RECEIPT NO.	: ACRA210222160921
DATE	: 22/02/2021

This is computer generated. Hence no signature required.

Authentication No. : Z21128602X

Appendix-B

VO&M

VIKING OFFSHORE & MARINE

ANNUAL REPORT

2019

Contents

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Our Business

Viking Offshore and Marine Limited is listed on the Catalist Board of Singapore Exchange and based in Singapore with a presence in the Asian region and customers all over the world. Further complementing our regional presence, we have a network of service agents spanning the globe. Through our wholly owned subsidiaries, Viking provides offshore and marine system solutions to yards, vessels owners and oil majors around the world. The strength of our products and solutions lies in our robust engineering designs, superior project delivery and many track records over the years.

Our deep engineering and systems know-how, coupled with our years of experience, allow us to adapt our system solution to be portable for onshore and non-oil and gas-centric applications. Increasingly, our system solutions are being accepted and popularised beyond our oil and gas, and offshore and marine customers.

To strengthen our business with more stable and predictable earning streams, we made a strategic move into asset management services. We are constantly on the lookout for attractively valued assets and chartering them to customers from the offshore and marine, and oil and gas industry. As our value proposition, we offer tailored and creative solutions and structures that allow our customers the use of assets for their operational needs and to accommodate their financial capacity.

Viking's business is now cemented along two major pillars – offshore and marine services and asset chartering services.

OFFSHORE AND MARINE SERVICES

- Heating, Ventilation, Air-Conditioning & Refrigeration
- Fire & Gas Detection
- Control & Instrumentation
- Marine Telecommunication
- Winches, Power Pack & Deck Machinery

ASSET CHARTERING SERVICES

- Chartering Services
- Asset Financing

ANCILLARY SERVICES

- Facility Services

Group Structure

Viking Offshore & Marine Limited

Listed on Singapore Exchange

- Viking Airtech Pte Ltd
  - Viking Airtech (Shanghai) Co., Ltd
  - Viking Airtech (Yantai) Co., Ltd
  - Viking Offshore Malaysia Sdn Bhd
  - PT Viking Offshore
- Viking HVAC Pte Ltd
- Marshal Systems Pte Ltd
  - Marshal Offshore & Marine Engrg Co., Ltd
- Promoter Hydraulics Pte Ltd
- Viking Asset Management Pte Ltd
  - Viking LR1 Pte Ltd
  - Smart Earl Investment Limited
    30% shareholding ownership
  - Viking LR2 Pte Ltd
  - Quick Booms Investments Limited
    30% shareholding ownership
  - Viking Gold Pte Ltd
- Viking Offshore Global Pte Ltd
- Viking Facilities Management & Operations Pte Ltd

Financial Summary

FINANCIAL PERFORMANCE ($MILLION)

	2015	2016	2017	2018	2019
Revenue	84.5	46.4	38.7	30.1	24
Gross Profit	23.9	18.8	15.4	11.5	8.4
Gross Margin	28%	41%	40%	38%	35%
Net Loss Before Tax	(9.9)	(17.1)	(13.5)	(28.2)	(32.1)
Net Loss After Tax	(9.4)	(15.9)	(13.2)	(28.0)	(32.0)

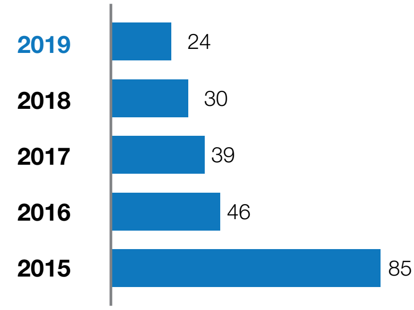
FINANCIAL POSITION ($MILLION)

	2015	2016	2017	2018	2019
Total Assets	171.4	146.5	130.1	101.8	73.8
Total Liabilities	81.0	71.6	65.2	64.8	69.0
Shareholder's Equity	90.4	74.9	64.9	37.0	4.8
Net Current Assets/ (Liabilities)	4.1	5.5	25.4	12.1	(20.9)
Cash & Cash Equivalents	7.5	4.7	6.1	3.6	2.4

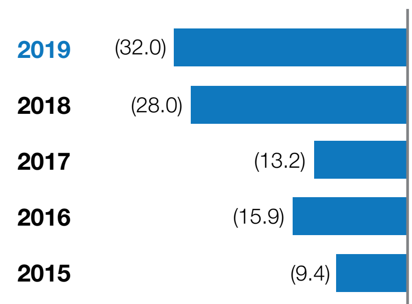
CASH FLOW ($MILLION)

	2015	2016	2017	2018	2019
Opening Cash Balance	8.7	7.5	4.7	6.0	3.6
Net Cash Flow From Operations	(6.7)	2.6	3.0	2.0	0.2
Net Cash Flow From Investing	(5.7)	(0.2)	-	-	-
Net Cash Flow From Financing	10.8	(5.2)	(1.6)	(4.6)	(1.4)
Ending Cash Balance	7.5	4.7	6.1	3.6	2.4

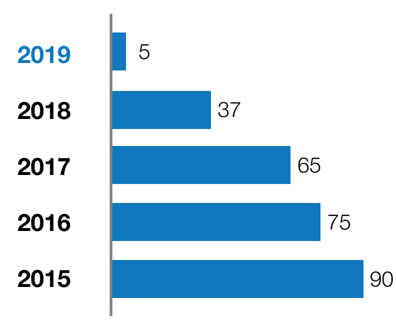
REVENUE ($MILLION)



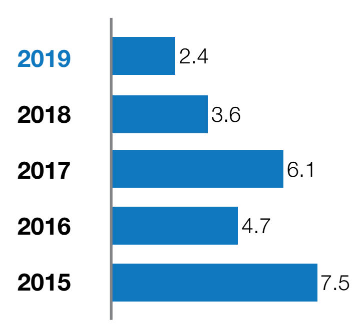
NET LOSS AFTER TAX ($MILLION)



NET ASSETS ($MILLION)



CASH AND EQUIVALENTS ($MILLION)



Chairman and CEO's Report

Dear Shareholders

During the financial year ended 31 December ("FY") 2019, business conditions in the global offshore and marine industry remained difficult as a consequence of the prolonged market recovery, slow demand growth in the upstream and increasingly intense competitive pressures within the sector. Business sentiment was further dampened by continuing economic and geopolitical uncertainties worldwide.

To navigate this challenging business environment and sustain our business, our focus and direction for the year centred around:

- sustaining the Offshore and Marine Services business with a right-sized capacity and infrastructural support, and building up a stronger backlog and order book;
- maintaining liquidity for operational needs through prudent cost management and spending discipline;
- restructuring our financial debts and address creditors' concerns;
- seeking strategic investor(s) for fresh funds and business opportunities; and
- monetising our assets and improving receivables collection to unlock cashflow.

Operations Review

The seemingly gradual recovery in the industry has been sporadic and inconsistent. Without a clear industry outlook and direction, upstream demand continued to be weak and downstream flow-through lagging.

Offshore and Marine Services

With the newbuilds opportunity in the offshore sector significantly lacking, we focused our efforts on the marine vessel requirements and the supply of parts and services. This invariably resulted in a higher number of transactions of shorter tenure and smaller contract values, but of better margins. In addition, we were better able to manage the inherent risks associated with large end-to-end integration project works. While the profitability and risk profile of our Offshore and Marine Services have improved, the volume and value of the contracts were not able to cover the shortfalls in the newbuilds.

The shifts in sales order mix were also reflected in the geographical markets we serve. Lesser newbuilds in the offshore sector impacting major countries of China and Singapore resulted in a corresponding decrease in revenue contribution from these markets. On a positive note, emerging markets are seeing increases and the overall geographical portfolio showed more balance and diversification. While our business mix reflects the industry patterns, we recognise the need to increase our order intake rates as well as to seek out larger project opportunities in order to raise business levels.

The changes to our business strategies and the low levels of business activity required the reduction and reallocation of our resources accordingly. We right-sized our business operations by rationalising our customer support requirements and our infrastructure and capacity. In order to meet the changing resource requirements without adverse impact to customer support, we re-missioned and reskilled our staff towards growth areas, outsourced support activities, and leveraged resources in more cost-effective locations.

We anticipate the difficult industry conditions to persist. To sustain and navigate our Offshore and Marine Services business through this period will necessitate us to relentlessly pursue higher order intake rates in parts and services areas, while selectively bidding on the limited new turnkey projects utilising the strong established track record we have built over the years.

Asset Management Services

Low levels of activity in oil and gas drilling and exploration continued to underpin the weak demand for offshore-related assets. As a result, the Group's drilling rig assets remained cold stacked and facing charter contract default from its charterers. Our focus in this segment primarily centred around the recovery of outstanding receivables from the charterers as well as being on the lookout for opportunities to monetise the assets.

Our favourable arbitration award in Singapore against the defaulted Chinese charterer of the land rigs has been recognised by the Beijing Chinese court and is currently undergoing enforcement procedures. We will endeavour to extract any amount and form of recovery against the assets of the defaulted Chinese charterer. In the enforcement process, one of the land rigs was judicially seized from the charterer's premise in 2019, after an arbitration between the charterer and their supplier in a Chinese court. The Group is currently seeking legal advice and recourse on this matter.

In a separate legal dispute with the owners of the chemical tankers which we contracted under a charter and sub-charter arrangement, we managed to reach an amicable settlement and have closed this protracted unpleasant chapter.

Chairman and CEO's Report

We expect this business segment to continue to face challenges, and we do not envisage making any major investments. We will focus instead on the recovery of outstanding receivables and on extracting value from the existing assets.

Corporate Restructuring

While we have endeavoured to weather the difficult operating conditions faced by the industry in the past few years, the situation became untenable for the Group in 2019. We were able to negotiate debt restructuring plans with some creditors but less successful with others. In this regard, the Group deliberated and decided that the best course of action was to subject itself to a court-supervised moratoria and restructuring process. This will allow the Group time and space to develop plans to address all the creditors' debt in an orderly and equitable process.

In June 2019, we filed an application for moratorium and restructuring under Section 211 of the Companies Act for Viking Offshore & Marine Limited and one of its subsidiaries. At the date of this report, these companies are still under the moratoria and efforts are underway to seek further extension of the moratoria. During this moratoria period, we were able to negotiate a joint conditional share placement agreement with two potential strategic investors. It is envisaged that the funds from these potential investors will be channelled towards a scheme of arrangement to address the affected creditors' debts.

While we envisage the scheme of arrangement may not satisfy the full face-value of the debts, we believe this solution to be the best possible outcome for the creditors under the present situation. We urge the creditors to give us time to complete the process and to give the proposal every opportunity to materialise when they are presented with it.

Financial Review

The Group's revenue decreased to S$23.7 million in FY2019, as compared to S$30.1 million in FY2018, mainly due to lack of revenue for the Asset Chartering Services coupled with the lower order book in the Offshore and Marine Services. No revenue was recognised for the Asset Chartering Services due to termination of contracts because of the charterer's default.

Gross profit decreased to S$8.4 million in FY2019, in tandem with the decrease in revenue. The gross profit margin declined from 38% in FY2018 to 35% in FY2019, due to the lack of higher-margin Asset Chartering Services revenue in FY2019, as compared to that in FY2018. The weakened US Dollar against Singapore Dollars in 2019 resulted in the unrealised foreign exchange loss on translation of US Dollar denominated current assets. This caused a decrease in other income to S$0.4 million in FY2019, from S$1.0 million in FY2018.

Total expenses, excluding one-off impairment charges, decreased year-on-year. This is a result of the prudent expense management efforts coupled with lower discretionary spending from lower business levels. The impairment charges mainly resulted from accounting for valuation of certain assets on the Balance Sheet; and were recorded in other operating expenses. These material items and their accounting effects were as follows:

1. impairment loss on goodwill of S$6.3 million related to the acquisition of the Offshore and Marine Services businesses;

2. impairment loss on trade receivables of S$4.3 million pertaining to the land rig charter contracts, due to collectability issue. Notwithstanding the impairment, the Group continues to pursue the enforcement of the favourable arbitration award against the charterer in China; and

3. impairment loss on inventories of S$13.4 million pertaining to a land rig, slow moving stocks and work in progress. The land rig was impaired as it was judicially seized from the charterer's premises, after an arbitration between the charterer and its supplier in a Chinese court.

As a result of the above, the Group recorded a net loss after tax of S$32.0 million. Further to this, the Group's net assets decreased to S$4.8 million as at 31 December 2019.

The impairment losses explained earlier resulted in the corresponding reduction in non-current assets, trade receivables and inventories accordingly, in the Balance Sheet. While the major debts were subject to the moratoria and restructuring process, the interest charges continued to be accrued and this accounted for the increase in other payables. Timing of purchases and supplier payments further contributed to the balances.

The Group recorded net cash outflow for the year which resulted in reduction of cash balances at year-end, as compared to the prior year. While cashflow from operating activities was positive, this was offset by the larger cash outflow for repayments of loans and borrowings during the year.

Going Forward

The challenge confronting the Group is in the balancing act of its restructuring journey to address the competing interests of multiple stakeholder groups and maintaining the ongoing offshore and marine businesses. This is now compounded by the ongoing oil price volatility affecting the industry as well as the outbreak of COVID-19 pandemic which will have a global economic impact.

Our goals remained unchanged – it is imperative for the Group to relentlessly work with the various creditors and potential investors so as to expeditiously emerge from the moratoria. Additionally, the operating business units need to manage through the difficult business climate with aggressive order intakes, improved productivity, and heightened cost management. We continue to maintain our faith to navigate our way out of this prolonged challenging business climate and our debt restructuring process, and to ultimately emerge with a renewed vigour and direction going forward.

On this note, we would like to thank our employees, suppliers, customers, and our creditors for their support and sacrifices through this difficult journey. This is especially relevant and more so for the creditors which are impacted by the moratoria, a group which is very crucial for our restructuring process. We will endeavour to present a scheme of arrangement that will be equitable and maximise the debt recovery rate for our creditors, and we look forward to their support when the time comes.

Thank you.

MR ANDY LIM
Chairman and Executive Director

MR NG YEAU CHONG
Chief Executive Officer and Executive Director

Board Members

ANDY LIM, 62
Chairman and Executive Director

Mr Lim was appointed Chairman and Executive Director of the Company on 15 June 2009. He is also the Founder and Chairman of private equity firm Tembusu Partners Pte Ltd, and Chairman of the MoneyWorld Group of Companies. His other board appointments include Board of Trustee for Honour Singapore and a member of the Home Affairs Uniformed Service Invest Board of Trustee. His past board appointments include President of Enterprise 50 Association, Chairman of Alpha Singapore and Council Member of the National Council for Anti-Drug Abuse. In 2016, Mr Lim was appointed Honorary Consul General to the Republic of Lithuania after serving as Honorary Consul for 12 years. Mr Lim holds an Engineering degree (First Class Honours) from Cambridge University and a Masters in Business Administration from University of California at Los Angeles (UCLA).

LOW JOOI KOK, 56
ceased as an Executive Director on 28 June 2019

Mr Low was appointed Chief Executive Officer and Executive Director of the Group on 26 April 2016. Mr Low relinquished his position as Chief Executive Officer on 30 April 2019. Mr Low previously held the positions of Chief Operating Officer and Chief Financial Officer of the Group, a role he has assumed since he joined the Group in March 2010. Mr Low has more than 25 years of commercial experience spanning sales, marketing and line-of-business executive management, financial and operations management. He was the Chief Financial Officer of IBM Singapore in 1998, and then Director of Business Partner Sales for ASEAN and South Asia till 2009. Prior to joining IBM, Mr Low was with Visa International, holding various appointments overseeing financial planning and management of strategic business investments for Visa within Asia-Pacific region. Mr Low holds a Master of Business Administration from Southern Illinois University, Carbondale and a Bachelor of Accounting degree from Nanyang Technological University of Singapore, and is a CPA.

NG YEAU CHONG, 53
Chief Executive Officer and Executive Director

Mr Ng was appointed Executive Director of the Company on 22 February 2018 and subsequently appointed Chief Executive Officer on 30 April 2019. Mr Ng joined the Group in August 2010 as the Chief Operating Officer of the Company and Managing Director of Promoter Hydraulics Pte Ltd. He subsequently relinquished these positions and was appointed Executive Director of Viking Airtech Pte Ltd in May 2012, and as Managing Director in January 2015. He stepped down as Managing Director of Viking Airtech Pte Ltd and was appointed Managing Director of Marshal Systems Private Limited in October 2018. Mr Ng has more than 25 years of professional experience covering Sales & Marketing, Program Management, and Operations & Training in both public and private sectors. An Overseas Merit Scholar (SAF), Mr Ng was with the Republic of Singapore Navy for more than 10 years. Prior to joining the Group, he served as Asia Consulting Solution Director (Oracle Consulting Services, 2007-2010), Vice President (UOB, 2000-2007), and Assistant Head (Spring Singapore 1999-2000). Mr Ng holds a Master of Arts from University of Oxford and a MBA (Accountancy) from Nanyang Technological University. Mr Ng is a Certified Financial Analyst (CFA), and a Financial Risk Manager (FRM).

LEE SUAN HIANG, 69
Lead Independent Director

Mr Lee was appointed Independent Director of the Company on 16 April 2010. He had a varied career as Deputy Managing Director of the Economic Development Board and Chief Executive of SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research, National Arts Council and Real Estate Developers' Association of Singapore. He was also the Chairman of PSB Corporation, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation. He is the current President of the EDB Society and a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing, and World Academy for Productivity Science and currently holds directorship appointments with several other private and public listed companies. Mr Lee was awarded the Public Administration (Gold) Medal in 1998, World SME Association Award in 2001, Japan External Trade Organisation Award in 2002 and Chevalier de l'Ordre des Arts et Lettres from France in 2010.

TAN WEE PENG KELVIN, 55
Independent Director

Mr Tan was appointed Independent Director of the Company on 25 June 2009. He has more than 20 years of professional experience including senior management positions at AETOS Security Management, PSA International, and Temasek Holdings, the last being the Managing Director of its Private Equity Funds Investment Unit. He was a consultant advising companies investing in China, and also served with the Singapore Police Force. Mr Tan is an Adjunct Associate Professor with the NUS Business School. A Local Merit Scholar (Police Service), Mr Tan holds a Bachelor in Accountancy (First Class Honours) and a Master in Business Administration from the National University of Singapore. He also attended the Programme for Management Development at Harvard Business School. Mr Tan currently holds directorship appointments and advisory positions with several other private and public-listed companies.

Board Members

PHUA SIOK GEK CYNTHIA, 61
Independent Director

Ms Phua was appointed as Independent Director of the Company on 1 June 2015. Ms Phua has over 30 years of experience in the real estate industry having held the position of Executive Vice President of Singbridge Corporate Pte Ltd, Executive Director of Retail Services in Knight Frank Pte Ltd, General Manager of the Real Estate Unit in NTUC FairPrice, Managing Director of SLF Management Services Pte Ltd and CEO of Bishan-Toa Payoh Town Council. Cynthia was involved in the overseas projects in Singbridge and in Knight Frank. At FairPrice, Cynthia headed the company's real estate investment, development, sourcing and management of the retail spaces. Under Cynthia's leadership, FairPrice and Cheers expanded their footprint in Singapore from 103 to over 254 outlets island- wide. Between 2001 and 2011 Cynthia was also an elected Member of Parliament in the Aljunied Group Representation Constituency and Chairman of Aljunied Town Council. Cynthia holds a B. Sc (Estate Management) Honors from the National University of Singapore. She also attended the Advanced Management Programme in Harvard Business School. Cynthia currently is a management consultant and holds directorship and advisory appointments in other charitable and social organisations.

Executive Management

LAW REN KAI KENNETH, 36
Chief Financial Officer

Mr Law was appointed Chief Financial Officer in April 2016. Mr Law previously held the position of Group Financial Controller when he joined the Group in April 2015. Mr Law began his career in a professional service firm in London before joining a Big 4 accounting firm providing assurance services to public listed companies and multinational clients in various industries including healthcare, manufacturing, property development and banking. He was also involved in corporate exercises in relation to fund raising during his assurance tenure. He subsequently had a stint in an SME company as CFO and was responsible for the corporate affairs and finance function of the company. Mr Law holds a Bachelor of Science (Honours) degree in Accounting and Finance from the London School of Economics and Political Science and is an associate of the Institute of Chartered Accountants in England and Wales and associate member of the Institute of Singapore Chartered Accountants.

RAYMOND GOH TIAN CHOO, 42
Group General Manager, Viking Airtech Pte Ltd

Raymond Goh joined Viking Airtech Pte Ltd in 2002 and was appointed as Group General Manager since September 2018. Since joining, Raymond has been responsible for sales, marketing, tender, and procurement. Having spending 18 years working in the marine & offshore industry, Raymond's insights on the markets was instrumental in securing a number of large and complex onshore, offshore & marine projects in Singapore and abroad. Raymond also played an important role in setting up the operations of Viking Airtech in Malaysia, Indonesia, and Vietnam. Raymond holds a Masters in Business Administration from University of Adelaide, and has working experience at shipyards before joining Viking Airtech.

ANDY LIM, 62
Chairman and Executive Director

LOW JOOI KOK, 56
ceased as an Executive Director on 28 June 2019

NG YEAU CHONG, 53
Chief Executive Officer and Executive Director

Corporate Information

COMPANY REGISTRATION

Viking Offshore and Marine Limited
(listed on the Singapore Exchange)
Registration: 199307300M

REGISTERED OFFICE

Viking Offshore and Marine Limited
21 Kian Teck Road
Singapore 628773
Tel: (65) 6601 9500
Fax: (65) 6601 9600
Email: info@vikingom.com
Website: www.vikingom.com

BANKERS

United Overseas Bank Limited
Overseas-Chinese Banking Corporation Limited
Malayan Banking Berhad
Standard Chartered Bank
Australia and New Zealand Banking Group Limited
RHB Bank Berhad
Hong Leong Finance Limited

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-In-Charge:
Vincent Toong Weng Sum
(wef financial year ended 31 December 2019)

COMPANY'S SPONSOR

ZICO Capital Pte. Ltd.
8 Robinson Road #09-00
ASO Building
Singapore 048544

SHARE REGISTRAR & SHARE TRANSFER OFFICE

M&C Services Pte Ltd
112 Robinson Road #05-01
Singapore 068902

BOARD OF DIRECTORS

Andy Lim
Chairman and Executive Director

Ng Yeau Chong
Chief Executive Officer and Executive Director

Low Jooi Kok
ceased as an Executive Director on 28 June 2019

Lee Suan Hiang
Lead Independent Director

Tan Wee Peng Kelvin
Independent Director

Phua Siok Gek Cynthia
Independent Director

AUDIT COMMITTEE

Tan Wee Peng Kelvin (Chairman)
Lee Suan Hiang
Phua Siok Gek Cynthia

NOMINATING COMMITTEE

Lee Suan Hiang (Chairman)
Tan Wee Peng Kelvin
Phua Siok Gek Cynthia

REMUNERATION COMMITTEE

Phua Siok Gek Cynthia (Chairwoman)
Tan Wee Peng Kelvin
Lee Suan Hiang

ADVISORS

Bo Johansson
Ong Choo Guan

COMPANY SECRETARY

Lin Moi Heyang
Lotus Isabella Lim Mei Hua

Financial Review

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Corporate Governance Report

For the year ended 31 December 2019

The board of directors (the "**Board**" or "**Directors**") of Viking Offshore and Marine Limited (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance and is committed to ensuring the practices recommended in the Code of Corporate Governance 2018 issued in August 2018 (the "**Code**") are practiced throughout the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long term shareholders' value and protect the interests of shareholders.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December ("**FY**") 2019, with specific reference made to the Principles and the Provisions of the Code, which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

While it is always the objective of the Group to ensure all the Provisions of the Code are followed strictly, however, in view of the current lean cost structure and financial position of the Group as well as the ongoing debt and corporate restructuring exercises of the Group which involve interests of existing and incoming shareholders and various other stakeholders, there are situations and reasons where full compliance with the Provisions of the Code may not be feasible or may not be meaningful for the Group at this stage in time. In this regard, where there are areas of the current practices which deviate from the Provisions of the Code, appropriate explanations are provided accordingly, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

I. BOARD MATTERS

The Board's Conduct of Affairs

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

Provision 1.1

Principal Duties of the Board

The Company is headed by an effective Board to lead and control its operations and affairs. The Board is entrusted with the responsibility for the overall management and corporate governance of the Group including establishing strategic objectives and providing entrepreneurial leadership.

In addition, the Board has an obligation to shareholders of the Company ("**Shareholders**") and other stakeholders of the Company to safeguard their interests and the Company's assets by establishing a framework of prudent and effective controls which enables risk to be assessed and managed.

To elaborate further; the Board has the responsibility to fulfil its role which includes the following:

1. Approve the corporate direction and strategy of the Company and monitor the performance of the management of the Company ("**Management**");
2. Approve the nomination of Directors and appointment of key managerial personnel of the Group;
3. Approve the annual budget, major funding proposals and investment proposals of the Group, and ensure the necessary financial and human resources are in place for the Company to meet its objectives;

4. Establish a framework of prudent and effective controls which enables risks to be properly assessed and managed, including safeguarding of Shareholders' interests and Group's assets;

5. Identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

6. Review the financial performance of the Group and necessary reporting compliance of the Group with all laws, rules and regulations;

7. Set Company's values and standards (including ethical standards) and ensure that obligations to Shareholders and other stakeholders are understood and met;

8. Assume responsibility for corporate governance of the Group; and

9. Consider sustainability issues, e.g. environmental and social factors, as part of the strategic formulation of the Group.

Code of Business Conduct and Ethics

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors are expected to be cognizant of their statutory duties, and to discharge them objectively in the interest of the Company.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors, officers and employees of the Group, on the areas of ethical risk and sets a framework where integrity and accountability are paramount. The Company is also committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law.

Directors are regarded as executive, non-executive and independent according to their differing roles, although all Directors have the same statutory duties. In FY2019, all Directors were reminded, and took note, of the different roles they have in the Company.

Conflict of Interests

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and shall in any event recuse himself or herself from the decision-making.

Pursuant to Section 156 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), each Director is to declare to the Company his or her interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions.

Provision 1.2

Director Competencies

All Directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all Directors, a listed Board will generally have different classes of directors with different roles:

- **Executive Directors (EDs)** are members of Management who are involved in the day-to-day running of the business. They work closely with the Non-Executive Directors on the long-term sustainability and success of the businesses. They provide insights and recommendations on the Group's operations at the Board and Board Committees (as defined herein) meetings.

- **Non-Executive Directors (NEDs)** are Non-Executive Non-Independent Directors who do not participate in the business operations. They constructively challenge Management on its decisions and contribute to the development of the Group's strategic goals and policies. They participate in the review of Management's performance in achieving the strategic objectives as well as the appointment, assessment and remuneration of the Executive Directors and key personnel.

- **Independent Directors (IDs)** are Non-Executive Independent Directors who are unrelated to any of the Directors and deemed to be impartial by the Board. Independent Directors have similar duties as the Non-Executive Directors, with the additional responsibility of providing independent and objective advice and insights to the Board and Management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

Appointment Letter

Newly appointed Directors will be provided a formal letter of appointment, explaining among other matters, the roles, obligations, duties and responsibilities, and the expectations of their contribution to the Company as a member of the Board.

Directors' Orientation and Training

The Company does not have a formal training program for the Directors but the Directors are continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and accounting developments may be in writing or disseminated by way of briefings or presentations. To get a better understanding of the Group's businesses, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management.

All new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic direction and industry-specific knowledge, corporate functions and governance practices, as well as the expected duties of a Director of a listed company. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company, organised by the Singapore Institute of Directors ("**SID**") as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company.

The Company encourages the Directors to be members of the SID, and for them to receive regular journal updates and training from SID to stay abreast and be apprised of developments in financial, legal, regulatory requirements, and the business environment. The Company also encourages the Directors to attend training courses organised by the SID or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public listed company in Singapore, and such training will be funded by the Company.

All Directors are provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("**ACRA**") and other relevant regulatory bodies which are relevant to the Group and/or Directors are circulated to the Board. In addition, the Audit Committee Chairman, the external auditors and the Management will regularly keep the Board abreast of changes and development within the accounting and financial reporting areas.

Provision 1.3

Matters Requiring Board's Approval

The Board has delegated the day-to-day operations of the Group to Management while reserving key matters for the Board's approval. The Company has in place internal guidelines on matters which specifically require the Board's decision or approval, which has been clearly communicated to Management, including but not limited to the following:

(a) approval of announcements released via SGXNet, including financial results announcements;

(b) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual reports;

(c) dividend matters;

(d) authorisation of banking facilities and corporate guarantees;

(e) approval of change in corporate business strategy and direction;

(f) appointment and cessation of Directors and key Management;

(g) any matters relating to general meetings, Board and Board committees; and

(h) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

In addition, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key Management. Such delegation guidelines are reviewed on a regular basis and accordingly revised when necessary.

Provision 1.4

Delegation by the Board

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, the Board has established a number of Board committees, namely the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"). Each of the Board Committees functions within clearly defined terms of references and operating procedures endorsed by the Board, which are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. The Board Committees will also review their terms of reference on a regular basis to ensure their continued relevance and the effectiveness of each Board Committee is also constantly reviewed by the Board. The composition and description of each Board Committee are set out in this report. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised for alignment with the Code.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior Management to attend their meetings.

Provision 1.5

Board and Board Committees Meetings

The schedule of all the Board and Board Committees meetings as well as the annual general meeting of the Company ("**AGM**") for the calendar year is jointly planned and decided by the Board members one quarter in advance. The Board meets at least once a quarter during the year and whenever warranted by particular circumstances. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board would have informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

The Company's Constitution allows the Board meetings to be conducted by means of conference telephone, videoconferencing, audio visual, or other electronic means of communication by which all persons participating in the meeting can hear one another contemporaneously. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

The attendance of each Director at meetings of the Board and Board Committees during FY2019 as well as the frequency of such meetings held is set out in the table below:

Attendance of Board Members	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings	**4**	**4**	**1**	**1**
Mr Andy Lim	4 / 4	NA	NA	NA
Mr Ng Yeau Chong	4 / 4	NA	NA	NA
Mr Low Jooi Kok (1)	2 / 2	NA	NA	NA
Mr Lee Suan Hiang	4 / 4	4 / 4	1 / 1	1 / 1
Mr Kelvin Tan Wee Peng	4 / 4	4 / 4	1 / 1	1 / 1
Ms Cynthia Phua Siok Gek	4 / 4	4 / 4	1 / 1	1 / 1

Note 1: Ceased as an Executive Director on 28 June 2019.

If a Director is unable to attend a Board or Board Committees meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Chairman of the Board or the Board Committees of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2019. In view of this, the Board does not limit the maximum number of listed company board representation its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Company and adequately carrying out his or her duties as a Director. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board and the NC will review the requirement to determine the maximum number of listed Board representations as and when they deem fit.

Provision 1.6

Access to Information

All Directors have unrestricted access to the Company's records and information. From time to time, they are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of Management.

Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meetings.

The Board receives quarterly financial performance results, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

Provision 1.7

Access to Management and Company Secretary

The Directors have separate and independent access to Management and the Company Secretary, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

The Directors may also liaise with Management as and when required to seek additional information. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or their representatives attend all the Board and Board Committees meetings and prepares minutes of meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Independent Professional Advice

Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties and responsibilities, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

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.

Provision 2.1

Director's Independence

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC, shall conduct an annual review to determine the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval.

For FY2019, the Independent Directors, namely:

- Mr Lee Suan Hiang,
- Mr Kelvin Tan Wee Peng, and
- Ms Cynthia Phua Siok Gek,

have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules.

Some of the Independent Directors own shares and warrants in the Company; however, each of their shareholdings and warrantholdings are minimal (representing less than 5.0% of the total issued shares in the Company) and the Independent Directors are not in a foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

Duration of Independent Directors' Tenure

While the NC and the Board recognise that Independent Directors who may have served in such office for an aggregate period of more than nine (9) years may have developed relationships, *inter alia*, with the Company and/or Management, such Independent Directors would also have developed significant insights into the Group's businesses and operations and may be able to continue providing significant and valuable contributions to the Board. Where there are such Directors, the NC and the Board will review vigorously their continuing contributions and independence and may exercise its discretion to extend the tenure of these Directors where appropriate.

Two of the Independent Directors, namely Mr Lee Suan Hiang, and Mr Kelvin Tan Wee Peng, have served on the Board for more than nine (9) years. In view of this, the other Directors have been asked to particularly review and assess the continued independence of both Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng.

After due consideration and taking into account the views of the NC, the Board continues to regard Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng as independent notwithstanding the length of tenure of their service, after taking into consideration, *inter alia*, the guidelines for independence as provided for under the Code, the absence of potential conflicts of interest for the Independent Directors which may arise through, *inter alia*, a shareholding interest in the Company and/or business dealings directly or indirectly with the Group, and they have demonstrated independence in character and judgment, through, amongst others, their contributions to Board discussions and deliberations and ability and preparedness to exercise independent business judgment and/or decisions with the view to the best interests of the Company, without undue reliance, influence or consideration of the Group's interested parties such as the Chief Executive Officer ("**CEO**"), the other non-Independent Directors, controlling Shareholders and/or their associates.

Notwithstanding the result of the assessment of independence of the Independent Directors, the Board decides to gradually move towards strict compliance of the rules. In order to balance the need to ensure independence of the Independent Directors and the Company's interest of minimising disruption to the Board, the Board decides to retain Mr Lee Suan Hiang and Mr Kelvin Tan Wee Peng as Independent Directors and to address their directorship status in the next cycle, before the next AGM. The Board will concurrently and actively seek out suitable candidates as part of its succession plan going forward.

Provision 2.2

Proportion of Independent Non-Executive Directors

In view that the Chairman is not an Independent Director, the Board comprises a majority of three (3) Directors (out of a five (5) member Board) who are Independent Directors.

Provision 2.3

Proportion of Non-Executive Directors

The Board comprises a majority of three (3) Directors (out of a five (5) member Board) who are Non-Executive Directors.

Provision 2.4

Board Composition and Size

As at the date of this report, the Board comprises the following five (5) Directors, two (2) of whom are Executive Directors and three (3) of whom are Non-Executive and Independent Directors:

Executive Directors

Mr Andy Lim	Executive Director and Chairman
Mr Ng Yeau Chong	Executive Director and CEO

Non-Executive Directors

Mr Lee Suan Hiang	Non-Executive and Lead Independent Director
Mr Kelvin Tan Wee Peng	Non-Executive and Independent Director
Ms Cynthia Phua Siok Gek	Non-Executive and Independent Director

The Company conducts an annual review of the size and composition of the Board and Board Committees to ensure that both aspects continue to meet the needs of the Group in managing the businesses as well as maintaining a strong independent element within the composition of the Board and Board Committees. The Board will continuously review this with a view to enhance corporate governance practices in tandem to proposed changes to the Code.

The NC is of the view that the current size and composition of the Board and Board Committees are appropriate and conducive to the scope and nature of the Group's business, and for facilitating effective exchanges and decision making. The Board proactively seeks to maintain a balanced mix of experiences, competences, and attributes among the Directors, and this is reflected in the diversity of the composition of the Board and Board Committees in terms of background and competencies. Such experiences and competencies include finance and accounting, sales and marketing, strategic planning, investment management, relevant industry knowledge, entrepreneurial and management experience, familiarity with regulatory requirements and risk management. The Management is provided with full and direct access to the Board which also actively provides guidance and a broad range of views and perspectives.

Board Diversity

The Board's policy in identifying nominees for directorship is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making, regardless of gender. In recognition of the importance and value of gender diversity in the composition of the Board, the Company has a female Director on its Board for a number of years. Each Director has been appointed based on his or her skills, experience and knowledge, and is expected to bring forth his or her experience and expertise to the Board for the continuous development of the Group.

All Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and Shareholders.

Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

The Directors, in particular the Non-Executive Directors, are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Directors to engage in informed and constructive discussions. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by Management on major decisions and prospective business deals.

Provision 2.5

Meeting of Independent Directors without Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Independent Directors are encouraged to meet, without the presence of Management, so as to facilitate a more effective check on Management. During FY2019, the Independent Directors have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of Directors and key management personnel ("**KMPs**").

Chairman and Chief Executive Officer

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

Provision 3.1

Separation of the Role of Chairman and CEO

The Chairman of the Board and the CEO should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and Management responsible for managing the Group's business operations. For FY2019, the positions of the Chairman and the CEO are held by Mr Andy Lim and Mr Ng Yeau Chong respectively. The spouse of the CEO, Mr Ng Yeau Chong, is a cousin of the Chairman, Mr Andy Lim.

Provision 3.2

Role of Chairman and Chief Executive Officer

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management and effective communication with Shareholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with Management, as well as facilitates effective contribution of Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

(a) in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary and her representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;

(b) ensuring that all agenda items are adequately and openly debated at the Board meetings;

(c) ensuring that all Directors receive complete, adequate and timely information; and

(d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

The CEO has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Chairman and the relevant Board Committees, and recommended to the Board for its consideration and approval. The performance and remuneration package of the CEO is reviewed periodically by the NC and the RC. As the majority of the members of the Board comprises Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Provision 3.3

Lead Independent Director

The Board has a Lead Independent Director, Mr Lee Suan Hiang, to provide leadership in situations where the Chairman, who is not independent, is conflicted. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between Shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and development of succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration.

The Lead Independent Director makes himself available at all times when Shareholders have concerns and for which contact through the normal channels of the Chairman, the CEO or Management have failed to resolve or is inappropriate.

The Lead Independent Director also makes himself available to Shareholders at the Company's general meetings.

There were no query or request on any matters which requires the Lead Independent Director's attention received in FY2019.

Independent Director Meetings in Absence of Other Directors

Where necessary, the Lead Independent Director shall lead the meetings among the Independent Directors without the presence of other Directors. The Lead Independent Director shall provide feedback to the Chairman of the Board after such meetings, if it is necessary.

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.

Provision 4.1

Roles and Duties of Nominating Committee

The Board established the NC with written terms of reference which clearly set out its authority and duties, and reports to the Board directly. The terms of reference of the NC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the NC is responsible for:

1. regularly and strategically reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;

2. identifying and nominating candidates to fill Board vacancies as they occur;

3. requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;

4. sending the newly-appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;

5. determining the orientation programs for new Directors, and recommending opportunities for the continued training and professional development of the Directors;

6. recommending the membership of the Board Committees to the Board;

7. reviewing the independent status of Non-Executive Directors (in accordance with Catalist Rules 406(3)(d)(i), (ii), and (iii), and Provision 2.1 of the Code) and that of the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;

8. developing the performance evaluation framework for the Board, the Board Committees and individual Directors and propose objective performance criteria for the Board, the Board Committees and individual Directors;

9. recommending that the Board removes or reappoints a Non-Executive Director at the end of his or her term, and recommend the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;

10. reviewing other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;

11. reviewing and ensure that there is a clear division of responsibilities between the Chairman and CEO of the Company in place;

12. reviewing the Board with its succession plans for the Board Chairman, Directors, CEO and KMPs of the Company;

13. keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and

14. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

Provision 4.2

Nominating Committee Composition

As at the date of this report, the NC comprises the following three (3) members, all of whom, including the NC Chairman, are Non-Executive and Independent Directors:

Mr Lee Suan Hiang	Chairman
Mr Kelvin Tan Wee Peng	Member
Ms Cynthia Phua Siok Gek	Member

The composition of the NC is in compliance with the Code which requires the majority of the NC members, including the NC Chairman, to be independent.

The Lead Independent Director, Mr Lee Suan Hiang, is the NC Chairman.

Provision 4.3

Nomination and Selection of Directors

Where a vacancy arises pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC can also approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board and the Board approves such appointment.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors, amongst others, to consider succession planning and refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

Re-election of Directors

The Company's Constitution provides that:

- at each AGM, at least one-third of the Directors for the time being shall retire from office by rotation and submit themselves for re-election, provided that all Directors shall retire from office at least once every three (3) years. Rule 720(4) of the Catalist Rules also provides that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

- the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself or herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. Between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by the drawing of lots. A retiring Director shall be eligible for re-election.

- the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by the Company's Constitution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Pursuant to the Company's Constitution, Mr Ng Yeau Chong and Mr Kelvin Tan Wee Peng will retire as Directors of the Company at the forthcoming AGM. The NC and the Board will evaluate their eligibility and suitability for re-election taking into consideration, *inter alia*, their skills, experience, performance and their contribution of guidance and time to the Board. Additionally, the NC and Board will also evaluate the continued independence of Mr Kelvin Tan Wee Peng with regards to his appointment as Independent Director and respective Board committee membership. Mr Ng Yeau Chong and Mr Kelvin Tan Wee Peng, being the retiring Directors, have abstained from deciding on their own nomination.

Pursuant to Rule 720(5) of the Catalist Rules, information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules will be disclosed in the Notice to Annual General Meeting to be issued in due course.

Alternate Director

Currently, there are no Alternate Director appointed to the Board and/or the various Board Committees, and there have not had such requirement in the past nor the Board foresees a need for such arrangement. In the event that should such a need arises in the future, the NC and the Board may consider and approve such appointment on an ad-hoc basis, subject to a complete review of the suitability of the proposed candidate for the Alternate Director.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and Practice Guidance, and taking into consideration whether the Directors fall under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors have submitted their confirmation of independence annually for the NC's review. In respect of the Company's current Independent Directors, namely;

- Mr Lee Suan Hiang;
- Mr Kelvin Tan Wee Peng; and
- Ms Cynthia Phua Siok Gek,

the Board, based on the review conducted by the NC, is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2019, the Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

Provision 4.5

Directors' Time Commitments

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

As time requirements of each director are subjective, the NC and the Board have decided not to fix a maximum limit on the number of listed company board representations a Director can hold. The NC and the Board consider that the multiple listed company board representations held presently by the Directors do not impede their respective performance in carrying out their duties as a Director to the Company.

The NC and the Board have reviewed each Director's other listed company board representations and their principal commitments. The NC and the Board took into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's other listed company board representations and principal commitments, and the respective Directors' actual conduct and participation during the Board and Board Committee meetings, including availability and attendance at regular scheduled meetings and ad-hoc meetings, in making the determination, and are satisfied that all the Directors have been able to and have adequately carried out their duties as a Director of the Company notwithstanding their multiple listed company board representations and other principal commitments.

The members of the Board and the details of their other listed company board representations and principal commitments as at the date of this report, are set out in Appendix A of this report.

Information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement of this annual report.

Board Performance

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

Provisions 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC, together with the Board, has established a performance evaluation framework for the Board, Board Committees and individual Directors, proposed performance criteria and assist in the conduct of the evaluation, analyses the findings and reports the results to the Board. In addition, there exists a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Directors to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

The performance criteria which has been adopted include the adequacy and timeliness of information provided to the Board and the Board Committees, adequacy of process for monitoring and reviewing Management's performance, timeliness and adequacy of disclosures and communications with Shareholders and other stakeholders. In addition, the NC will have regard to whether a Director has adequate time and attention to devote to the Company, in the case of Directors with multiple listed company board representations and other principal commitments.

A peer to peer review was adopted by the Board in addition to evaluating the performance of the Board and the Board Committees as a whole. The performance of all Directors, including the Chairman, were individually reviewed by their fellow Directors, taking into consideration, *inter alia*, the Director's competencies, commitment, contributions and performance at Board and Board Committee meetings and discussions, including attendance, preparedness, participation and candour.

Annually, the NC will lead the Board effectiveness review through an open face-to-face meeting where each predetermined attribute and criteria is discussed and challenged rigorously to reach a consensus on the assessment. Each of the attributes will be scored and instances are cited to demonstrate and substantiate against each attribute score as evidential support. Quantitative and qualitative factors are considered in developing the attributes which include areas of evaluation with respect to Board functions, Board meetings, Board structure and communication. In addition, the Board is also measured on its effectiveness in formulating strategic plans for the Management and monitoring the progress and performance against the set objectives. The Board Committees are also evaluated for their effectiveness against their respective terms of reference.

The NC has, without the engagement of external facilitator, assessed the Board and Board Committees overall performance to-date and is of the view that the performance and effectiveness of the Board as a whole and Board Committees were satisfactory in FY2019.

Based on the summary of the evaluation together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each of the individual Directors had met its performance objective in FY2019.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: There 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 should be involved in deciding his own remuneration.

Provision 6.1

Roles and Duties of Remuneration Committee

The Board established the RC with written terms of reference which clearly set out its authority and duties, and reports to the Board directly. The terms of reference of the RC, which was revised and adopted for alignment with the Code and Catalist Rules, sets out its duties and responsibilities. Amongst them, the RC is responsible for:

1. determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;

2. ensuring that the level and structure of remuneration of the Board and KMPs are appropriate and proportionate to the sustained performance and value creation of the Company;

3. setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMPs;

4. recommending proposed Non-Executive Directors' fees for Shareholders' approval;

5. monitoring the level and structure of remuneration for KMPs relative to the internal and external peers and competitors;

6. ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;

7. reviewing the remuneration of employees related to the Directors, CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

8. reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);

9. obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;

10. overseeing any major changes in employee benefits or remuneration structures;

11. reviewing the design of all long-term and short-term incentive schemes for approval by the Board and Shareholders;

12. ensuring that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;

13. setting performance measures and determining targets for any performance-related pay schemes operated by the Company;

14. ensuring that a significant and appropriate proportion of Executive Directors' and KMPs' remuneration is structured so as to link rewards to corporate and individual performance;

15. working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and

16. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

The RC reviews the performance objectives (including weightage between quantitative financial performance figures as well as qualitative business development and management attributes). Directors' fees are set according to the remuneration framework. All Independent Directors are paid Directors' fees, subject to approval of the Shareholders at the AGMs.

The RC may, from time to time, and where necessary or required, seek advice from external consultants in designing the remuneration framework and policies, and fixing the remuneration packages of individual Directors and Management of the Company. This is to ensure that competitive compensation and progressive policies, with appropriate mix of short and long term incentives, are in place to attract, retain and motivate competent and committed Management.

Provision 6.2

Remuneration Committee Composition

As at the date of this report, the RC comprises the following three (3) members, all of whom, including the RC Chairman, are Non-Executive and Independent Directors:

Ms Cynthia Phua Siok Gek	Chairman
Mr Lee Suan Hiang	Member
Mr Kelvin Tan Wee Peng	Member

The composition of the RC is in compliance with the Code which requires all members of the RC to be non-executive directors and the majority of whom, including the RC Chairman, to be independent.

Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors/ CEO and the KMPs based on the performance of the Group, the individual Director and the KMPs. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the employment contracts entered into with the Executive Directors and KMPs that would arise in the event of termination of these employment contracts. This is to ensure that such employment contracts contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Provision 6.4

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No external expert was engaged by the Company in FY2019.

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 of creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

Remuneration of Executive Directors and KMPs

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate Directors and KMPs. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMPs.

The Executive Directors do not receive Directors' fees. The remuneration packages of Mr Andy Lim, Executive Director and Chairman of the Company, and Mr Ng Yeau Chong, Executive Director and CEO of the Company, are reviewed and recommended to the Board by the RC, and endorsed by the Board. Having reviewed the individual remuneration package and considered the financial condition of the Company, the RC is of the view and acknowledged that the Company is not in a financially capable position to achieve market competitiveness. Further reviews and adjustment to the remuneration packages may be made in the future when the situation and condition permits.

Provision 7.2

Remuneration of Non-Executive Directors

The remuneration of Independent Directors takes into account their level and quality of contribution and their respective responsibilities, including Board Committees' appointment holder, attendance and time spent at Board and/or Board Committee meetings. Independent Directors are paid a basic fixed fee for their participation at the Board level; and those who serve on the respective Board Committees are paid additional fees for such services. The Directors' fees are pro-rated according to their appointment and retirement date for the year, where applicable. No Director decides his own fees.

To ensure competitiveness, the Company conducts periodic reviews of Directors' remuneration to benchmark its Directors' fees against the amounts paid by other comparable listed companies. Directors' fees for the year are made in accordance to the remuneration framework that has been reviewed and recommended by the RC in the past. There is no change to the current remuneration framework and fee structure. No Director is involved in deciding his or her own remuneration. The Independent Directors have not been compensated to the extent that their independence is compromised.

It remains the practice of the Company to pay Directors' fees throughout the year during the Directors' respective tenure of service. In this regard, the Company will be seeking Shareholders' approval at the forthcoming AGM of the Company, for the payment of Directors' fees proposed for the financial year ending 31 December 2020.

For better alignment with Shareholders' interest, Directors and KMPs of the Company are encouraged to purchase the Company's shares from the open market and to hold such shares on a long term basis, subject to their compliance with applicable laws and regulations. Independent Directors may purchase and hold Company's shares provided their independence remain uncompromised during the period and at any point in time. All shareholdings of the Company's shares by Directors and KMPs will be declared in a timely manner and fully disclosed in compliance with regulations and reporting requirements.

Disclosure on Remuneration

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

Provision 8.1

Remuneration Policy and Criteria

The compensation packages for employees including the Executive Directors and the KMPs comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and KMPs commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Disclosure on Remuneration of Directors and CEO

A breakdown showing the level and mix of the remuneration payable to each individual Director for FY2019 is as follows:

Name of Director	Directors' Fee (%)	Salary (%)	Bonus (%)	Allowance (%)	Shares (%)	Total (%)
Below S$250,000						
Mr Andy Lim [(1)]	-	100	-	-	-	100
Mr Low Jooi Kok [(2)]	-	100	-	-	-	100
Mr Ng Yeau Chong	-	97	-	3	-	100
Mr Lee Suan Hiang	100	-	-	-	-	100
Mr Kelvin Tan Wee Peng	100	-	-	-	-	100
Ms Cynthia Phua Siok Gek	100	-	-	-	-	100

Notes:

(1) A substantial Shareholder.
(2) Ceased as an Executive Director on 28 June 2019.

Disclosure on Remuneration of Key Management Personnel

A breakdown of the remuneration bands payable to the top three (3) KMPs [(1)] (who are not Directors or the CEO) for FY2019, is as follows:

Name of Key Management Personnel	Directors' Fee (%)	Salary (%)	Bonus (%)	Allowance (%)	Shares (%)	Total (%)
Below S$250,000						
Mr Kenneth Law Ren Kai	-	93	-	7	-	100
Mr Raymond Goh	-	96	-	4	-	100
Mr Ong Choo Guan	77	-	-	23	-	100

Note 1: The Group had only three (3) KMPs in FY2019.

The aggregate total remuneration paid to the top three (3) KMPs (who are not Directors or the CEO) is approximately S$0.25 million (2018 - S$0.41 million) for FY2019.

None of the KMPs is a substantial Shareholder or is an immediate family member of a Director or the CEO or a substantial Shareholder.

The RC will review the remuneration of the Directors and the KMPs from time to time. All Directors and KMPs are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2019.

Save as disclosed above, the Code recommends that:

(a) the Company should fully disclose the amount and breakdown of remuneration of each individual Director and the CEO on a named basis; and

(b) the Company should disclose the details of the remuneration of employees who are substantial Shareholders, or are immediate family members of a Director or the CEO or a substantial Shareholder, in incremental bands of S$100,000.

The Board has decided not to disclose the aforementioned details as recommended by the Code, given the competitive business environment and possible negative impact on the Group's business interest, the disclosure of such detailed remuneration could have an adverse effect on working relationships and contributions to the operations of the Group.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

Provision 8.2

Disclosure on Remuneration of Employees who are Substantial Shareholders, or are Immediate Family Members of a Director, the CEO or a Substantial Shareholder

Saved as disclosed above under Provision 8.1 – Disclosure on Remuneration of Directors and CEO, there were no employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S$100,000 during FY2019.

Provision 8.3

Details of Share-Based Remuneration Incentive Plans

The RC also administers the Company's share-based remuneration incentive plans; namely, the Viking Long Term Incentive Plan (the "**VLTIP**"), and the Viking Offshore and Marine Limited Share Option Scheme (the "**VOM Scheme**"). The VLTIP and VOM Scheme comply with the relevant rules as set out in Chapter 8 of the Catalist Rules. Through the VLTIP and VOM Scheme, the Company aims to foster a greater ownership culture within the Group by directly aligning the interests and rewards of key executives with the interest of the Shareholders, and to participate and share in the Group's growth and success.

Under the terms of the VOM Scheme and VLTIP, all employees of the Group companies are eligible to participate in the incentive plans. The Company plans to use these incentive plans towards the remuneration mix of senior Management and senior executives. This will afford the Company greater flexibility and effectiveness in designing compensation packages in its efforts to attract, motivate and retain valued talented senior Management and senior executives and to also reward them for the performance of the Company and that of the individual.

While the Company intends to use the VOM Scheme towards efforts to retain talented senior Management and senior executives, the VLTIP is geared towards motivating senior Management and senior executives towards achievement of target-based performance objectives. The VLTIP targets senior Management in key positions who shoulder the responsibility of the Company's performance as well as influence the growth and performance of the Company through high performance. It also serves as motivation to key senior Management in delivering high performance and aligning to enhancing longer term Shareholders' value.

Under the VLTIP, most of the grant of share awards will be conditional upon the achievement of pre-determined and agreed performance targets for the year for the individuals or collective group of individuals. These share awards represent individual's right to receive fully-paid shares of the Company when and if their predetermined conditions have been met. The number of shares to be released will vary with the achievement level of the individual employee.

In using the VOM Scheme towards the retention of talented employees, the grant of options is made based on the retention value assessed on the individual on whom the options were granted. There are no predetermined performance targets on which the grant is conditional upon, these options are expected to vest after twelve (12) months and exercisable within sixty (60) months from date of grant.

The RC is of the opinion that the current share scheme, including the vesting period and exercise conditions is in line with the remuneration and incentive framework for the directors and key management personnel. The RC will evaluate the use of vesting schedules, whereby only a portion of the benefits can be exercised each year, as and when appropriate.

The Directors and KMPs are encouraged to keep their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.

The maximum number of Company's shares which can be released under the combined limits of both the VLTIP and VOM Scheme will not exceed ten percent (10%) of the issued share capital of the Company.

During FY2019, no share awards or options under the VLTIP and VOM Scheme respectively was granted by the Company.

Further details of the VLTIP and VOM Scheme which include, size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant and vesting schedule are disclosed in the Directors' Statement and the notes to financial statements of this annual report.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1

Nature and Extent of Risks

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company has put in place risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the AC, internal and external auditors.

The Group has in place an Enterprise Risk Management Framework to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control system.

Provision 9.2

Assurance from the Chief Executive Officer, Chief Financial Officer and Key Management Personnel

The Board and the AC review, with the assistance of the internal and external auditors, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

The Board has received written assurance from the CEO and the Chief Financial Officer ("**CFO**") that, as at 31 December 2019, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has also received written assurance from the CEO, the CFO and the relevant KMPs that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2019 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, as well as the said assurances set out above, the Board is satisfied and the AC concurs with the Board 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 2019 to address the risks that the Group considers relevant and material to its business operations.

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

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Audit Committee

Principle 10: The Board should establish an Audit Committee which discharges its duties objectively.

Provision 10.1

Roles and Duties of the Audit Committee

On behalf of the Board, AC undertakes the monitoring and review of the system of internal controls. Amongst others, the primary responsibilities of the AC are to assist the Board in providing oversight over the Company's performance in areas of internal controls, financial and accounting practices, operational and compliance controls, and corporate and financial risk management. Significant findings are reported to the Board and recommended remedial plans are implemented towards improving overall controls and risk management environment of the Company.

The Board established the AC with written terms of reference which clearly set out its authority and duties, and reports to the Board directly. The terms of reference of the AC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the AC is responsible for:

1. reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;
2. overseeing and reviewing the adequacy and effectiveness of the Company's risk management function;
3. overseeing Management in establishing the risk management framework of the Company;
4. reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;
5. reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
6. reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
7. recommending to the Board the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;
8. ensuring that the Company complies with the requisite laws and regulation;
9. ensuring that the Company has programmes and policies in place to identify and prevent fraud;

10. overseeing the establishment and operation of the whistleblowing process in the Company;

11. reviewing all interested person transactions and related party transactions; and

12. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to, and the co-operation of, Management and full discretion to invite any Director or senior management to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly. The AC is kept abreast by the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

Provisions 10.2 and 10.3

Audit Committee Composition

As at the date of this report, the AC comprises the following three (3) members, all of whom, including the AC Chairman, are Non-Executive and Independent Directors:

Mr Kelvin Tan Wee Peng	Chairman
Mr Lee Suan Hiang	Member
Ms Cynthia Phua Siok Gek	Member

The composition of the AC is in compliance with the Code which requires all members of the AC to be non-executive directors and the majority of whom, including the AC Chairman, to be independent.

The Board is of the view that the members of the AC are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. No former partner or Director of the Company's existing auditing firm is a member of the AC and the members of AC also confirmed that they have no financial interest in the auditing firm.

Provision 10.4

Internal Audit Function

The Board recognises that it has the responsibility to maintain a system of internal control processes to safeguard Shareholders' investments and the Group's business and assets. Periodic review and testing of the system of internal controls is an important exercise to ensure that the control mechanism in place is working in the intended manner for which it is designed for. While the importance of working internal controls cannot be discounted, the Board also recognises that the size of the Group may not warrant and it will not be a cost-effective or efficient solution to have an internal audit function and team within the organisational setup.

Accordingly, the Group will achieve the objective of an internal audit function through engaging an outside reputable independent professional accounting firm to perform an internal audit on the business operations. The Group will ensure that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The scope of the internal audit as well as the terms of engagement are determined by the AC. The internal auditor has unrestricted access to all the Group's documents, records, properties and personnel, including access to the AC, and has the appropriate standing within the Group. All such internal audit reports, including findings and recommendations, are communicated to the AC for review and concurrence, with Management provided with similar report for implementation and follow-up actions. Key audit findings and recommendations are tabled for discussion at the AC meetings, and the timeliness and progress of implementing the corrective or improvement actions are measured and reported.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The AC reviews at least annually the internal audit report and approves the annual internal audit plans to ensure the independence, adequacy and effectiveness of this outsourced internal audit function. The AC will implement the changes when the Group's operations and size grows to a point whereby a staffed internal audit team will be required. Considering the above condition and solution, the AC and the Board are reasonably assured that the objective of an internal audit function can and is achieved through a balanced and measured manner.

The internal audit for FY2018 was completed at the end of 2018, and during 2019, the Group implemented the improved processes and measures as recommended by the internal auditors. In June 2019, the Group underwent a debt restructuring and moratoria exercise which affected the implementation/roll out of the FY2019 internal audit. The Group will resume the internal audit plan in FY2020. Given the low business activity level coupled with the consistent internal audits performed prior to FY2019 and the results thereof, the AC and the Board are of the opinion that the risks are mitigated with close management supervision.

External Audit Function

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectively of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services. The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to Shareholders' approval at the AGM.

Ernst & Young LLP ("**EY**") has been re-appointed as the external auditors of the Company at the last AGM. For FY2019, there has been a change in the audit engagement partner due to rotation policy of the audit firm. To maintain independence, the Company does not engage EY for any other corporate services and there were no non-audit fees paid to EY in FY2019.

In reviewing the nomination of EY for re-appointment for FY2020, the AC has considered the adequacy of the resources, experience and competence of EY, and has taken into account the Audit Quality Indicators relating to EY firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The Board also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by EY and have recommended the nomination of EY for re-appointment as external auditors of the Company for the ensuring year be tabled for Shareholders' approval at the forthcoming AGM.

For FY2019, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies (if any) of the Group, other than those of the Company.

Provision 10.5

Meeting Auditors without the Management

In performing its functions, the AC and Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with Management, the CFO, and external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements.

At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately. The AC has separately met with the external and internal auditors once in the absence of Management for FY2019.

Whistle Blowing Policy

The Company has in place a whistle blowing policy where employees of the Company may raise concerns about possible corporate improprieties in matters of financial reporting or other matters in confidence. To ensure an independent investigation of such matters and appropriate follow-up action is taken, all whistle blowing reports are sent to the AC Chairman and/or members who are also Independent Directors.

Details of the whistle blowing policy and arrangements have been made available to all employees. In addition, on a quarterly basis, the Corporate Secretary and the AC will perform a simulation test to ensure that the channels of communication for the whistle blowing reporting process remain functional.

Audit Committee Activities

In FY2019, the AC had, among others, carried out the following activities:

(a) reviewed the quarterly and full-year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;

(b) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(c) reviewed IPTs of the Group;

(d) reviewed and approved the annual audit plan of the external auditors;

(e) reviewed the independence of the external auditors;

(f) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and

(g) met with the external auditors once without the presence of Management.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1

Shareholders' Participation in General Meetings

The Board welcomes the view of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an *ad hoc* basis. The Board encourages active Shareholders' participation in general meetings, including AGMs and extraordinary general meetings ("**EGMs**"). It believes that general meetings are an opportune forum and suitable platform for Shareholders and the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such Shareholders' meetings onsite at its premises in order to provide Shareholders with greater opportunity to understand and appreciate the Company's business operations.

For general meetings, the Company sends its annual report(s), circular(s) and Notice of AGM/EGM (where applicable) to all Shareholders. The Notice of AGM/EGM will also be published in either The Straits Times or The Business Times newspapers and will be made available on SGXNet and the Company's corporate website.

At general meetings of the Company, Shareholders have the opportunity to raise questions to the Board and Management, and clarify with them any issues they may have relating to the resolutions to be passed.

The Company conducts the voting for all resolutions by poll at all general meetings for greater transparency in the voting process.

Provision 11.2

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGM/EGM agenda is provided in the explanatory notes to the Notice of AGM/EGM in the annual report.

Provision 11.3

Interaction with Shareholders

At general meetings of the Company, Shareholders are given the opportunity to raise questions to the Directors and Management relating to the Company's business or performance, and clarify with them any issues they may have relating to the resolutions to be passed. Management, as well as the respective chairperson of the Board, AC, RC and NC will be present and available to address all comments or queries raised by Shareholders at general meetings of the Company. The external auditors of the Company are also present at the AGM to address Shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

All Directors, the Management and the external auditors were present at the last AGM held on 28 June 2019 to address comments and queries raised by Shareholders. All Directors will endeavour to be present at the Company's forthcoming AGM to address Shareholders' questions, if any.

Save for the last AGM, there were no other general meetings of the Company held during FY2019.

Provision 11.4

Absentia Voting

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Provision 11.5

Minutes of General Meetings

The proceeding of each of the general meetings will be properly recorded and prepared by the Company Secretary or her representative, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available on the Company's corporate website.

Provision 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

(a) the level of the Group's cash and retained earnings;

(b) the Group's actual and projected financial performance;

(c) the Group's projected levels of capital expenditure and other investment plans;

(d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST; and

(e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any).

In view of the Group's loss-making position for FY2019 and that the Group is undergoing court sanctioned restructuring, the Board has not recommended any dividends for FY2019.

Engagement with Shareholders

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

Provisions 12.1, 12.2 and 12.3

Investor Relations Practices

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

Disclosures of Information

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

Communication to Shareholders is normally made through:

(a) annual reports that are prepared and issued to all Shareholders;

(b) annual and quarterly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST via SGXNet; and

(e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Outside of the financial announcement periods, when necessary and appropriate, the Chairman and/ or the CEO will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

Dialogue with Shareholders

The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the general meetings, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and EGMs, and Shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provisions 13.1 and 13.2

Stakeholders' Engagement

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

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations. Five (5) stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, customers, shareholders, employees, suppliers and regulators.

The Company and the Group have undertaken a process to determine the environmental, social and governance factors for the Group, which important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) are disclosed under the Sustainability Report for FY2019 of the Company, which was released on 29 May 2020 on SGXNet and the Company's corporate website.

Provision 13.3

Corporate Website

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at http://www.vikingom.com through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

VI. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

All interested person transactions are subject to review by the AC to ensure compliance with established procedures.

The Company has not obtained a general mandate from its Shareholders in respect of interested person transactions for FY2019. The aggregate value of interested person transactions entered into during FY2019 is as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
Mr Andy Lim	Chairman and Executive Director, and a controlling Shareholder	S$1,190,758 [(1), (2)]	-

Notes:

(1) The interested person transaction relates mainly to financial assistance provided by companies which are controlled by Mr Andy Lim to the Company's subsidiaries in support of funding requirements for specific transactions and purposes.

(2) Viking LR2 Pte Ltd (the "**LR2**"), a wholly-owned subsidiary of Viking Asset Management Pte Ltd which in turn is wholly-owned by the Company, entered into a loan agreement with Tembusu Growth Fund II Ltd ("**Tembusu**") whereby Tembusu granted a 2-year term loan to LR2 up to an aggregate amount of S$6 million ("**Loan**"). Mr Andy Lim is also a director and shareholder of Tembusu Partners Pte Ltd (being the investment vehicle and fund manager of Tembusu). Accordingly, the Company is of the view that Tembusu should be deemed an associate of Mr Andy Lim and thus an "interested person" of the Company for the purposes of Chapter 9 of the Catalist Rules. The interest on the Loan shall be at the rate of 5% per annum and payable every 6-monthly period. LR2 shall repay the loan in full after 24 months from the First Drawdown Date (the "**Maturity Date**") by way of paying to Tembusu such amount representing an internal rate of return of 15% per annum on the Loan (less all interest which have been paid prior to the Maturity Date). The First Drawdown Date is in December 2014. The Maturity Date was extended for 6 months to June 2017 on similar terms and subsequently a portion of the Loan amounting to S$4 million was agreed to be extended to April 2018. As at 31 December 2019, the Loan remains outstanding, and is secured via a corporate guarantee provided by the Company.

VII. MATERIAL CONTRACTS

The Company has entered into an agreement with the Executive Director and CEO, Mr Ng Yeau Chong, for an incentive fee of 3% on the amount of monies secured from any investor transaction which he is instrumental in securing. This agreement was made prior to Mr Ng Yeau Chong's appointment as CEO of the Company, and was approved by the Board. In FY2019 and as at the date of this report, no payment of the aforementioned incentive fee was made by the Company to Mr Ng Yeau Chong.

Save as disclosed above, and in the section entitled "Interested Person Transactions", and the Directors' Statement and Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

VIII. DEALINGS IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to the best practices on dealings in the securities:

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;

(b) Directors and officers of the Company are discouraged from dealing in the Company's securities on short-term considerations; and

(c) The Company, its Directors and its officers are prohibited from dealing in the Company's securities (i) during the periods commencing two (2) weeks before the announcement of the Company's quarterly financial statements and one (1) month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

IX. NON-SPONSORSHIP FEES

With effect from 31 October 2019, ZICO Capital Pte. Ltd. was appointed as the Company's Sponsor in place of CIMB Bank Berhad.

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees payable or paid to the Company's Sponsor, CIMB Bank Berhad or ZICO Capital Pte. Ltd., for FY2019.

Appendix A: Listed Company Directorships and Principal Commitments

As at the date of this report, the members of the Board and their details are set out below:-

Name of Director	Date of last re-election/ appointment	Nature of appointment	Designation/ Board Committee served	Academic and professional qualifications	Directorships or Chairmanships in other listed companies and other principal commitments
Andy Lim	30 April 2018	Executive	• Chairman	• Master in Business Administration, University of California at Los Angeles • Bachelor Degree in Engineering, University of Cambridge, United Kingdom (1st Class Honours)	Present Directorships • Independent Director, Top Glove Corporation Berhad Other Principal Commitments • Chairman, Tembusu Partners Pte Ltd • Chairman, MoneyWorld Asia Pte Ltd
Ng Yeau Chong	30 April 2018	Executive	• Chief Executive Officer	• Master in Business Administration (Accounting), Nanyang Technological University • Master of Arts (Oxford University, UK) • CFA Institute Chartered Financial Analyst (CFA) Certification • Global Association of Risk Professional (GARP) Financial Risk Manager (FRM) Certification	Present Directorships Nil Other Principal Commitments Nil

Appendix A: Listed Company Directorships and Principal Commitments

Name of Director	Date of last re-election/ appointment	Nature of appointment	Designation/ Board Committee served	Academic and professional qualifications	Directorships or Chairmanships in other listed companies and other principal commitments
Lee Suan Hiang	28 June 2019	Non-Executive and Independent	• Lead Independent Director • Chairman, Nominating Committee • Member, Remuneration Committee • Member, Audit Committee	• BA (Hons) Industrial Design (Engineering) • Fellow, Singapore Institute of Directors • Fellow, Chartered Management Institute, UK • Fellow of the Chartered Institute of Marketing, UK	Present Directorships • Anacle Systems Ltd • Perennial Real Estate Holdings Ltd • MindChamps Preschool Ltd Other Principal Commitments • Director, Orchid Leisure Enterprise Pte. Ltd. • Director, Pasir Ris Resort Pte Ltd • Director, LASALLE College of the Arts Limited • Director, Global Cultural Alliance Limited • Director, Singapore Institute of Directors • Director, Catholic Foundation Limited
Kelvin Tan Wee Peng	27 April 2017	Non-Executive and Independent	• Chairman, Audit Committee • Member, Nominating Committee • Member, Remuneration Committee	• Bachelor in Accountancy (1st Class Honours) • Master in Business Administration	Present Directorships • USP Group Limited • Global Investments Limited • Unusual Limited • Eagle Hospitality Reit Management Pte Ltd • Eagle Hospitality Business Trust Management Pte Ltd • IREIT Global Group Pte Ltd • Sabana Real Estate Investment Management Pte Ltd Other Principal Commitments Adjunct Associate Professor, NUS Business School

Appendix A: Listed Company Directorships and Principal Commitments

Name of Director	Date of last re-election/ appointment	Nature of appointment	Designation/ Board Committee served	Academic and professional qualifications	Directorships or Chairmanships in other listed companies and other principal commitments
Cynthia Phua Siok Gek	30 April 2018	Non-Executive and Independent	• Chairman, Remuneration Committee • Member, Nominating Committee • Member, Audit Committee	• Bachelor of Science, Estate Management (2nd Class Upper Honours) • Advanced Management Program (2001), Harvard Business School	Present Directorships • Nil Other Principal Commitments • Management Consultant, UGS Energy Pte Ltd

Directors' Statement

The directors hereby present their statement to the members together with the audited consolidated financial statements of Viking Offshore and Marine Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement, based on the factors as described in Note 2.1 to the financial statements, the Directors have prepared these financial statements on a going concern basis as they are of the view that there are reasonable grounds to believe that the Company will be able restructure its major debts and subsequently pay its debts as and when they fall due.

2. Directors

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

Lim Andy
Ng Yeau Chong
Lee Suan Hiang
Tan Wee Peng Kelvin
Phua Siok Gek, Cynthia

3. Arrangements to enable directors to acquire shares, debentures and warrants

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

4. Directors' interests in shares, debentures and warrants

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest			Deemed Interest		
Name of director	At the beginning of financial year	At the end of financial year	At 21 January 2020	At the beginning of financial year	At the end of financial year	At 21 January 2020
Ordinary shares of the Company						
Lim Andy	243,643,120	243,643,120	243,643,120	29,400,000	29,400,000	29,400,000
Lee Suan Hiang	3,570,000	3,570,000	3,570,000	–	–	–
Ng Yeau Chong	1,540,000	1,540,000	1,540,000	–	–	–
Tan Wee Peng Kelvin	2,000,000	2,000,000	2,000,000	–	–	–
Share options of the Company						
Lim Andy	–	–	–	–	–	–
Lee Suan Hiang	–	–	–	–	–	–
Tan Wee Peng Kelvin	–	–	–	–	–	–
Warrants						
Lim Andy	34,806,160	34,806,160	34,806,160	8,103,389	8,103,389	8,103,389
Lee Suan Hiang	510,000	510,000	510,000	–	–	–
Tan Wee Peng Kelvin	325,000	325,000	325,000	–	–	–
Ng Yeau Chong	220,000	220,000	220,000	–	–	–

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

5. Options

There were no share options granted to or exercised by the directors and employees of the Company and its subsidiaries during the financial year pursuant to the VOM Scheme.

6. Viking Long Term Incentive Plan

The Viking Long Term Incentive Plan (the "VLTIP") was approved by the shareholders at an extraordinary general meeting held on 15 December 2011 and is administered by the Committee. Persons eligible to participate in the VLTIP are selected by Group Employees (including Group Executive Directors) and Group Non-Executive Directors at the absolute discretion of the Committee.

The awards under the VLTIP (the "Awards") give the right to a participant to receive fully-paid ordinary shares free of charge, upon the participant achieving the prescribed performance targets and upon expiry of the prescribed vesting period.

The performance targets to be set shall take into account both the medium-term to long-term corporate objectives of the Group and the individual performance of the participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. In addition, the participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.

No Awards were granted during the financial year.

7. Warrants

At the end of the financial year, details of the outstanding warrants are as follows:

Date of issue	Warrants outstanding at 1.1.2019	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 31.12.2019	Date of expiration
3.07.2017	97,491,109	–	–	–	97,491,109	2.07.2022

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Right Shares 2") at an issue price of $0.018 for each Right Share 2, 13,727,831 additional Warrants 1 and 97,491,109 free detachable warrants ("Warrants 2") pursuant to a renounceable and non-underwritten right cum warrants issue. Each Warrant 2 carries the right to subscribe for two new ordinary share in the capital of the Company at an exercise price of $0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

8. Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Review the audit plans of the internal and external auditors of the Group and the Company and ensure the adequacy of the Group's system of accounting controls and the Group and the co-operation given by the Company's management to the external and internal auditors;

- Review the quarterly, half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before submitting to the Board of Directors; such reviews will also include the review of the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;

- Review and report to the Board at least annually, with the management and the internal auditor on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems established by the management;

- Review the adequacy and effectiveness of the Group's internal audit function; including the audit plans for the year;

- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Review the cost effectiveness and the independence and objectivity of the external auditor;

- Review the nature and extent of non-audit services provided by the external auditor;

- Review the currency of the whistle-blowing policies and the reported incidents, including the appropriate investigations and ensuring appropriate follow-up actions, where necessary;

- Make recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor; and

- Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

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

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

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

9. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lim Andy Director	Ng Yeau Chong Director

2 June 2020

Independent Auditor's Report

For the financial year ended 31 December 2019

Independent auditor's report to the members of Viking Offshore and Marine Limited

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Viking Offshore and Marine Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. 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

The Group incurred a net loss after tax of $31,988,976 for the financial year ended 31 December 2019, and as at that date, the Group's and the Company's current liabilities exceeded its current assets by $20,907,749 and $28,187,195 respectively. As at 31 December 2019, the Group's total borrowings amounting to $33,077,822 were in default and were classified as current liabilities, and exceeded its cash and bank balances of $2,364,347 as at 31 December 2019.

Further, as disclosed in Note 2.1 to the financial statements, the Company and a subsidiary have commenced a court-supervised process to reorganise its liabilities and the High Court of the Republic of Singapore has granted a moratorium against enforcement actions and legal proceedings by creditors against the Company and the subsidiary pursuant to section 211B and section 211C respectively of the Companies Act, Chapter 50.. The moratorium has been extended until 17 June 2020 or until further ordered.

These conditions and events indicate the existence of material uncertainties which may cast significant doubt on the abilities of the Group and the Company to continue as going concerns.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the use of the going concern assumption in the preparation of the financial statements.

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2019 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were prepared on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the balance sheets. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their 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 balance sheets.

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)), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter 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.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sum.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
2 June 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 $	2018 $
Revenue	4	23,693,844	30,146,108
Cost of sales		(15,294,359)	(18,606,363)
Gross profit		8,399,485	11,539,745
Other items of income			
Other income	5	385,985	957,126
Finance income	8	14,431	12,504
Other items of expense			
Marketing and distribution expenses		(304,949)	(168,595)
Administrative expenses		(9,186,764)	(10,325,552)
Other operating expenses	6(a)	(23,719,650)	(8,861,788)
Impairment losses on financial assets, net	6(c)	(4,305,489)	(2,487,184)
Finance costs	8	(3,419,771)	(3,508,404)
Share of results of associates, net of tax		–	(15,402,872)
Loss before tax	6	(32,136,722)	(28,245,020)
Taxation	9	147,746	196,863
Loss for the year, net of tax		(31,988,976)	(28,048,157)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(176,310)	157,885
Other comprehensive income for the year, net of tax		(176,310)	157,885
Total comprehensive income for the year		(32,165,286)	(27,890,272)
Loss attributable to:			
Owners of the Company, net of tax		(31,978,210)	(28,048,157)
Non-controlling interest		(10,766)	–
		(31,988,976)	(28,048,157)
Total comprehensive income attributable to:			
Owners of the Company, net of tax		(32,154,520)	(27,890,272)
Non-controlling interest		(10,766)	–
		(32,165,286)	(27,890,272)
Loss per share (cents per share)			
- Basic	10	(2.91)	(2.55)
- Diluted	10	(2.91)	(2.55)

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

Balance sheets

As at 31 December 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Non-current assets					
Property, plant and equipment	11	19,426,840	21,336,316	947	2,327
Intangible assets	12	7,207,258	13,510,266	–	–
Right-of-use asset	13	1,440,772	–	–	–
Investment in subsidiaries	14	–	–	29,505,120	54,111,085
Investment in associates	15	–	–	–	–
Quoted equity investments	16	40,324	50,409	40,324	50,409
Deferred tax assets	9	–	5,531	–	–
		28,115,194	34,902,522	29,546,391	54,163,821
Current assets					
Inventories	17	13,137,110	28,299,319	–	–
Trade receivables	18	24,116,978	27,271,747	–	–
Prepayments		39,188	76,319	14,287	36,525
Other receivables and deposits	19	1,223,580	1,063,226	66,660	43,469
Contract assets	20	4,835,593	6,597,236	–	–
Finance lease receivables		–	–	–	–
Due from subsidiaries (non-trade)	24	–	–	36,467	18,226,601
Cash and cash equivalents	21	2,364,347	3,603,944	25,078	49,747
		45,716,796	66,911,791	142,492	18,356,342
Current liabilities					
Trade payables	22	5,666,459	3,118,350	–	–
Contract liabilities	20	2,899,078	2,843,292	–	–
Other payables and accruals	23	24,908,421	23,896,483	997,332	747,270
Tax payable		11,126	4,694	–	–
Due to subsidiaries (non-trade)	24	–	–	27,332,355	28,525,932
Lease liabilities	13	61,639	25,690	–	–
Loans and borrowings	25	25,922,398	17,884,392	–	160,081
Redeemable exchangeable bonds	26	7,155,424	7,080,834	–	–
		66,624,545	54,853,735	28,329,687	29,433,283
Net current (liabilities)/assets		(20,907,749)	12,058,056	(28,187,195)	(11,076,941)
Non-current liabilities					
Deferred tax liabilities	9	885,246	1,049,255	–	–
Lease liabilities	13	1,473,694	15,373	–	–
Loans and borrowings	25	–	8,882,159	–	–
		2,358,940	9,946,787	–	–
Net assets		4,848,505	37,013,791	1,359,196	43,086,880
Equity					
Share capital	27(a)	102,604,532	102,604,532	102,604,532	102,604,532
Treasury shares	27(b)	(527,775)	(527,775)	(527,775)	(527,775)
Reserves		(97,217,486)	(65,062,966)	(100,717,561)	(58,989,877)
Equity attributable to equity holders of the parent		4,859,271	37,013,791	1,359,196	43,086,880
Non-controlling interest		(10,766)	–	–	–
Total equity		4,848,505	37,013,791	1,359,196	43,086,880

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

Statements of Changes in Equity

For the year ended 31 December 2019

2019 Group	Note	Share capital (Note 27(a)) $	Treasury shares (Note 27(b)) $	Accumulated profits $	Other reserves (Note 28) $	Total reserves $	Equity attributable to owners of the Company, total $	Non-controlling interest $	Total equity $
		Attributable to owners of the Company							
As at 1 January 2019		102,604,532	(527,775)	(63,832,791)	(1,230,175)	(65,062,966)	37,013,791	–	37,013,791
Loss for the year		–	–	(31,978,210)	–	(31,978,210)	(31,978,210)	(10,766)	(31,988,976)
Other comprehensive income									
Foreign currency translation	28(a)	–	–	–	(176,310)	(176,310)	(176,310)	–	(176,310)
Other comprehensive income for the year, net of tax		–	–	–	(176,310)	(176,310)	(176,310)	–	(176,310)
Total comprehensive income for the year		–	–	(31,978,210)	(176,310)	(32,154,520)	(32,154,520)	(10,766)	(32,165,286)
At 31 December 2019		102,604,532	(527,775)	(95,811,001)	(1,406,485)	(97,217,486)	4,859,271	(10,766)	4,848,505

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

Statements of Changes in Equity

For the year ended 31 December 2019

2018 Group	Note	Share capital (Note 27(a)) $	Treasury shares (Note 27(b)) $	Accumulated profits $	Other reserves (Note 28) $	Total reserves $	Total equity $
		Attributable to owners of the Company					
Opening balance at 1 January 2018 (FRS framework)		102,604,532	(527,775)	(37,586,628)	413,934	(37,172,694)	64,904,063
Cumulative effects of adopting SFRS(I)		–	–	1,801,994	(1,801,994)	–	–
Opening balance at 1 January 2018 (SFRS(I) framework)		102,604,532	(527,775)	(35,784,634)	(1,388,060)	(37,172,694)	64,904,063
Loss for the year		–	–	(28,048,157)	–	(28,048,157)	(28,048,157)
Other comprehensive income							
Foreign currency translation	28(a)	–	–	–	157,885	157,885	157,885
Other comprehensive income for the year, net of tax		–	–	–	157,885	157,885	157,885
Total comprehensive income for the year		–	–	(28,048,157)	157,885	(27,890,272)	(27,890,272)
At 31 December 2018		102,604,532	(527,775)	(63,832,791)	(1,230,175)	(65,062,966)	37,013,791

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

Statements of Changes in Equity

For the year ended 31 December 2019

2019 Company	Attributable to owners of the Company Share capital (Note 27(a)) $	Treasury shares (Note 27(b)) $	Accumulated profits $	Other reserves (Note 28) $	Total reserves $	Total equity $
At 1 January 2019	102,604,532	(527,775)	(59,103,933)	114,056	(58,989,877)	43,086,880
Loss for the year, representing total comprehensive income for the year	–	–	(41,727,684)	–	(41,727,684)	(41,727,684)
At 31 December 2019	102,604,532	(527,775)	(100,831,617)	114,056	(100,717,561)	1,359,196
2018						
Company						
At 1 January 2018	102,604,532	(527,775)	(46,451,620)	114,056	(46,337,564)	55,739,193
Loss for the year, representing total comprehensive income for the year	–	–	(12,652,313)	–	(12,652,313)	(12,652,313)
At 31 December 2018	102,604,532	(527,775)	(59,103,933)	114,056	(58,989,877)	43,086,880

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

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019	2018
		$	$
Cash flows from operating activities			
Loss before taxation		(32,136,722)	(28,245,020)
Adjustments for:			
Amortisation of intangible assets	6(a)	16,984	19,201
Depreciation of property, plant and equipment	6(a)	1,881,066	2,101,598
Depreciation of right-of-use assets	6(a)	119,167	–
Impairment loss on contract asset	6(a)	160,705	–
Impairment loss on trade receivables	6(c)	4,305,489	2,487,184
Gain on disposal of plant and equipment	5	(161)	(2,974)
Write back of allowance for doubtful debt	5	(99,597)	(50,032)
Interest expense	8	3,419,771	3,508,404
Interest income	8	(14,431)	(12,504)
Inventories written down	6(a)	13,439,052	6,785,945
Inventories written off	6(a)	1,407,752	–
Share of results of associates, net of tax		–	15,402,872
Impairment loss on goodwill	6(a)	6,285,774	–
Unrealised exchange loss/(gain)		79,082	(633,431)
Fair value loss/(gain) on quoted equity investments	6(a); 5	10,085	(44,324)
Operating cashflows before working capital changes		(1,125,984)	1,316,919
Changes in working capital:			
Inventories		315,406	4,911,402
Trade receivables		(1,046,393)	(6,830,276)
Other receivables, deposits and prepayments		(109,618)	916,514
Contract assets		1,600,938	269,582
Finance lease receivables		–	155,503
Trade payables		2,545,260	(456,206)
Other payables and accruals		(2,069,395)	2,606,095
Contract liabilities		83,621	(879,731)
Cash flows from operations		193,835	2,009,802
Interest received		14,431	12,504
Income taxes paid		(11,112)	(28,482)
Net cash flows generated from operating activities		197,154	1,993,824

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

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	Note	2019	2018
		$	$
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(15,514)	(126,420)
Proceeds from disposal of property, plant and equipment		43,211	6,354
Net proceeds from quoted equity investments		–	159,817
Cash flows from investing activities		27,697	39,751
Cash flows from financing activities			
Interest paid		(262,249)	(2,088,220)
Payment of principal portion of lease liabilities		(301,905)	(28,007)
Proceeds from bank borrowings		–	750,000
Repayment of bank borrowings		(844,153)	(3,216,225)
Cash flows used in financing activities		(1,408,307)	(4,582,452)
Net decrease in cash and cash equivalents		(1,183,456)	(2,548,877)
Effects of exchange rate changes on cash and cash equivalents		(56,141)	102,164
Cash and cash equivalents at beginning of year		3,603,944	6,050,657
Cash and cash equivalents at end of year	21	2,364,347	3,603,944

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

1. Corporate information

Viking Offshore and Marine Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 21 Kian Teck Road, Singapore 628773.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars (SGD or $).

Going concern

The Group incurred a net loss of $31,988,976 (2018: $28,048,157) during the financial year ended 31 December 2019 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by $20,907,749 and $28,187,195 respectively (As at 31 December 2018, the Group's current assets exceeded its current liabilities by $12,058,056 whereas for the Company, its current liabilities exceeded its current assets by $11,076,941). As at 31 December 2019, the Group's total borrowings (made up of loans and borrowings and redeemable exchangeable bonds) amounted to $33,077,822 (2018: $24,965,226) were classified as current liabilities. The Group's total borrowings that are due for repayment in the next 12 months exceeded its cash and bank balances of $2,364,347 (2018: $3,603,944) as at 31 December 2019.

Further, the Company and a subsidiary have commenced a court-supervised process to reorganise its liabilities and the High Court of the Republic of Singapore has granted a moratorium against enforcement actions and legal proceedings by creditors against the Company and the subsidiary pursuant to section 211B and section 211C respectively of the Companies Act, Chapter 50.. The moratorium has been extended until 17 June 2020 or until further ordered.

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

Going concern (cont'd)

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate after taking into consideration the following assumptions and measures:

(a) As disclosed in Note 36, the Company will seek a further extension of the moratoria. The Group intends to pursue the restructuring by way of scheme of arrangement to be proposed between the relevant entities of the Group and its creditors under Section 210 of the Companies Act (the "Scheme"). The Directors are of the view that the Group and the Company will be able to successfully complete the Scheme to enable the Group to meet is liabilities as and when they fall due;

(b) On 10 January 2020, the Company has entered into a conditional placement agreement ("Placement Agreement") with Ruddin Advisory Limited and Blue Ocean Capital Partners Pte. Ltd., in relation to a proposed placement of shares in the Company ("Proposed Placement") for an aggregate consideration of $5,000,000 in cash.

This Proposed Placement will provide funds to the Company to, amongst others, facilitate the restructuring of its debts and liabilities as part of the Scheme and working capital of the Group. The Proposed Placement is subject to, among others, approval from the shareholders at an extraordinary general meeting, agreement with Maybank for the settlement/ re-financing of the outstanding loans as well as the finalisation of the Scheme;

(c) The Group is taking active steps in respect of certain properties and assets divestment plan to pare down its borrowings;

(d) The Group expects that it will generate adequate cash flows from operations to repay its trade-related debt obligations as and when they fall due; and

(e) As disclosed in Note 36, the Group continues to pursue the enforcement of the favourable arbitration award in China against the assets of the defendant.

The Board of Directors are of the view that the Group and the Company will be able to successfully complete the financial restructuring exercise and accordingly, the Board of Directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2019 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were prepared on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the balance sheets. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their 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 balance sheets.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

The Group applied SFRS(I) 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases-Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 did not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

The effect of adoption SFRS(I) 16 as at 1 January 2019 on the Group is an increase in both the right-of-use assets and lease liabilities by $1,559,939.

The Group has a lease contract for its leasehold land. Before the adoption of SFRS(I) 16, the Group had, at the inception date, classified the lease an operating lease.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance lease

The Group did not change the initial carrying amount of recognised assets and liabilities at the date of initial application for lease previously classifies as finance lease. The requirements of SFRS(I) 16 were applied to these leases from 1 January 2019.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

SFRS(I) 16 Leases (cont'd)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group $
Operating lease commitments as at 31 December 2018	3,878,600
Less:	
Commitments relating to short-term leases	(267,156)
Lease commitments exclude short-term leases and leases of low value assets	3,611,444
Discounting	(2,051,505)
Lease liabilities as a result of the initial application of SFRS(I) 16 as at 1 January 2019	1,559,939
Add: Present value of leases previously classified as finance lease liabilities as at 31 December 2018	41,063
Lease liabilities as at 1 January 2019	1,601,002

The weighted average incremental borrowing rate as at 1 January 2019 is 15.6%.

As at 1 January 2019, 'Right-of-use assets' and 'Lease liabilities' were recognised and presented separately in the statement of financial position.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to References of the Conceptual Framework in SFRS(I) Standard	1 January 2020
Amendments to Illustrative Examples, Implementation Guidance and SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

(b) *Business combinations and goodwill*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

- de-recognises the carrying amount of any non-controlling interest;

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.5 *Foreign currency*

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

(a) *Transactions and balances*

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

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

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

2.6 *Property, plant and equipment*

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

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

Leasehold buildings	–	24 years
Computers and office equipment	–	1 to 8 years
Renovation, furniture and fixtures	–	3 to 10 years
Motor vehicles	–	5 to 10 years
Machinery	–	5 to 10 years

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.7 *Intangible assets*

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

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

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

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

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

(i) *Customer relationships*

Customer relationships were acquired in business combination and relate to relationships with both local and overseas shipyards and are amortised over their useful lives ranging 5 to 10 years.

(ii) *Software*

An acquired software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributed cost of preparing the asset for its intended use. These costs are amortised to the profit or loss using the straight-line method over their estimated useful lives of 10 years. The remaining amortisation period of software is 1 year (2018: 2 years).

(iii) *Club membership*

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 28 years. The remaining amortisation period of club membership is 15 years (2018: 16 years).

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of non-financial assets*

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

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.9 *Subsidiaries*

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

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 *Associates*

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

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

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

2. Summary of significant accounting policies (cont'd)

2.10 *Associates (cont'd)*

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

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

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

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

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

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

2. Summary of significant accounting policies (cont'd)

2.11 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

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

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

2. Summary of significant accounting policies (cont'd)

2.11 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) *Financial liabilities at amortised cost*

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 *Impairment of financial assets*

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

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

2. Summary of significant accounting policies (cont'd)

2.12 *Impairment of financial assets (cont'd)*

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.14 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average for one of the subsidiary and first-in first-out basis for the rest of the Group.

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

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

2.15 *Provisions*

General

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

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

2. Summary of significant accounting policies (cont'd)

2.15 *Provisions (cont'd)*

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.16 *Borrowing costs*

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

2.17 *Redeemable exchangeable bonds*

Redeemable exchangeable bonds with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract.

On issuance of redeemable exchangeable bonds, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are de-recognised with a corresponding recognition of share capital.

2.18 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.18 *Employee benefits (cont'd)*

(c) *Employee equity compensation plans*

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

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

2.19 *Leases*

(a) As lessee

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

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land – Remaining lease term

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is set out in Note 2.8.

2. Summary of significant accounting policies (cont'd)

2.19 *Leases (cont'd)*

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

(ii) *Lease liabilities*

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

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

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

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

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.20 *Revenue*

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

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

(a) *Sale of goods*

Revenue from sale of goods is recognized upon the satisfaction of performance obligation when goods are delivered to the customer.

(b) *Project revenue*

The Group principally operates fixed price contracts. Revenue is recognized when control over the products has been transferred to the customer over time, by reference to the stage of completion of the contract activity at end of reporting period (the percentage of completion method).

In applying the percentage of completion method, revenue recognized corresponds to the total project revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated cost to complete.

For products whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognized when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and typically triggered upon achievement of specified construction millstones. A contract asset is recognized when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognized when the Group has not yet performed under the contract but has received advance payment from the customer. Contract assets are transferred to receivables when the right to consideration become unconditional. Contract liabilities are recognized as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalized if these costs are recoverable. Costs to fulfil a contract are capitalized if the costs relate directly to the contract, generate or enhance resources used in satisfying the contact and are expected to be recovered. Other contract cost are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognizes the related revenue. An impairment loss is recognized in profit or loss to the extent that the carrying amount of the capitalized contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the cost that relates directly to providing the goods and that have not been recognized as expenses.

2. Summary of significant accounting policies (cont'd)

2.20 *Revenue (cont'd)*

(c) *Rendering of services*

Revenue from rendering of services is recognized upon satisfaction of performance obligation when services are rendered.

(d) *Rental income from equipment and industrial space*

Rental income from operating leases on equipment and industrial space is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) *Chartering services*

Revenue from rendering of chartering services is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

(f) *Management fee*

Management fee income is recognised as and when the management services are rendered.

(g) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(h) *Interest income*

Interest income is recognised using the effective interest method.

2.21 *Taxation*

(a) *Current income tax*

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

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

2. Summary of significant accounting policies (cont'd)

2.21 *Taxation (cont'd)*

(b) *Deferred tax*

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

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

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.21 *Taxation (cont'd)*

(c) *Sales tax*

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

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

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

2.22 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 *Share capital and share issuance expenses*

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

2.24 *Treasury shares*

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

2.25 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised in profit or loss over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

3. Significant accounting judgements and estimates

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

(a) *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(b) *Key sources of estimation uncertainty*

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

(i) Revenue recognition from projects

The Group recognises project revenue by when control over the products has been transferred to the customer over time, by reference to the stage of completion of the contract activity at end of reporting period (the percentage of completion method). The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of contract assets and contract liabilities at the end of each reporting period are disclosed in Note 20 to the financial statements. If the estimated total contract cost had been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been $1,509,510 (2018: $3,452,030) lower and $1,942,689 (2018: $1,811,953) higher respectively.

(ii) Impairment of goodwill and investment in subsidiaries

As disclosed in Notes 12 and 14 to the financial statements, the recoverable amounts of the cash generating units which goodwill and costs of investment in subsidiaries have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Notes 12 and 14 to the financial statements.

The carrying amounts of the goodwill and investment in subsidiaries as at 31 December 2019 are $7,162,522 (2018: $13,448,296) and $29,505,120 (2018: $54,111,085) respectively.

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

(b) *Key sources of estimation uncertainty (cont'd)*

(iii) Provision for expected credit losses of trade receivables and contract assets

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Notes 18 and 20.

The carrying amount of trade receivables and contract assets as at 31 December 2019 are $24,116,978 and $4,835,593 (2018: $27,271,747 and $6,597,236) respectively.

(iv) Allowance for inventory obsolescence

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances, including but not limited to, the inventories own physical conditions, their market selling prices, and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Company's inventories at the end of the reporting period is disclosed in Note 17 to the financial statements.

(v) Lease liabilities

The Group is not able to readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (e.g. when leases are not in the subsidiary's functional currency). The Group uses existing debt borrowing rates of the respective Group's entities as its incremental borrowing rate. The information about the Group's leases is disclosed in Note13.

4. Revenue

(a) Disaggregation of revenue

Segments	Offshore and marine		Corporate		Chartering services		Total revenue	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Group								
Primary geographical markets								
Australia	6,676	544,252	–	–	–	–	6,676	544,252
Europe	1,763,203	401,613	–	–	–	–	1,763,203	401,613
Indonesia	1,846,075	4,958,678	–	–	–	–	1,846,075	4,958,678
Malaysia	1,682,847	1,459,012	–	–	–	–	1,682,847	1,459,012
Middle East	1,120,386	700,276	–	–	–	–	1,120,386	700,276
People's Republic of China	1,693,716	2,712,603	–	–	–	2,481,060	1,693,716	5,193,663
Singapore	13,551,202	13,818,092	1,265,315	1,177,841	–	–	14,816,517	14,995,933
Vietnam	202,036	698,358	–	–	–	–	202,036	698,358
Others	562,388	1,194,323	–	–	–	–	562,388	1,194,323
	22,428,529	26,487,207	1,265,315	1,177,841	–	2,481,060	23,693,844	30,146,108
Major service lines								
Sale of goods	4,741,054	4,740,577	–	–	–	–	4,741,054	4,740,577
Project revenue	13,631,332	15,839,077	–	–	–	–	13,631,332	15,839,077
Rendering services	4,056,143	5,907,553	–	–	–	–	4,056,143	5,907,553
Chartering services	–	–	–	–	–	2,481,060	–	2,481,060
Rental of industrial space	–	–	1,265,315	1,177,841	–	–	1,265,315	1,177,841
	22,428,529	26,487,207	1,265,315	1,177,841	–	2,481,060	23,693,844	30,146,108
Timing of transfer of goods or services								
At a point in time	4,741,054	4,740,577	–	–	–	–	4,741,054	4,740,577
Over time	17,687,475	21,746,630	1,265,315	1,177,841	–	2,481,060	18,952,790	25,405,531
	22,428,529	26,487,207	1,265,315	1,177,841	–	2,481,060	23,693,844	30,146,108

4. Revenue (cont'd)

(b) Recognition of project revenue over time

For the project revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the projects. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the projects.

The determination of total budgeted costs, progress towards completion, variation orders and claims and remaining costs to completion for each contract requires significant management judgement and estimation. Management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar projects, analysed by different geographical areas for the past years.

5. Other income

	Group	
	2019	2018
	$	$
Government grants	15,882	75,090
Foreign exchange gain, net	–	472,430
Gain on disposal of plant and equipment	161	2,974
Rental income	16,600	7,065
Sale of scrap material	4,652	9,154
Recharge of utilities	205,534	173,643
Fair value gain on quoted equity investments	–	44,324
Write back of allowance for doubtful debts	99,597	50,032
Others	43,559	122,414
	385,985	957,126

6. Loss before tax

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

	Group 2019 $	Group 2018 $
(a) *Other operating expenses include:*		
Depreciation of property, plant and equipment	1,881,066	2,101,598
Depreciation of right-of-use assets	119,167	–
Amortisation of intangible assets	16,984	19,201
Inventories written down	13,439,052	6,785,945
Inventories written off	1,407,752	–
Fair value loss on quoted equity investments	10,085	–
Impairment loss on contract asset	160,705	–
Impairment loss on goodwill	6,285,774	–
Foreign exchange loss, net	68,923	–
Write-off of advances to suppliers	337,024	–
(b) *Other disclosure items:*		
Audit fees paid to:		
- Auditors of the Company	142,250	142,450
- Other auditors	13,255	13,329
Non-audit fees paid to:		
- Other auditors	–	64,686
Employee benefits expense (Note 7)	5,675,366	7,123,497
Operating lease expenses relating to short-term leases (Note 13)	281,798	604,833
(c) *Impairment loss on financial assets, net:*		
Impairment loss on trade receivables, net	4,305,489	2,487,184

7. Employee benefits

	Group 2019 $	Group 2018 $
Salaries and bonuses	4,534,401	5,660,181
Central Provident Fund contributions	704,165	898,905
Other short-term benefits	436,800	564,411
	5,675,366	7,123,497

These include the amount shown as key management personnel compensation in Note 29(b).

8. Finance income/(costs)

	Group 2019 $	Group 2018 $
Finance income:		
Interest income on:		
- fixed deposits	14,431	12,504

	Group 2019 $	Group 2018 $
Finance costs:		
Interest expense on:		
- loans and borrowings	2,326,671	2,558,381
- finance lease obligations	–	1,869
- redeemable exchangeable bonds	856,864	948,154
- lease liabilities	236,236	–
	3,419,771	3,508,404

9. Taxation

The major components of income tax credit for the years ended 31 December 2019 and 2018 are:

	Group 2019 $	Group 2018 $
Current income tax:		
- current year	16,856	27,794
Deferred income tax:		
- movement of temporary differences	(148,339)	(224,657)
- over provision in respect of previous years	(16,263)	–
Income tax credit recognised in profit or loss	(147,746)	(196,863)

9. Taxation (cont'd)

The reconciliation between tax credit and the product of accounting loss multiplied by the applicable corporate tax rates for the years ended 31 December 2019 and 2018 are as follows:

	Group	
	2019	2018
	$	$
Accounting loss before tax	(32,136,722)	(28,245,020)
Tax at 17% (2018: 17%)	(5,463,243)	(4,801,653)
Adjustments:		
Non-deductible expenses	4,704,631	5,207,865
Income not subject to tax	(15,152)	(526,049)
Deferred tax assets not recognised	903,109	167,040
Utilisation of previously unrecognised deferred tax assets	(273,689)	(146,186)
Tax effect of fair value adjustments	(128,081)	(224,657)
Over provision of deferred income tax in respect of previous years	(16,263)	–
Effect of different tax rates in different countries	109,428	46,206
Others	31,514	80,571
Income tax credit recognised in profit or loss	(147,746)	(196,863)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $20,806,560 (2018: $14,850,463) available for offset against future taxable profits of certain subsidiaries in which the losses arose, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which certain subsidiaries operate. The tax losses have no expiry date.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2018: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately $670,000 (2018: $1,790,000). The deferred tax liability is estimated to be approximately $110,000 (2018: $300,000).

9. Taxation (cont'd)

Deferred taxation

Deferred taxation relates to the following:

Group	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2019	2018	2019	2018
	$	$	$	$
Deferred tax asset				
Provisions	–	5,531	5,531	(14,047)
Total deferred tax asset	–	5,531		
Deferred tax liabilities				
Differences in depreciation	(15,095)	(51,023)	(35,928)	–
Fair value adjustments on acquisition of subsidiaries	(870,151)	(998,232)	(128,081)	(224,657)
Exchange differences	–	–	(6,124)	14,047
Total deferred tax liabilities	(885,246)	(1,049,255)		
Deferred income tax			(164,602)	(224,657)

10. Loss per share

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

Diluted loss per share are calculated by dividing loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the existing warrants, share options, share awards and redeemable exchangeable bonds of the Company into ordinary shares.

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

	Group	
	2019	2018
	$	$
Net loss attributable to owners of the Company	(31,978,210)	(28,048,157)
	Number of shares	
	2019	2018
Weighted average number of ordinary shares for basic loss per share computation*	1,098,719,574	1,098,719,574
Weighted average number of ordinary shares diluted loss per share computation*	1,098,719,574	1,098,719,574

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

10. Loss per share (cont'd)

As at year end, there is Nil (2018: Nil) share options granted to employees under the existing employee share option plans and warrants of 97,491,109 (2018: 97,491,109), have not been included in the calculation of diluted loss per share because they are anti-dilutive.

11. Property, plant and equipment

Group	Leasehold buildings $	Computers and office equipment $	Renovation, furniture and fixtures $	Motor vehicles $	Machinery $	Total $
Cost						
At 1.1.2018	29,628,946	2,062,167	1,884,566	399,081	2,022,401	35,997,161
Additions	–	108,485	1,835	16,100	–	126,420
Disposals	–	(8,510)	–	–	(8,629)	(17,139)
Written off	–	(2,420)	–	–	–	(2,420)
Exchange difference	–	(6,589)	(3,403)	(4,732)	(6,347)	(21,071)
At 31.12.2018	29,628,946	2,153,133	1,882,998	410,449	2,007,425	36,082,951
Additions	–	15,514	–	–	–	15,514
Disposals	–	(49,773)	–	–	–	(49,773)
Exchange difference	–	(6,390)	(1,039)	(3,735)	(4,502)	(15,666)
At 31.12.2019	29,628,946	2,112,484	1,881,959	406,714	2,002,923	36,033,026
Accumulated depreciation and impairment loss						
At 1.1.2018	7,373,545	1,828,852	1,617,373	348,309	1,512,634	12,680,713
Charge for the year	1,568,801	155,145	161,035	18,953	197,664	2,101,598
Disposals	–	(8,510)	–	–	(5,249)	(13,759)
Written off	–	(2,420)	–	–	–	(2,420)
Exchange difference	–	(6,766)	(3,115)	(4,675)	(4,941)	(19,497)
At 31.12.2018	8,942,346	1,966,301	1,775,293	362,587	1,700,108	14,746,635
Charge for the year	1,568,801	86,067	63,480	20,564	142,154	1,881,066
Disposals	–	(6,723)	–	–	–	(6,723)
Exchange difference	–	(5,089)	(1,735)	(3,693)	(4,275)	(14,792)
At 31.12.2019	10,511,147	2,040,556	1,837,038	379,458	1,837,987	16,606,186
Net carrying amount						
At 31.12.2019	19,117,799	71,928	44,921	27,256	164,936	19,426,840
At 31.12.2018	20,686,600	186,832	107,705	47,862	307,317	21,336,316

11. Property, plant and equipment (cont'd)

	Computers and office equipment	Renovation, furniture and fixtures	Total
	$	$	$
Company			
Cost			
At 1.1.2017 and 31.12.2017	223,695	11,238	234,933
Additions	2,268	–	2,268
At 31.12.2018, 1.1.2019 and 31.12.2019	225,963	11,238	237,201
Accumulated depreciation			
At 1.1.2018	219,154	11,238	230,392
Charge for the year	4,482	–	4,482
At 31.12.2018	223,636	11,238	234,874
Charge for the year	1,380	–	1,380
At 31.12.2019	225,016	11,238	236,254
Net carrying amount			
At 31.12.2019	947	–	947
At 31.12.2018	2,327	–	2,327

Cash payments of $15,514 (2018: $126,420) were made to purchase property, plant and equipment.

The carrying amount of office equipment held by the Group under finance leases as at 31 December 2019 was $15,724 (2018: $43,663).

Leased motor vehicles are pledged as security for the related finance lease obligations.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold properties with carrying amount of $19,117,799 (2018: $20,686,600) are mortgaged to secure the Group's loans and borrowings (Note 26).

12. Intangible assets

	Goodwill	Customer relationships	Software	Club membership	Total
	$	$	$	$	$
Group					
Cost					
At 1.1.2018	29,721,296	9,648,000	161,760	70,000	39,601,056
Exchange differences	–	–	(5,127)	–	(5,127)
At 31.12.2018	29,721,296	9,648,000	156,633	70,000	39,595,929
Exchange differences	–	–	(4,175)	–	(4,175)
At 31.12.2019	29,721,296	9,648,000	152,458	70,000	39,591,754
Accumulated amortisation and impairment					
At 1.1.2018	16,273,000	9,648,000	122,963	27,653	26,071,616
Amortisation	–	–	16,710	2,491	19,201
Exchange differences	–	–	(5,154)	–	(5,154)
At 31.12.2018	16,273,000	9,648,000	134,519	30,144	26,085,663
Amortisation	–	–	14,493	2,491	16,984
Impairment	6,285,774	–	–	–	6,285,774
Exchange differences	–	–	(3,925)	–	(3,925)
At 31.12.2019	22,558,774	9,648,000	145,087	32,635	32,384,496
Net carrying amount					
At 31.12.2019	7,162,522	–	7,371	37,365	7,207,258
At 31.12.2018	13,448,296	–	22,114	39,856	13,510,266

Customer relationships

The economic useful lives of customer relationships as determined by the Group are disclosed in Note 2.7. Customer relationships have been fully impaired in the prior years.

Impairment testing of goodwill and customer relationships

Goodwill arising from business combinations has been allocated to two cash-generating units ("CGU") for impairment testing as follows:

- Offshore and Marine Heating, Ventilation and Air-Conditioning segment ("O&M HVAC")
- Offshore and Marine Telecommunication segment ("O&M Tele")

12. Intangible assets (cont'd)

Impairment testing of goodwill and customer relationships (cont'd)

The carrying amounts of goodwill allocated to each CGU are as follows:

	O&M HVAC	O&M Tele	Total
	$	$	$
31.12.2019			
Goodwill	3,173,574	3,988,948	7,162,522
31.12.2018			
Goodwill	4,603,918	8,844,378	13,448,296

The recoverable amounts of the CGUs have been determined based on value in use calculations which are based on cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the 5-year cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5-year period are as follows:

	2019		2018	
	O&M HVAC	O&M Tele	O&M HVAC	O&M Tele
Long-term growth rates	1.0%	1.0%	1.0%	1.0%
Pre-tax discount rates	9.5%	9.5%	9.5%	9.5%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Long-term growth rate – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC") based on the capital asset pricing model.

Sensitivity to changes in assumptions

For O&M HVAC CGU, the carrying amount exceeds the estimated recoverable amount by approximately $1,430,344 (2018: the estimated recoverable amount exceeds its carrying amount by $7,665,000) and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumptions for the recoverable amount is discussed below:

Long-term growth rates - Management recognises that the growth rates could yield a reasonably possible alternative to the estimated long-term growth rate of 1.0% (2018: 1.0%). A reduction of 0.5% (2018: 0.5%) in the long-term growth rate would result in further impairment of approximately $310,000 (2018: $492,000).

12. Intangible assets (cont'd)

Sensitivity to changes in assumptions (cont'd)

Pre-tax discount rates - Management recognises that the pre-tax discount rates at 9.5% (2018: 9.5%). An increase of 1% (2018: 1%) in the pre-tax discount rates would result in further impairment of approximately $880,000 (2018: $1,806,000).

For O&M Tele CGU, the carrying amount exceeds the estimated recoverable amount by approximately $4,855,430 (2018: the estimated recoverable amount exceeds its carrying amount by $3,541,000) and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumptions for the recoverable amount is discussed below:

Long-term growth rates - Management recognises that the growth rates could yield a reasonably possible alternative to the estimated long-term growth rate of 1.0% (2018: 1.0%). A reduction of 0.5% (2018: 0.5%) in the long-term growth rate would result in further impairment of approximately $240,000 (2018: $740,000).

Pre-tax discount rates - Management recognises that the pre-tax discount rates at 9.5% (2018: 9.5%). An increase of 1% (2018: 1%) in the pre-tax discount rates would result in further impairment of approximately $670,000 (2018: $1,890,000).

13. Leases

As a lessee

The Group has a lease contract for leasehold land. The lease of the land has remaining lease term of 13 years. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'leases of low-value assets' recognition exemptions for these leases.

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

	Leasehold land $
Group	
Cost:	
On adoption of SFRS(I) 16, under modified retrospective approach at 1 January 2019	1,559,939
At 31 December 2019	1,559,939
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	119,167
At 31 December 2019	119,167
Net book value:	
At 31 December 2019	1,440,772

13. Leases (cont'd)

As a lessee (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019	2018
	$	$
Group		
Present value:		
Amounts due for settlement within 12 months	61,639	25,690
Amounts due for settlement after 12 months	1,473,694	15,373
	1,535,333	41,063
Maturity analysis (gross amount):		
Not later than 1 year	291,759	303,422
Later than 1 year and not later than 5 years	1,380,170	1,396,076
Later than 5 years	1,679,207	1,955,241
	3,351,136	3,654,739

	2019
	$
Group	
On adoption of SFRS(I) 16, under modified retrospective approach at 1 January 2019	1,559,939
Accretion of interest	236,236
Payments	(276,034)
As at 31 December	1,520,141

The following are the amounts recognised in profit or loss:

	2019
	$
Depreciation expense of right-of-use assets	119,167
Interest expense on leases liabilities	236,236
Expense relating to short-term leases	281,798
Total amount recognised in profit or loss	637,201

The Group had total cash outflows for leases of $276,034 (2018: $276,034). The Group does not have any non-cash additions to right-of-use assets and lease liabilities in 2019 and 2018.

13. Leases (cont'd)

As a lessor

The Group has entered into commercial leases on certain office property. These non-cancellable leases have remaining lease terms of between 9 months to 1 year (2018: 9 months to 2 years).

Minimum rental receivables recognised as an income in profit or loss for the financial year ended 31 December 2019 amounted to $1,265,315 (2018: $1,433,101).

Future minimum rental receivables under non-cancellable operating leases are as follows:

	Group	
	2019	2018
	$	$
- Not later than 1 year	1,056,330	379,160
- 1 year through 5 years	263,640	302,390
	1,319,970	681,550

14. Investment in subsidiaries

	Company	
	2019	2018
	$	$
Shares, at cost	101,824,965	101,824,965
Less: Impairment losses	(72,319,845)	(47,713,880)
	29,505,120	54,111,085

The Group and the Company has the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2019	2018
			%	%
Held by the Company				
Viking Offshore Global Pte. Ltd.*	Singapore	Investment holding	100	100
Viking HVAC Pte Ltd*	Singapore	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100

14. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2019 %	2018 %
Held by the Company (cont'd)				
Promoter Hydraulics Pte Ltd*	Singapore	Manufacture and repair of marine engines and ship parts; retail and rental of marine equipment, marine accessories and parts	100	100
Viking Airtech Pte Ltd*	Singapore	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
Marshal Systems Pte Ltd*	Singapore	Contractors for electronic and electrical engineering works	100	100
Viking Facilities Management & Operations Pte. Ltd.*	Singapore	Facilities management	100	100
Viking Asset Management Pte. Ltd.*	Singapore	Investment holding	100	100
Held through Viking Asset Management Pte. Ltd.				
Viking LR1 Pte Ltd*	Singapore	Ownership and charter of assets	100	100
Viking LR2 Pte Ltd*	Singapore	Ownership and charter of assets	100	100
Viking Gold Pte Ltd*	Singapore	Ownership and charter of assets	100	100
Held through Viking Airtech Pte Ltd				
Viking Airtech (Yantai) Co., Ltd **	People's Republic of China	Marine air conditioning, manufacture, installation & design of marine refrigerating equipment maritime HVAC & R	100	100

14. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2019 %	2018 %
Held through Viking Airtech Pte Ltd (cont'd)				
Viking Offshore Malaysia Sdn Bhd **	Malaysia	Specialises in marine & offshore turkey HVAC & R systems	100	100
Viking Airtech (Shanghai) Co., Ltd**	People's Republic of China	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	49	100
PT Viking Offshore**	Indonesia	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
Held through Marshal Systems Pte Ltd				
Marshal Offshore and Marine Engrg Co., Ltd **	People's Republic of China	Contractors for electronic and electrical engineering works	100	100

* Audited by Ernst & Young LLP, Singapore.

** Audited by other firms of auditors. The subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.

In 2019, the Company disposed 51% of its shareholding in Viking Airtech (Shanghai) Co., Ltd to a third party. As at 31 December 2019, the Group has continued to consolidate Viking Airtech (Shanghai) Co., Ltd. as management has assessed that it still has control over the entity.

14. Investment in subsidiaries (cont'd)

Impairment testing of investment in subsidiaries

During the financial year, the Company recognised an impairment loss of $24,605,965 (2018: $11,236,440) as the recoverable amounts of subsidiaries are lower than the carrying amounts of investment in subsidiaries.

The recoverable amounts of the subsidiaries have been determined based on value in use calculations which are based on cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the 5-year cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5-year period are as follows:

	2019	2018
Long-term growth rates	1.0%	1.0%
Pre-tax discount rates	9.5%	9.5%

The calculations of value in use for the subsidiaries are most sensitive to the following assumptions:

Long-term growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the subsidiaries.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each subsidiary, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and derived from its weighted average cost of capital based on the capital asset pricing model.

Sensitivity to changes in assumptions

For the cost of investment in subsidiaries, the carrying amounts exceeded their estimated recoverable amounts by approximately $24,605,965 (2018: $11,236,440) and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

Long-term growth rates – A reduction of 0.5% (2018: 0.5%) in the long-term growth rate would result in a further impairment of approximately $599,000 (2018: $769,251).

Pre-tax discount rates – An increase of 1.0% (2018: 1.0%) in the pre-tax discount rate would result in a further impairment of approximately $1,724,000 (2018: $2,594,345).

15. Investment in associates

	Group 2019 $	Group 2018 $
Unquoted equity shares, at cost	15,408,641	15,408,641
Share of post-acquisition reserves	(5,769)	(5,769)
Impairment losses	(15,402,872)	(15,402,872)
	–	–

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2019 %	Proportion (%) of ownership interest 2018 %
Held through a subsidiary				
Smart Earl Investment Limited*	Republic of Seychelles	Ownership and charter of assets	30	30
Quick Booms Investments Limited*	British Virgin Islands	Ownership and charter of assets	30	30

* Not required to be audited by its country of incorporation

The activities of the associates are strategic to the Group activities.

Impairment testing

The recoverable amounts for its investment in associates were assessed and compared against the carrying amounts, and an impairment loss of $15,402,872 was recorded in 2018.

As at end of financial year, the investment in associates are fully impaired and are immaterial to the Group. As such, the summarised financial information in respect of Smart Earl Investment Limited and Quick Booms Investments Limited are not disclosed.

16. Quoted equity investments

Financial instruments

	Group	
	2019	**2018**
	$	$
At fair value through profit or loss		
Equity shares (quoted)	40,324	50,409
Net carrying amount		
Non-current	40,324	50,409

17. Inventories

	Group	
	2019	**2018**
	$	$
Balance sheets:		
Raw materials	1,158,064	1,643,282
Work-in-progress	1,716,026	3,266,225
Finished goods	10,263,020	23,389,812
	13,137,110	28,299,319
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	9,768,654	10,868,131
Inclusive of the following charge:		
- Inventories written down	13,439,052	6,785,945
- Inventories written off	1,407,752	–

Included in finished goods as at 31 December 2019 are two land rigs (2018: two) amounting to $9,016,056 (2018: $21,811,808), held by the Group for resale, following the termination of the Bareboat Charter Agreements in 2017 and 2018.

18. Trade receivables

	Group	
	2019	**2018**
	$	$
Trade receivables	24,116,978	27,271,747

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

18. Trade receivables (cont'd)

Included in trade receivables are amounts due from customers pertaining to the past charter of the land rigs. As at 31 December 2019, the carrying amounts of these trade receivables, net of allowance for expected credit losses, was $16,604,744 (2018: $20,896,524). Further, as at 31 December 2019, the Group has other payables and deposits due to these customers amounting to $16,567,171 (2018: $16,817,950) (Note 23). Both parties do not have an arrangement to settle the amount due to or from each other on a net basis, but the Group has the right to set off the amount due to or from each other in the case of default.

Trade receivables denominated in foreign currencies are as follows:

	Group	
	2019	2018
	$	$
United States Dollar	18,939,364	22,008,822
Chinese Renminbi	42,977	199,899
Malaysian Ringgit	316,661	179,110
Indonesian Rupiah	507,914	364,689

Expected credit losses

The movement in allowance for expected credit losses of trade receivables, other receivables and deposits and contract assets computed based on lifetime ECL are as follows:

	2019			2018		
	Trade receivables	Other receivables and deposits	Contract assets	Trade receivables	Other receivables and deposits	Contract asset
	$	$	$	$	$	$
Group						
At 1 January	13,615,991	75,780	–	11,293,729	75,780	–
Charge for the year	4,305,489	–	160,705	2,487,184	–	–
Exchange differences	(194,295)	–	–	(114,890)	–	–
Written off	(201,037)	–	–	–	–	–
Written back	(99,597)	–	–	(50,032)	–	–
At 31 December	17,426,551	75,780	160,705	13,615,991	75,780	–
Company						
At 1 January and 31 December	–	70,000	–	–	70,000	–

19. Other receivables and deposits

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Deposits	539,266	486,775	50,000	–
Advances to employees	29,929	34,788	–	–
Advances to suppliers	183,183	397,459	–	–
Other receivables	546,982	219,984	86,660	113,469
Less: Allowance for impairment	(75,780)	(75,780)	(70,000)	(70,000)
	1,223,580	1,063,226	66,660	43,469

Other receivables are non-interest bearing and are generally on 30 to 90 days' terms.

20. Contract assets and contract liabilities

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2019	2018
	$	$
Contract assets	4,835,593	6,597,236
Contract liabilities	(2,899,078)	(2,843,292)
	1,936,515	3,753,944

Included in contract liabilities are advances from customers amounting to $441,577 as at 31 December 2019 (2018: $469,412).

The Group has recognised impairment losses on receivables amounting to $160,705 (2018: nil) arising from contracts with customer. Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed on reporting date for project revenue. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for project revenue.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Revenue recognised in relation to contract liabilities

	Group	
	2019	2018
	$	$
Revenue recognised in current period that was in included in the contract liability balance at the beginning of the period		
- Project revenue	1,985,851	3,930,955

21. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Cash and bank balances	2,147,732	3,321,362	25,078	49,747
Short term deposit	216,615	282,582	–	–
	2,364,347	3,603,944	25,078	49,747

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are placed for twelve months and earn interest rate. The weighted average effective interest rates as at 31 December 2019 for the Group were 2.10% to 3.6% (2018: 2.1% to 3.6%).

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

	Group	
	2019	2018
	$	$
United States Dollar	593,413	1,927,945
Chinese Renminbi	66,308	99,269
Malaysian Ringgit	186,046	42,349
Euro	2,068	12,869
Indonesian Rupiah	181,690	510,728

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2019	2018
	$	$
Cash and bank balances	2,147,732	3,321,362
Short term deposit	216,615	282,582
Cash and cash equivalents	2,364,347	3,603,944

22. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade payables denominated in foreign currencies are as follows:

	Group	
	2019	2018
	$	$
United States Dollar	846,502	260,024
Euro	435,434	91,901
Chinese Renminbi	801,161	114,670
Malaysia Ringgit	209,638	52,115
Indonesia Rupiah	306,912	128,652

23. Other payables and accruals

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Accrued operating expenses	3,065,237	3,791,174	482,538	308,889
Accrued interest	2,847,043	408,961	–	–
Customers' deposits	5,562,099	6,130,958	–	–
Other payables	13,293,142	13,424,490	514,794	438,381
Rental deposits received	140,900	140,900	–	–
	24,908,421	23,896,483	997,332	747,270

Except as disclosed below, other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Included in customers' deposits are amounts of $5,382,720 (2018: $5,452,952) pertaining to the past charters of the land rigs.

Included in other payables are amounts of $11,184,451 (2018: $11,364,998) and $865,009 (2018: $778,762) due respectively to a customer in relation to the purchase of a land rig (sale and lease back arrange), and a loan from Chairman which carried interest at 12.0% per annum. The loan has been in default since FY2018.

24. Due from/(to) subsidiaries (non-trade)

Amounts due from/(to) subsidiaries are unsecured, non-interest bearing, are repayable on demand and are expected to be settled in cash.

25. Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Current liabilities				
Short-term loan	–	43,000	–	–
Revolving loans	6,486,974	6,500,000	–	–
Current portion of long-term loans				
- Term loan (Type A)	–	117,081	–	160,081
- Term loans (Type B)	9,099,757	1,915,719	–	–
Related party loan	6,501,044	6,500,853	–	–
Third party loans	2,160,000	2,160,000	–	–
Bridging loan	1,674,623	647,739	–	–
	25,922,398	17,884,392	–	160,081
Non-current liabilities				
Non-current portion of long term loans				
- Term loans (Type B)	–	7,216,379	–	–
Bridging loan	–	1,665,780	–	–
	–	8,882,159	–	–

(i) Short-term loan carried interest at 5.10% (2018: 5.10%) per annum and was fully repaid in 2019. The loan was secured by personal guarantee from Chairman.

(ii) Revolving loans carry interest at rates ranging from 3.80% to 10.25% (2018: 2.70% to 3.85%) per annum and are repayable on demand. The loans are secured by a first legal mortgage on subsidiaries leasehold property (Note 11) and corporate guarantees from the Company.

(iii) Term loan (Type A) carried interest at 4.00% (2018: ranging from 3.75% to 4.00%) per annum and was fully repaid in 2019. The loan was secured by corporate guarantees from the Company.

(iv) Term loans (Type B) carry interest at rates ranging from 3.50% to 5.83% (2018: 1.98% to 3.40%) per annum and are repayable between 2021 and 2022. The loans are secured by a first legal mortgage on a subsidiary's leasehold properties (Note 11) and by corporate guarantees from the Company.

(v) Related party loan (Tembusu) carries interest at 15.00% (2018: 5.00%) per annum. The loan has been in default since 2018. The loan is secured by a corporate guarantee from the Company.

(vi) Third party loans carry interest at rates ranging from 8.00% to 8.50% (2018: 8.00% to 8.50%) per annum. The loans are in default as at the end of the reporting period. The loans are secured by corporate guarantees from the Company. The Group accrued an additional interest of $44,361 for the default.

(vii) Bridging loans carry interest at 6.25% (2018: 6.25%) per annum and are repayable between 2019 and 2022. The loans are secured by a first legal mortgage on a subsidiary's leasehold properties (Note 11) and by corporate guarantees from the Company.

25. Loans and borrowings (cont'd)

The carrying amount of loans and borrowings and redeemable exchange bonds (Note 26), in default at the end of the reporting period is $33,077,822.

Defaults and breach of loan covenant

As at 31 December 2019, the Group's revolving loans, term loans (Type B), related party loan, third party loans and bridging loan amounting to $25,922,398 were in default. Further, the Group has breached a bank covenant in relation to a revolving loan from its banker. The subsidiary did not fulfil the requirement to maintain its tangible net worth of more than $6,000,000.

Subsequent to year-end, in February 2020, one of the revolving loans due from a subsidiary, amounting to $359,994, was fully repaid.

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

	31.12.2018	Cash flows	Non-cash changes	31.12.2019
	$	$	$	$
Loans				
- Current	17,884,392	(205,257)	8,243,263	25,922,398
- Non-current	8,882,159	(638,896)	(8,243,263)	–
Lease liabilities				
- Current (include effects of adoption of SFRS(I) 16)	65,488	(286,532)	282,683	61,639
- Non-current (include effects of adoption of SFRS(I) 16)	1,535,514	(15,373)	(46,447)	1,473,694
Redeemable exchangeable bonds				
- Current	7,080,834	–	74,590	7,155,424
	35,448,387	(1,146,058)	310,826	34,613,155

	31.12.2017	Cash flows	Non-cash changes	31.12.2018
	$	$	$	$
Loans				
- Current	17,548,255	(2,447,525)	2,783,662	17,884,392
- Non-current	11,633,663	(18,700)	(2,732,804)	8,882,159
Lease liabilities				
- Current	28,000	(2,310)	–	25,690
- Non-current	41,070	(25,697)	–	15,373
Redeemable exchangeable bonds				
- Current	6,303,302	–	777,532	7,080,834
	35,554,290	(2,494,232)	828,390	33,888,448

The 'non-cash changes' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time and accretion of interests.

26. Redeemable exchangeable bonds

Bond 1

In 2014, the Group, together with its wholly owned subsidiary, issued redeemable exchangeable bonds in the principal amount of $12,450,000 to an investor.

In 2017, the Group extended the maturity date of the remaining portion in the principal amount of $2,000,000 for a further 6 months to 7 May 2018 with the investor through a supplemental agreement.

Bond 2

In 2016, the Group, together with its wholly owned subsidiary, issued redeemable exchangeable bonds in the principal amount of $3,000,000 to an investor, repayable at maturity date, which is two years from the date of issue. The terms are identical to Bond 1.

Both bonds carry a simple interest of 5% per annum payable semi-annually and an internal rate of return of 15% per annum on the principal amount, together with any accrued and unpaid interest, repayable at maturity date.

The investors may at their absolute discretion request in writing for the Group to redeem all the bonds then outstanding at the redemption price if, prior to the maturity date, (i) an event of default occurs (unless waived by the investor) or (ii) where the Group fails to obtain certain approvals within the prescribed periods.

Upon the occurrence of an event of default or the failure to obtain certain approvals within the prescribed periods, the Group shall pay an amount giving the investors an interest of 12% per annum on the principal amount, together with any accrued and unpaid interest. The Group has accrued interest amounting to $74,380 after default.

The investors have the option to exchange any part of the bonds (including any accrued and unpaid interest) for shares of the Company at any time prior to the maturity date, at 10% discount to the 30-trading day average volume weighted average price of the shares of the Company for each share. The Group is currently in negotiation with the bondholders to both the bonds.

As the final date to exercise the redemption and exchangeable options have lapsed, the bonds no longer contain option features.

As at 31 December 2019, the bonds are in default.

26. Redeemable exchangeable bonds (cont'd)

The carrying amount of the liability component of the bonds at the end of the reporting period is arrived at as follows:

	Bond 1	Bond 2	Total
	$	$	$
Group			
2019			
Total face value	12,450,000	3,000,000	15,450,000
Derivative liability component	(1,712,331)	–	(1,712,331)
Liability component at initial recognition	10,737,669	3,000,000	13,737,669
Add: Accumulated amortisation of discount			
- Opening balance at 1 January	4,721,919	691,342	5,413,261
- Accumulated interest	74,590	-	74,590
- Closing balance at 31 December	4,796,509	691,342	5,487,851
Less:			
- Issuance of shares pursuant to conversion of the bonds	(4,591,918)	–	(4,591,918)
- Redemption of bonds	(7,478,178)	–	(7,478,178)
Liability component at the end of the reporting period			
- Current	3,464,082	3,691,342	7,155,424

	Bond 1	Bond 2	Total
Group			
2018			
Total face value	12,450,000	3,000,000	15,450,000
Derivative liability component	(1,712,331)	–	(1,712,331)
Liability component at initial recognition	10,737,669	3,000,000	13,737,669
Add: Accumulated amortisation of discount			
- Opening balance at 1 January	4,292,706	343,023	4,635,729
- Amortisation of discount during the financial year	182,889	290,207	473,096
- Accumulated interest	246,324	58,112	304,436
- Closing balance at 31 December	4,721,919	691,342	5,413,261
Less: Issuance of shares pursuant to conversion of bonds	(4,591,918)	–	(4,591,918)
Less: Redemption of bonds	(7,478,178)	–	(7,478,178)
Liability component at the end of the reporting period			
- Current	3,389,492	3,691,342	7,080,834

27. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2019		2018	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,106,681,074	102,604,532	1,106,681,074	102,604,532

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

(b) *Treasury shares*

	Group and Company			
	2019		2018	
	No. of shares	$	No. of shares	$
At 1 January and 31 December	(7,961,500)	(527,775)	(7,961,500)	(527,775)

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

28. Other reserves

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Foreign currency translation reserve (a)	(1,520,541)	(1,344,231)	–	–
Capital reserve (b)	114,056	114,056	114,056	114,056
Total other reserves	(1,406,485)	(1,230,175)	114,056	114,056

(a) *Foreign currency translation reserve*

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

	Group	
	2019	2018
	$	$
At 1 January	(1,344,231)	(1,502,116)
Net effect of exchange differences	(176,310)	157,885
At 31 December	(1,520,541)	(1,344,231)

28. Other reserves (cont'd)

(b) *Capital reserve*

Capital reserve relates to the gain on reissuance of treasury shares.

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
At 1 January and 31 December	114,056	114,056	114,056	114,056

29. Related party transactions

(a) *Sale and purchase of goods and services*

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

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Income/(Expenses)				
Management fee income from subsidiaries	–	–	570,000	–
Rental of office premise from a subsidiary	–	–	(73,164)	(73,164)
Finance cost from a related party	(1,082,452)	(1,581,345)	–	–
Finance cost from Chairman	(81,416)	(50,741)	–	–

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Loan from a related party (Note 25)	6,501,044	6,500,853	–	–
Loan from Chairman (Note 23)	865,009	778,762	–	–

29. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2019	2018
	$	$
Short-term employee benefits	496,760	868,666
Central Provident Fund contributions	46,540	53,446
Total compensation paid to key management personnel	543,300	922,112
Comprise amounts paid to:		
- Directors of the Company	292,260	511,090
- Other key management personnel	251,040	411,022
	543,300	922,112

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

30. Commitments and contingencies

Guarantees

As at 31 December 2019, the Company has provided corporate guarantees totalling $21,943,448 (2018: $23,567,548) to financial institutions in respect of credit facilities utilised by the subsidiaries.

31. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

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

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Group				
2019				
Assets measured at fair value				
Financial assets:				
Equity securities through profit or loss				
- Quoted equity instruments (Note 16)	40,324	–	–	40,324
Financial assets as at 31 December 2019	40,324	–	–	40,324
2018				
Assets measured at fair value				
Financial assets:				
Equity securities through profit or loss				
- Quoted equity instruments (Note 16)	50,409	–	–	50,409
Financial assets as at 31 December 2018	50,409	–	–	50,409

(c) *Trade receivables, other receivables and deposits, amounts due to/ from subsidiaries, cash and cash equivalents, trade payables, other payables and accruals, loans and borrowings, and redeemable exchangeable bonds*

The carrying amount of these financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

32. Classification of financial assets and liabilities

Financial assets

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Fair value through profit or loss				
Quoted equity investments	40,324	50,409	40,324	50,409
Amortised cost				
Trade receivables	24,116,978	27,271,747	–	–
Other receivables and deposits	1,010,468	630,979	66,660	43,469
Due from subsidiaries (non-trade)	–	–	36,467	18,226,601
Cash and cash equivalents	2,364,347	3,603,944	25,078	49,747
	27,491,793	31,506,670	128,205	18,319,817

Financial liabilities

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Financial liabilities at amortised cost				
Trade payables	5,666,459	3,118,350	–	–
Other payables and accruals	24,908,421	23,896,483	997,332	747,270
Loans and borrowings	25,922,398	26,766,551	–	160,081
Due to subsidiaries (non-trade)	–	–	27,332,355	28,525,932
Redeemable exchangeable bonds	7,155,424	7,080,834	–	–
Lease liabilities	1,535,333	41,063	–	–
	65,188,035	60,903,281	28,329,687	29,433,283

33. Financial risk management objectives and policies

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

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

(a) *Credit risk*

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

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

(a) *Credit risk (cont'd)*

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Management.

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

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

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

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

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

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

(a) *Credit risk (cont'd)*

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Information regarding the gross carrying amounts and loss allowance movement of trade receivables and contract assets are disclosed in Note 18 and Note 20 respectively.

<u>Excessive risk concentration</u>

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

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

<u>Exposure to credit risk</u>

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

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

- A nominal amount of $21,943,448 (2018: $23,567,548) relating to corporate guarantees provided by the Group to financial institutions in respect of credit facilities utilised by the subsidiaries.

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

(a) *Credit risk (Cont'd)*

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are impaired is disclosed in Notes 18 and 19.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2019		2018	
	$	% of total	$	% of total
Group				
Trade receivables				
By country:				
Singapore	4,462,993	19%	4,040,914	15%
People's Republic of China	5,258,326	22%	9,572,838	35%
United Kingdom	12,433,074	52%	12,158,881	44%
Indonesia	915,556	4%	835,226	3%
Malaysia	691,245	2%	182,592	1%
Vietnam	–	*	8,719	*
Others	355,784	1%	472,577	2%
	24,116,978	100%	27,271,747	100%
By industry sectors:				
Corporate	337,977	1%	255,732	1%
Offshore and marine	7,174,257	30%	6,119,491	22%
Chartering services	16,604,744	69%	20,896,524	77%
	24,116,978	100%	27,271,747	100%

** denotes less than 1%*

At the end of the reporting period, approximately 75% (2018: 80%) of the Group's trade receivables were due from five (2018: five) major customers.

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

(b) *Interest rate risk*

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been $165,389 lower/higher (2018: $167,824 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a lower volatility as in prior years.

(c) *Liquidity risk*

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with their different bankers. At the end of the reporting period, approximately 100% (2018: 67%) of the Group's loans and borrowings (Note 26) will mature in less than one year based on the carrying amount reflected in the financial statements.

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

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

(c) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less $	1 to 5 years $	After 5 years $	Total $
Group				
2019				
Financial assets:				
Quoted equity investments	–	–	40,324	40,324
Trade receivables	24,116,978	–	–	24,116,978
Other receivables and deposits	1,010,468	–	–	1,010,468
Cash and cash equivalents	2,364,347	–	–	2,364,347
Total undiscounted financial assets	27,491,793	–	40,324	27,532,117
Financial liabilities:				
Trade payables	5,666,459	–	–	5,666,459
Other payables and accruals	24,908,421	–	–	24,908,421
Lease liabilities	291,759	1,380,170	1,679,207	3,351,136
Loans and borrowings	25,922,398	–	–	25,922,398
Redeemable exchangeable bonds	7,155,424	–	–	7,155,424
Total undiscounted financial liabilities	63,944,461	1,380,170	1,679,207	67,003,838
Total net undiscounted financial liabilities	(36,452,668)	(1,380,170)	(1,638,883)	(39,471,721)

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

(c) *Liquidity risk (cont'd)*

	1 year or less $	1 to 5 years $	After 5 years $	Total $
Group				
2018				
Financial assets:				
Quoted equity investments	–	–	50,409	50,409
Trade receivables	27,271,747	–	–	27,271,747
Other receivables and deposits	630,979	–	–	630,979
Cash and cash equivalents	3,603,944	–	–	3,603,944
Total undiscounted financial assets	31,506,670	–	50,409	31,557,079
Financial liabilities:				
Trade payables	3,118,350	–	–	3,118,350
Other payables and accruals	23,896,483	–	–	23,896,483
Lease liabilities	27,395	15,906	–	43,301
Loans and borrowings	18,216,720	7,525,133	1,926,949	27,668,802
Redeemable exchangeable bonds	7,080,834	–	–	7,080,834
Total undiscounted financial liabilities	52,339,782	7,541,039	1,926,949	61,807,770
Total net undiscounted financial liabilities	(20,833,112)	(7,541,039)	(1,876,540)	(30,250,691)

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

(c) *Liquidity risk (cont'd)*

	1 year or less $	1 to 5 years $	After 5 years $	Total $
Company				
2019				
Financial assets:				
Quoted equity investments	–	–	40,324	40,324
Other receivables and deposits	66,660	–	–	66,660
Due from subsidiaries (non-trade)	36,467	–	–	36,467
Cash and cash equivalents	25,078	–	–	25,078
Total undiscounted financial assets	128,205	–	40,324	168,529
Financial liabilities:				
Other payables	997,332	–	–	997,332
Due to subsidiaries (non-trade)	27,332,355	–	–	27,332,355
Total undiscounted financial liabilities	28,329,687	–	–	28,329,687
Total net undiscounted financial (liabilities)/assets	(28,201,482)	–	40,324	(28,161,158)
2018				
Financial assets:				
Quoted equity investments	–	–	50,409	50,409
Other receivables and deposits	43,469	–	–	43,469
Due from subsidiaries (non-trade)	18,226,601	–	–	18,226,601
Cash and cash equivalents	49,747	–	–	49,747
Total undiscounted financial assets	18,319,817	–	50,409	18,370,226
Financial liabilities:				
Other payables	747,270	–	–	747,270
Due to subsidiaries (non-trade)	28,525,932	–	–	28,525,932
Loans and borrowings	162,698	–	–	162,698
Total undiscounted financial liabilities	29,435,900	–	–	29,435,900
Total net undiscounted financial (liabilities)/assets	(11,116,083)	–	50,409	(11,065,674)

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

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Chinese Renminbi (RMB) and Malaysian Ringgit (MYR). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD). Approximately 37% (2018: 63%) of the Group's sales are denominated in foreign currencies whilst almost 46% (2018: 30%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group also hold cash and short-term deposits denominated in foreign currency for working capital purposes. At the end of the reporting period, such foreign currency balance is in Indonesian Rupiah.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the People's Republic of China (PRC), Indonesia, Republic of Seychelles and British Virgin Islands. The Group's net investments in Malaysia, the PRC and Indonesia are not hedged as currency positions in Malaysian Ringgit, RMB, Indonesian Rupiah and USD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the SGD USD, RMB, Euro and MYR exchange rates against the respective functional currencies of the group entities, with all other variables held constant.

		Group Increase/ (decrease) in loss before tax	
		2019	2018
		$	$
SGD	- strengthened 5% (2018: 5%)	(863,327)	(682,035)
	- weakened 5% (2018: 5%)	863,327	682,035
USD	- strengthened 5% (2018: 5%)	101,731	136,300
	- weakened 5% (2018: 5%)	(101,731)	(136,300)
RMB	- strengthened 5% (2018: 5%)	(21,386)	21,009
	- weakened 5% (2018: 5%)	21,386	(21,009)
Euro	- strengthened 5% (2018: 5%)	(21,668)	(3,952)
	- weakened 5% (2018: 5%)	21,668	3,952
MYR	- strengthened 5% (2018: 5%)	14,724	7,252
	- weakened 5% (2018: 5%)	(14,724)	(7,252)

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

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its quoted equity investments. These investments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility as determined by the Board of Directors. All investments are approved by the Board of Directors.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the Straits Times Index (STI) had been 5% (2018: 5%) higher/lower with all other variables held constant, the Group's loss before tax would have been approximately $2,000 (2018: $3,000) lower/higher, arising as a result of an increase/decrease in the fair value of equity instruments classified as fair value through profit or loss.

34. Capital management

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018. The Group is not subject to any externally imposed capital requirements.

34. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables and other liabilities based on contractual undiscounted repayment obligation less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve.

	Group	
	2019	2018
	$	$
Total debt	63,652,702	60,862,218
Less: Cash and cash equivalents (Note 21)	(2,364,347)	(3,603,944)
Net debt	61,288,355	57,258,274
Equity attributable to the owners of the Company	4,859,271	37,013,791
Total capital	4,859,271	37,013,791
Capital and net debt	66,147,626	94,272,065
Gearing ratio	93%	61%

35. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has three operating segments, namely, the Offshore and Marine segment, Chartering Services segment and the Corporate segment.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

35. Segmental information (cont'd)

	Offshore and Marine		Chartering Services		Corporate		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018		2019	2018
	$	$	$	$	$	$	$	$		$	$
Revenue:											
External customers	22,428,529	26,487,207	–	2,481,060	1,265,315	1,177,841	–	–		23,693,844	30,146,108
Inter-segment	–	–	–	–	1,725,616	1,260,447	(1,725,616)	(1,260,447)	A	–	–
Total revenue	22,428,529	26,487,207	–	2,481,060	2,990,931	2,438,288	(1,725,616)	(1,260,447)		23,693,844	30,146,108
Results:											
Interest income	14,399	12,441	32	31	–	32	–	–		14,431	12,504
Depreciation and amortisation	244,330	377,889	–	–	1,298,785	1,270,463	474,102	472,447		2,017,217	2,120,799
Share of associate result	–	–	–	15,408,814	–	–	–	(5,942)		–	15,402,872
Impairment of non-financial assets	2,328,416	81,783	12,514,824	6,030,992	–	1,010,816	6,289,338	673,170		21,132,578	7,796,761
Other non-cash expenses	282,308	6,124	4,023,181	2,481,060	–	–	–	–	B	4,305,489	2,487,184
Segment (loss)/profit	(9,887,507)	(1,182,616)	(19,434,103)	(24,080,628)	(2,534,777)	(2,527,378)	(280,335)	(454,398)		(32,136,722)	(28,245,020)
Assets:											
Additions to non-current assets	15,514	124,152	–	–	–	2,268	–	–	C	15,514	126,420
Segment assets	26,081,557	53,587,008	57,419,120	54,022,401	47,748,364	82,155,213	(57,417,051)	(87,955,840)	D	73,831,990	101,808,782
Segment liabilities	(17,580,128)	(15,347,752)	(89,876,544)	(59,037,872)	(34,601,779)	(15,846,033)	99,893,736	53,251,634	E	(42,164,715)	(36,980,023)

35. Segmental information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses consist share-based payments, inventories written-down, provisions, and impairment of financial assets as presented in the respective notes to the financial statements.

C Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and investment in quoted and unquoted equities.

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheets:

	2019 $	2018 $
Deferred tax assets	–	5,531
Inter-segment assets	(57,417,051)	(87,955,840)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheets:

	2019 $	2018 $
Deferred tax liabilities	885,246	1,049,255
Tax payable	11,126	4,694
Loans and borrowings	25,922,398	26,766,551
Inter-segment liabilities	(99,893,736)	(53,251,634)

35. Segmental information (cont'd)

Geographical information

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

	Revenues		Non-current assets	
	2019	2018	2019	2018
	$	$	$	$
Australia	6,676	544,252	–	–
Europe	1,763,203	401,613	–	–
Indonesia	1,846,075	4,958,678	3,535	5,035
Malaysia	1,682,847	1,459,012	6,447	14,208
Middle East	1,120,386	700,276	–	–
People's Republic of China	1,693,716	5,193,663	26,649	57,464
Singapore	14,816,517	14,995,933	28,038,239	34,769,875
Vietnam	202,036	698,358	–	–
Others	562,388	1,194,323	–	–
	23,693,844	30,146,108	28,074,870	34,846,582

Non-current assets information presented above consist of property, plant and equipment, right-of-use asset and intangible assets as presented in the consolidated balance sheets.

Information about major customers

Revenue from three (2018: three) customers amounting to $ 7,376,603 (2018: $7,910,286) arise from project revenue by the offshore and marine segment (2018: offshore and marine segment).

36. Events occurring after the reporting period

(a) On 10 July 2019, the High Court of the Republic of Singapore (the "Court") has granted the Company and an entity of the Group moratoria under section 211 of the Companies Act until 12 December 2019. On 20 November 2019, the Company applied for an extension of the moratoria and was granted extension to 12 April 2020 or a later date so ordered by the Court.

On 24 March 2020, the Company applied for a further 4 months extension from 12 April 2020. The hearing of such an extension is fixed for the 17 June 2020, which automatically extend the moratoria until the hearing date. The Company will seek a further extension of the moratoria by another four months. The Group intends to pursue the restructuring by way of scheme of arrangement to be proposed between the relevant entities of the Group and its creditors under Section 210 of the Companies Act (the "Scheme").

36. Events occurring after the reporting period (cont'd)

(b) On 10 January 2020, the Company has entered into a conditional placement agreement ("Placement Agreement") with Ruddin Advisory Limited and Blue Ocean Capital Partners Pte. Ltd., in relation to a proposed placement of shares in the Company ("Proposed Placement") for an aggregate consideration of $5,000,000 in cash.

This Proposed Placement will provide funds to the Company to, amongst others, facilitate the restructuring of its debts and liabilities as part of the Scheme and working capital of the Group. The Proposed Placement is subject to, among others, approval from the shareholders at an extraordinary general meeting, agreement with Maybank for the settlement/ re-financing of the outstanding loans as well as the finalisation of the scheme of arrangement.

(c) On 24 February 2020, the hearing in the High Court of Singapore of an application commenced by Maybank Singapore Limited ("Maybank") against three of the Company's wholly-owned subsidiaries, namely Viking Facilities Management & Operations Pte Ltd ("VFMO"), Viking Airtech Pte Ltd and Marshal Systems Pte Ltd, was adjourned to 26 June 2020. The Company intends to apply for a reschedule of the hearing to a date after the moratoria extension discussed in (a) above.

The application was in respect of banking facilities extended by Maybank to the subsidiaries. Maybank is seeking, amongst other things, repayment of the relevant sum and vacant possession of the properties mortgaged by VFMO to Maybank as security for the banking facilities.

(d) On 21 November 2019, the Beijing intermediary court granted an application by the Company's subsidiaries Viking LR1 Pte Ltd and Viking LR2 Pte Ltd ("VLR") to recognise the arbitration award against Beijing Forpetro Sino-Rig Co Ltd ("Forpetro"). On 14 February 2020, VLR further filed application for enforcement of award against the assets of Forpetro, including amongst others; the freezing, seizure and subsequent disposal of the assets, pending the fixing of the hearing date by the Beijing intermediary court. This application of enforcement of arbitration award relates to the charter payment default by the charterer, Forpetro.

(e) The emergence of Coronavirus ("COVID-19") since early 2020 has brought about uncertainties to the Group's operating environment and is expected to impact the business of the Group. The extent of the impact of the COVID-19 outbreak on the financial performance of the Company and its subsidiaries will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the overall economy, all of which are highly uncertain and cannot be predicted. As such, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Group in 2020.

37. Authorisation of financial statements

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 2 June 2020.

Shareholding Statistics

As at 8 June 2020

Class of shares	-	Ordinary shares
Voting rights	-	On a show of hands, one vote for each member
	-	On a poll : one vote for each ordinary share

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	162	6.77	2,517	0.00
100 - 1,000	123	5.14	66,185	0.01
1,001 - 10,000	286	11.95	1,682,473	0.15
10,001 - 1,000,000	1,725	72.05	228,687,345	20.66
1,000,001 and above	98	4.09	876,242,554	79.18
	2,394	**100.00**	**1,106,681,074**	**100.00**

There are no subsidiary holdings held as at 8 June 2020.

Based on information available to the Company as at 8 June 2020, approximately 59.4% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

Top 20 Shareholders

S/No.	Name of Shareholder	No. of Shares Held	%*
1	Lim Andy	243,106,880	22.13
2	DBS Nominees Pte Ltd	94,596,052	8.61
3	DBS Vickers Securities (S) Pte Ltd	86,594,200	7.88
4	Luminor Pacific Fund 1 Ltd	50,253,656	4.57
5	Lim Chee San	39,000,000	3.55
6	Associated Leisure International Pte Ltd	29,400,000	2.68
7	Ong Choo Guan	26,480,000	2.41
8	Maybank Kim Eng Securities Pte. Ltd.	25,196,300	2.29
9	Yeo Seng Buck	23,963,100	2.18
10	Terry Tan Soon Lee @ Huiri Amita	17,166,050	1.56
11	OCBC Securities Private Ltd	13,678,647	1.24
12	Phillip Securities Pte Ltd	11,708,953	1.07
13	Tan Weiren Vincent (Chen Weiren Vincent)	9,662,000	0.88
14	United Overseas Bank Nominees Pte Ltd	7,911,650	0.72
15	Xue Chunxia	7,344,000	0.67
16	GKE Corporation Limited	6,300,000	0.57
17	Raffles Nominees (Pte) Limited	5,948,200	0.54
18	Wong Poh Hwa @ Kwai Seng	5,500,000	0.50
19	Chan Kwan Bian	5,335,400	0.49
20	UOB Kay Hian Pte Ltd	5,061,810	0.46
		714,206,898	**65.00**

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 8 June 2020 of 1,098,719,574 shares (which excludes 7,961,500 shares which are held as treasury shares representing approximately 0.72% of the total number of issued shares excluding treasury shares).

Substantial Shareholders as at 8 June 2020

Name	Number of shares registered in the name of substantial shareholders	Number of shares in which the substantial shareholder is deemed to have an interest	Total	%*
Andy Lim [(1)]	243,643,120	29,400,000	273,043,120	24.85
Viking Engineering Pte Ltd [(2)]	85,989,200	-	85,989,200	7.83
Johansson Bo Robert [(3)]	-	85,989,200	85,989,200	7.83
Sune Gustaf Sigvard Andersson [(3)]	-	85,989,200	85,989,200	7.83
Tan Boy Tee [(4)]	80,000,000	-	80,000,000	7.28

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 8 June 2020 of 1,098,719,574 shares (which excludes 7,961,500 shares which are held as treasury shares representing approximately 0.72% of the total number of issued shares excluding treasury shares).

Notes:

(1) Mr Andy Lim has a direct interest in 243,643,120 shares, of which 243,106,880 shares are registered in his own name and 536,240 shares are registered and held through the following Nominees:

Nominees	Shares
United Overseas Bank Nominees	536,240

Mr Andy Lim is further deemed interested in the 29,400,000 shares held by Associated Leisure International Pte Ltd whereby he holds a 99% shareholding interest.

(2) Viking Engineering Pte Ltd has a direct interest in 85,989,200 shares which are registered and held through DBS Vickers Securities (Singapore) Pte Ltd.

(3) Mr Johansson Bo Robert and Mr Sune Gustaf Sigvard Andersson are the substantial shareholders (50% each) of Viking Engineering Pte Ltd and are deemed interested in the 85,989,200 shares held by Viking Engineering Pte Ltd.

(4) Mr Tan Boy Tee has a direct interest in 80,000,000 shares which are registered and held through DBS Nominees Pte Ltd.

Warrantholding Statistics

As at 8 June 2020

WARRANTS - W220701

Warrantholding Statistics as at 8 June 2020

Size of Shareholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	15	4.06	557	0.00
100 - 1,000	19	5.15	10,477	0.01
1,001 - 10,000	78	21.14	462,594	0.47
10,001 - 1,000,000	245	66.40	30,415,461	31.20
1,000,001 and above	12	3.25	66,602,020	68.32
	369	**100.00**	**97,491,109**	**100.00**

Top 20 Warrantholders

S/No.	Name of Warrantholder	No. of Warrants Held	%*
1	Lim Andy	28,443,840	29.18
2	Phillip Securities Pte Ltd	10,290,280	10.55
3	Chua Eng Hong	6,882,500	7.06
4	Associated Leisure International Pte Ltd	4,200,000	4.31
5	Chan Kok Khoon	3,191,500	3.27
6	Pang Nyuk Lin	3,000,000	3.08
7	Maybank Kim Eng Securities Pte. Ltd.	2,906,000	2.98
8	Goh Jun Yi Irving (Wu Junyi Irving)	1,625,900	1.67
9	Tan Weiren Vincent (Chen Weiren Vincent)	1,612,000	1.65
10	Pwee Gin Leong	1,600,000	1.64
11	Kek Sin Hwa (Guo Xinhua)	1,450,000	1.49
12	GKE Corporation Limited	1,400,000	1.44
13	Soh Kay Meng	1,000,000	1.03
14	DBS Nominees Pte Ltd	872,696	0.89
15	Fan Baoqi	800,000	0.82
16	Chan Kwan Bian	762,200	0.78
17	Tay Yew Chong	750,000	0.77
18	Kong Kok Peng	650,000	0.67
19	Cheong Thiam Tee	620,000	0.64
20	Lee Kang Wee	600,100	0.61
		72,657,016	**74.53**

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Viking Offshore & Marine Limited
Registration No. 199307300M

First Quarter Financial Statements And Dividend Announcement for the Financial Period Ended 31 March 2020

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2018.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Catalist Rules.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	1Q 2020 S$'000 (Unaudited)	1Q 2019 S$'000 (Unaudited)	Change %
Revenue	4,036	4,871	(17)
Cost of sales	(2,453)	(3,167)	(23)
Gross Profit	1,583	1,704	(7)
Other income	1,644	101	1,528
Interest income	1	4	(75)
Marketing and distribution expenses	(38)	(23)	65
Administrative expenses	(1,959)	(2,035)	(4)
Other operating expenses	(362)	(771)	(53)
Finance costs	(776)	(647)	20
Profit/(Loss) before tax	93	(1,667)	NM
Income tax credit	-	20	(100)
Profit/(Loss) for the period	93	(1,647)	NM
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(1,447)	95	NM
Net change in fair value reserve of available-for-sale financial assets	-	-	-
Other comprehensive income for the period, net of tax	(1,447)	95	NM
Total comprehensive income for the period	(1,354)	(1,552)	(13)
Profit/(Loss) attributable to:			
- Owners of the Company	71	(1,647)	NM
- Non-controlling interests	22	-	NM
	93	(1,647)	NM
Total comprehensive income attributable to:			
- Owners of the Company	(1,376)	(1,552)	(11)
- Non-controlling interests	22	-	NM
	(1,354)	(1,552)	(13)

Note

	The Group		
	1Q 2020 S$'000 (Unaudited)	1Q 2019 S$'000 (Unaudited)	Change %
Profit/(Loss) before tax is derived at after			
Crediting/(charging) :			
Depreciation of property, plant and equipment and right-of-use assets	(357)	(504)	(29)
Amortisation of intangible assets	(3)	(5)	(40)
Gain/(Loss) on foreign exchange	1,564	(228)	NM
Reversal of impairment loss on trade receivables	-	30	(100)
Inventories written down	-	(31)	(100)

NM: Not meaningful

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group S$'000		The Company S$'000	
	31-Mar-20 (Unaudited)	31-Dec-19 (Unaudited)	31-Mar-20 (Unaudited)	31-Dec-19 (Unaudited)
Equity attributable to owners of the Company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(98,594)	(97,218)	(100,728)	(100,718)
	3,483	4,859	1,349	1,359
Non-controlling interests	11	(11)	-	-
Total equity	**3,494**	**4,848**	**1,349**	**1,359**
Non-current assets				
Property, plant and equipment	19,100	19,427	1	1
Investment in subsidiaries	-	-	29,505	29,505
Quoted equity investments	40	40	40	40
Intangible assets	7,204	7,207	-	-
Right-of-use assets	1,411	1,441	-	-
Deferred tax assets	-	-	-	-
	27,755	28,115	29,546	29,546
Current assets				
Inventories	13,585	13,137	-	-
Trade receivables	23,475	24,117	-	-
Contract assets	3,986	4,836	-	-
Prepayments	50	39	31	14
Other receivables and deposits	1,055	1,069	123	67
Due from subsidiaries (non-trade)	-	-	-	36
Cash and cash equivalents	3,017	2,365	18	25
	45,168	45,563	172	142
Total assets	**72,923**	**73,678**	**29,718**	**29,688**
Current liabilities				
Trade payables	4,770	5,667	-	-
Contract liabilities	2,814	2,732	-	-
Other payables and accruals	26,801	24,923	1,099	997
Tax payable	3	11	-	-
Finance lease obligations	10	15	-	-
Term loans	25,493	25,922	-	-
Redeemable exchangeable bonds	7,155	7,155	-	-
Due to subsidiaries (non-trade)	-	-	27,270	27,332
	67,046	66,425	28,369	28,329
Non-current liabilities				
Lease liabilities	1,498	1,520	-	-
Deferred tax liabilities	885	885	-	-
	2,383	2,405	-	-
Total liabilities	**69,429**	**68,830**	**28,369**	**28,329**
Net assets	**3,494**	**4,848**	**1,349**	**1,359**

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31 March 2020		As at 31 December 2019	
	S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	25,493	-	25,922	-
- Redeemable exchangeable bonds	7,155	-	7,155	-
- Finance lease obligations	10	-	15	-
Amount repayable after one year	-	-	-	-

Details of any collateral

The Group's borrowings are secured by the following:
- a first legal mortgage on a subsidiary's leasehold property;
- fixed and floating charge over the subsidiary's assets; and
- corporate guarantees.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	1Q 2020 S$'000 (Unaudited)	1Q 2019 S$'000 (Unaudited)
Cash flows from operating activities:		
Profit/(Loss) before tax	93	(1,667)
Adjustments for:		
Amortisation of intangible assets	3	5
Depreciation of property, plant and equipment and right-of-use assets	357	504
Inventories written down	-	31
Reversal of impairment loss on trade receivables	-	(30)
Interest expense	776	647
Interest income	(1)	(4)
Unrealised exchange (gain)/loss	(326)	248
Operating profit/(loss) before working capital changes	902	(266)
Changes in working capital:		
Inventories	(447)	718
Trade receivables	646	(477)
Due from customers for contracts work-in-progress	850	278
Other receivables, deposits and prepayments	(102)	(19)
Trade payables	(900)	500
Due to customers for contracts work-in-progress	82	623
Other payables and accruals	464	(898)
Cash flows from operations	1,495	459
Interest received	1	4
Income taxes paid	(11)	-
Net cash flows from operating activities	1,485	463
Cash flows from financing activities		
Interest paid	(262)	(133)
Repayment of loans and borrowings	(429)	(466)
Payment of principal portion of lease liabilities	(118)	-
Payment of finance lease obligations	(6)	(6)
Cash flows used in financing activities	(815)	(605)
Net increase/(decrease) in cash and cash equivalents	670	(142)
Effect of exchange rate changes on cash and cash equivalents	(18)	(119)
Cash and cash equivalents at beginning of period	2,365	3,604
Cash and cash equivalents at end of period	3,017	3,343

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

	The Group						
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2019							
Balance as at 1 January 2019	102,605	(528)	(1,344)	114	(63,833)	-	37,014
Profit/(Loss) for the period	-	-	-	-	(1,647)	-	(1,647)
Other comprehensive income							
Foreign currency translation	-	-	95	-	-	-	95
Other comprehensive income for the period, net of tax	-	-	95	-	-	-	95
Total comprehensive income for the period	-	-	95	-	(1,647)	-	(1,552)
Contributions by and distribution to owners							
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Balance as at 31 March 2019	**102,605**	**(528)**	**(1,249)**	**114**	**(65,480)**	**-**	**35,462**

	The Group						
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2020							
Balance as at 1 January 2020	102,605	(528)	(1,540)	114	(95,792)	(11)	4,848
Profit/(Loss) for the period	-	-	-	-	71	22	93
Other comprehensive income							
Foreign currency translation	-	-	(1,447)	-	-	-	(1,447)
Other comprehensive income for the period, net of tax	-	-	(1,447)	-	-	-	(1,447)
Total comprehensive income for the period	-	-	(1,447)	-	71	22	(1,354)
Contributions by and distribution to owners							
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Balance as at 31 March 2020	**102,605**	**(528)**	**(2,987)**	**114**	**(95,721)**	**11**	**3,494**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2019					
Balance as at 1 January 2019	102,605	(528)	114	(59,105)	43,086
Profit/(Loss) for the period	-	-	-	(328)	(328)
Total comprehensive income for the period	-	-	-	(328)	(328)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 March 2019	**102,605**	**(528)**	**114**	**(59,433)**	**42,758**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2020					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Profit/(Loss) for the period	-	-	-	(10)	(10)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(10)	(10)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 March 2020	**102,605**	**(528)**	**114**	**(100,842)**	**1,349**

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in Company's share capital:

	No. of shares	Share capital S$'000
Balance as at 31 December 2019 and 31 March 2020	1,106,681,074	102,605

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Rights Shares") at an issue price of S$0.018 for each Rights Share and 97,491,109 free detachable warrants ("2017 Warrants") pursuant to a renounceable and non-underwritten rights cum warrants issue. Each 2017 Warrant carries the right to subscribe for two new ordinary share in the capital of the Company at an exercise price of S$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

As at 31 March 2020, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 (0.7% of total number of issued shares) were held by the Company as treasury shares (31 March 2019: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 31 March 2020	As at 31 March 2019
No. of shares that may be issued upon conversion of all outstanding convertibles	194,982,218	194,982,218

There were no subsidary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial period.

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 December 2019.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	As at 31 March 2020		As at 31 December 2019	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares	1,106,681,074	102,605	1,106,681,074	102,605
Number of treasury shares	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares	1,098,719,574	102,077	1,098,719,574	102,077

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of shares	S$'000
Number of treasury shares as at 31 December 2019 and 31 March 2020	7,961,500	528

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2018 included a disclaimer of opinion on material uncertainty relating to going concern.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recent audited financial statements for the financial year ended 31 December 2018, except for those disclosed under Paragraph 5.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter. As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial year ended 31 December 2018. The adoption of new SFRS(I) did not result in substantial change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current or prior financial years.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	1Q 2020 cents	1Q 2019 cents
Profit/(Loss) per ordinary share		
(i) Based on the weighted average number of ordinary share on issue	0.01	(0.15)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	0.01	(0.15)
Profit/(Loss) per ordinary share from continuing operations		
(i) Based on the weighted average number of ordinary share on issue	0.01	(0.15)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	0.01	(0.15)
Computed based on the following weighted average number of shares		
Basic	1,098,719,574	1,098,719,574
Diluted	1,098,719,574	1,098,719,574

As at 31 March 2020, warrants of 97,491,109 (31 March 2019: 97,491,109) have not been included in the calculation of diluted profit/(loss) per share because they are anti-dilutive.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial year reported on; and
(b) immediately preceding financial year.

	Group		Company	
	cents		cents	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.32	0.44	0.12	0.12

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 31 March 2020 (31 December 2019: 1,098,719,574 shares), excluding treasury shares.

8 A review of the performance of the group to the extent necessary for a reasonable understanding of the business. It must include a discussion of the following:—
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Performance

Revenue in 1Q2020 was lower as compared to 1Q2019 due to the lower revenue generated from the offshore and marine services, and systems engineering projects largely as a result of lower order book carried forward.

The increase in gross profit margin of 4.3% was due to the revenue mix where a higher proportion of revenue recognised were for the power winches segment which yielded higher margins.

Increase in other income and decrease in other operating expenses were largely due to foreign exchange gain of S$1.5 million. This gain was a result of the translation differences on US Dollar denominated current assets from the strengthening US Dollars, as opposed to a foreign exchange loss of S$0.2 million in 1Q2019. Administrative Expenses declined quarter-on-quarter due to the lower business activities. Finance cost increased compared to the preceding period as the interests to the Group's borrowings continue to be accrued despite the moratorium.

Considering the above factors, the Group registered a net profit before and after tax of approximately S$0.093 million for 1Q2020.

Financial Position

The Net Assets for the Group stood at S$3.5 million as at 31 March 2020. This was lower compared to that as at 31 December 2019 due to the negative total comprehensive income for the period.

The reduction in Non-Current Assets was mainly due to the depreciation of property, plant and equipment.

The decrease in net amount Due from Customer Contracts was a result of timing of project billing milestones. Trade payables decreased due to the shorter payment cycle to suppliers. Other payables and accruals increased largely as a result of foreign exchange translation for payables denominated in US Dollar as a result of the strengthening of US Dollars.

Cashflow

The net cash flows generated from operating activities were mainly due to the customer project milestone billing and favourable currency effect from US Dollar denominated current assets.

Cash flows used in financing activities were due to the repayment of loans, interests and lease liabilities during the quarter.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The industry was showing signs of gradual recovery in 2019. The Group saw an increase in customer enquiries and tender invitations in 2019 and worked diligently to secure the contracts for the offshore and marine business. This gradually improved trend was disrupted by both the COVID-19 pandemic, as well as the oil price volatility triggered by the price-volume war between the major oil producing countries and plummeting demand.

The COVID-19 pandemic has created one of the most volatile periods in history for the upstream oil and gas industry with unprecedented challenges. As with most economic sectors, the industry outlook has certainly turned weaker and future developments difficult to assess. As with most businesses, similar business impact is also felt by the Group in carrying out its business activities due to the restrictive measures instituted by the governmental authorities. The timeline in terms of returning to work and reverberating impact from customer orders and project delays cannot be firmly determined.

To navigate in this challenging climate, the Group will continue to monitor the situation closely and adjust its operating capacity in accordance with the fluid uncertain situation and when there is more clarity on the market development. The Group continues to look for opportunities to monetise its capital assets in order to improve its liquidity position, repay its debts and strengthen its working capital.

Against the challenging macroeconomic backdrop the Group achieved some positive development in addressing some of the long outstanding legal matters. As previously reported in the last quarter, the Group managed to successfully negotiate settlement and the legal suit by the owners of the chemical tanker discontinued. The Group was also able to successfully make an application for enforcement to the Chinese court against the charterer of the land drilling rigs and will continue to pursue the enforcement process. And recently the Group also reached a settlement with Keppel Singmarine with regards to the legal proceedings involving the Company's wholly-owned subsidiary, Viking HVAC Pte. Ltd.

As previously shared in the monthly update announcements pertaining to the Moratorium, the Company has entered into a conditional placement agreement with Ruddin Advisory Limited and Blue Ocean Capital Partners Pte. Ltd. in relation to a proposed placement of shares in the Company. The Company continues to undergo a court-supervised restructuring process; and to engage both its potential investors in relation to potential rescue financing as well as its key creditors in relation to a potential settlement or arrangement of its liabilities thereto. While the moratorium and debt restructuring process is still ongoing, the Group had managed to achieve progress in addressing the conditions precedent to the conditional placement agreement and addressing creditors' debt resolution.

The Group continues to place its effort in maintaining viability of its offshore and marine business, closing out the placement agreement with the potential investors, reaching a potential settlement or arrangement of the relevant liabilities with key creditors. The above actions will allow the Group to deleverage the balance sheet and improve the financial capacity of the Group. The Group hopes to emerge from the eventual successful restructuring and the execution of the plans by the strategic investors will allow a renewed lease of life for the business.

11 Dividend

(a) Current Financial Period Reported On
Any dividend recommended for the current financial period report on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable

(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12 If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period reported on due to the current financial position of the Company.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 Confirmation By Directors Pursuant to Rule 705(5) of the Listing Manual of SGX-ST

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the first quarter ended 31 March 2020 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules
The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR NG YEAU CHONG
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

15 May 2020
Singapore

Viking Offshore & Marine Limited
Registration No. 199307300M

Second Quarter Financial Statements And Dividend Announcement for the Financial Period Ended 30 June 2020

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2019.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (**"Sponsor"**), in accordance with Rule 226(2)(b) of the Catalist Rules.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	2Q 2020 S$'000 (Unaudited)	**2Q 2019 S$'000 (Unaudited)**	**Change %**	**1H 2020 S$'000 (Unaudited)**	**1H 2019 S$'000 (Unaudited)**	**Change %**
Revenue	3,924	4,690	(16)	7,960	9,561	(17)
Cost of sales	(2,734)	(2,646)	3	(5,187)	(5,813)	(11)
Gross Profit	1,190	2,044	(42)	2,773	3,748	(26)
Other income	664	53	1,153	1,748	154	1,035
Interest income	2	6	(67)	3	10	(70)
Marketing and distribution expenses	(29)	(77)	(62)	(67)	(100)	(33)
Administrative expenses	(1,907)	(2,182)	(13)	(3,866)	(4,217)	(8)
Other operating expenses	(920)	(554)	66	(722)	(1,325)	(46)
Finance costs	(797)	(618)	29	(1,573)	(1,265)	24
Loss before tax	(1,797)	(1,328)	35	(1,704)	(2,995)	(43)
Income tax credit	(10)	20	NM	(10)	40	NM
Loss for the period	(1,807)	(1,308)	38	(1,714)	(2,955)	(42)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	793	801	(1)	(654)	896	NM
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	793	801	(1)	(654)	896	NM
Total comprehensive income for the period	(1,014)	(507)	100	(2,368)	(2,059)	15
Loss attributable to:						
- Owners of the Company	(1,747)	(1,308)	34	(1,676)	(2,955)	(43)
- Non-controlling interests	(60)	-	NM	(38)	-	NM
	(1,807)	(1,308)	38	(1,714)	(2,955)	(42)
Total comprehensive income attributable to:						
- Owners of the Company	(954)	(507)	88	(2,330)	(2,059)	13
- Non-controlling interests	(60)	-	NM	(38)	-	NM
	(1,014)	(507)	100	(2,368)	(2,059)	15

Note

	The Group					
	2Q 2020 S$'000 (Unaudited)	**2Q 2019 S$'001 (Unaudited)**	**Change %**	**1H 2020 S$'000 (Unaudited)**	**1H 2019 S$'000 (Unaudited)**	**Change %**
Loss before tax is derived at after						
Crediting/(charging) :						
Depreciation of property, plant and equipment and right-of-use assets	(349)	(471)	(26)	(706)	(975)	(28)
Amortisation of intangible assets	(3)	(4)	(25)	(6)	(9)	(33)
(Loss)/Gain on foreign exchange	(560)	(55)	918	1,004	(283)	NM
Reversal of impairment loss on trade receivables	-	(30)	(100)	-	-	-
Inventories written down	(7)	(23)	(70)	(7)	(54)	(87)

NM: Not meaningful

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group S$'000		The Company S$'000	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Equity attributable to owners of the Company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(99,557)	(97,218)	(100,711)	(100,718)
	2,520	4,859	1,366	1,359
Non-controlling interests	(48)	(11)	-	-
Total equity	**2,472**	**4,848**	**1,366**	**1,359**
Non-current assets				
Property, plant and equipment	18,795	19,427	1	1
Investment in subsidiaries	-	-	29,505	29,505
Quoted equity investments	40	40	40	40
Intangible assets	7,201	7,207	-	-
Right-of-use assets	1,381	1,441	-	-
	27,417	28,115	29,546	29,546
Current assets				
Inventories	12,862	13,137	-	-
Trade receivables	21,042	24,117	-	-
Contract assets	3,160	4,836	-	-
Prepayments	27	39	17	14
Other receivables and deposits	1,123	1,069	85	67
Due from subsidiaries (non-trade)	-	-	-	36
Cash and cash equivalents	3,508	2,365	36	25
	41,722	45,563	138	142
Total assets	**69,139**	**73,678**	**29,684**	**29,688**
Current liabilities				
Trade payables	3,120	5,667	-	-
Contract liabilities	2,355	2,732	-	-
Other payables and accruals	26,075	24,923	1,133	997
Tax payable	5	11	-	-
Finance lease obligations	6	15	-	-
Term loans	25,555	25,922	-	-
Redeemable exchangeable bonds	7,156	7,155	-	-
Due to subsidiaries (non-trade)	-	-	27,185	27,332
	64,272	66,425	28,318	28,329
Non-current liabilities				
Lease liabilities	1,520	1,520	-	-
Deferred tax liabilities	875	885	-	-
	2,395	2,405	-	-
Total liabilities	**66,667**	**68,830**	**28,318**	**28,329**
Net assets	**2,472**	**4,848**	**1,366**	**1,359**

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 30 June 2020		As at 31 December 2019	
	S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	25,555	-	25,922	-
- Redeemable exchangeable bonds	7,156	-	7,155	-
- Finance lease obligations	6	-	15	-
Amount repayable after one year	-	-	-	-

Details of any collateral

The Group's borrowings are secured by the following:
- a first legal mortgage on a subsidiary's leasehold property;
- fixed and floating charge over the subsidiary's assets; and
- corporate guarantees.

1 (c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group		The Group	
	2Q 2020 S$'000 (Unaudited)	**2Q 2019 S$'000 (Unaudited)**	**1H 2020 S$'000 (Unaudited)**	**1H 2019 S$'000 (Unaudited)**
Cash flows from operating activities:				
Loss before tax	(1,797)	(1,328)	(1,704)	(2,995)
Adjustments for:				
Amortisation of intangible assets	3	4	6	9
Depreciation of property, plant and equipment and right-of-use assets	349	471	706	975
Inventories written down	7	23	7	54
Reversal of impairment loss on trade receivables	-	30	-	-
Interest expense	797	618	1,573	1,265
Interest income	(2)	(6)	(3)	(10)
Unrealised exchange loss/(gain)	198	(533)	(128)	(285)
Operating (loss)/profit before working capital changes	(445)	(721)	457	(987)
Changes in working capital:				
Inventories	716	(3,302)	269	(2,584)
Trade receivables	2,434	3,982	3,080	3,505
Due from customers for contracts work-in-progress	826	(12)	1,676	266
Other receivables, deposits and prepayments	(48)	(208)	(150)	(227)
Finance lease receivables	-	92	-	92
Trade payables	(1,650)	(60)	(2,550)	440
Due to customers for contracts work-in-progress	(459)	(562)	(377)	61
Other payables and accruals	(703)	1,582	(239)	684
Cash flows (used in)/from operations	671	791	2,166	1,250
Interest received	2	6	3	10
Income taxes paid	-	(1)	(11)	(1)
Net cash flows from operating activities	673	796	2,158	1,259
Cash flows from investing activities				
Purchase of property, plant and equipment	(15)	(13)	(15)	(13)
Proceeds from disposal of plant and equipment	-	43	-	43
Cash flows (used in)/from investing activities	(15)	30	(15)	30
Cash flows from financing activities				
Interest paid	-	(294)	(262)	(427)
Repayment of loans and borrowings	(137)	(287)	(566)	(753)
Payment of principal portion of lease liabilities	(24)	-	(142)	-
Payment of finance lease obligations	(3)	(7)	(9)	(13)
Cash flows from/(used in) financing activities	(164)	(588)	(979)	(1,193)
Net increase in cash and cash equivalents	494	238	1,164	96
Effect of exchange rate changes on cash and cash equivalents	(3)	(71)	(21)	(190)
Cash and cash equivalents at beginning of period	3,017	3,343	2,365	3,604
Cash and cash equivalents at end of period	3,508	3,510	3,508	3,510

1 (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1H ended 30 June 2019							
Balance as at 1 January 2019	102,605	(528)	(1,344)	114	(63,833)	-	37,014
Loss for the period	-	-	-	-	(2,954)	-	(2,954)
Other comprehensive income							
Foreign currency translation	-	-	896	-	-	-	896
Other comprehensive income for the period, net of tax	-	-	896	-	-	-	896
Total comprehensive income for the period	-	-	896	-	(2,954)	-	(2,058)
Balance as at 30 June 2019	**102,605**	**(528)**	**(448)**	**114**	**(66,787)**	**-**	**34,956**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1H ended 30 June 2020							
Balance as at 1 January 2020	102,605	(528)	(1,540)	114	(95,792)	(11)	4,848
Loss for the period	-	-	-	-	(1,676)	(38)	(1,714)
Other comprehensive income							
Foreign currency translation	-	-	(654)	-	-	-	(654)
Other comprehensive income for the period, net of tax	-	-	(654)	-	-	-	(654)
Total comprehensive income for the period	-	-	(654)	-	(1,676)	(38)	(2,368)
Balance as at 30 June 2020	**102,605**	**(528)**	**(2,194)**	**114**	**(97,468)**	**(49)**	**2,480**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'001
2Q ended 30 June 2019							
Balance as at 1 April 2019	102,605	(528)	(1,249)	114	(65,480)	-	35,462
Loss for the period	-	-	-	-	(1,307)	-	(1,307)
Other comprehensive income							
Foreign currency translation	-	-	801	-	-	-	801
Other comprehensive income for the period, net of tax	-	-	801	-	-	-	801
Total comprehensive income for the period	-	-	801	-	(1,307)	-	(506)
Balance as at 30 June 2019	**102,605**	**(528)**	**(448)**	**114**	**(66,787)**	**-**	**34,956**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'001
2Q ended 30 June 2020							
Balance as at 1 April 2020	102,605	(528)	(2,987)	114	(95,721)	11	3,494
Loss for the period	-	-	-	-	(1,747)	(60)	(1,807)
Other comprehensive income							
Foreign currency translation	-	-	793	-	-	-	793
Other comprehensive income for the period, net of tax	-	-	793	-	-	-	793
Total comprehensive income for the period	-	-	793	-	(1,747)	(60)	(1,014)
Balance as at 30 June 2020	**102,605**	**(528)**	**(2,194)**	**114**	**(97,468)**	**(49)**	**2,480**

The Company

	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1H ended 30 June 2019					
Balance as at 1 January 2019	102,605	(528)	114	(59,105)	43,086
Loss for the period	-	-	-	(328)	(328)
Total comprehensive income for the period	-	-	-	(328)	(328)
Balance as at 30 June 2019	**102,605**	**(528)**	**114**	**(59,433)**	**42,758**

The Company

	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1H ended 30 June 2020					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Profit for the period	-	-	-	7	7
Total comprehensive income for the period	-	-	-	7	7
Balance as at 30 June 2020	**102,605**	**(528)**	**114**	**(100,825)**	**1,366**

	The Company				
	Share capital	**Treasury shares**	**Other reserves**	**Accumulated profits**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
2Q ended 30 June 2019					
Balance as at 1 April 2019	102,605	(528)	114	(59,433)	42,758
Loss for the period	-	-	-	(351)	(351)
Total comprehensive income for the period	-	-	-	(351)	(351)
Balance as at 30 June 2019	**102,605**	**(528)**	**114**	**(59,784)**	**42,407**

	The Company				
	Share capital	**Treasury shares**	**Other reserves**	**Accumulated profits**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
2Q ended 30 June 2020					
Balance as at 1 April 2020	102,605	(528)	114	(100,842)	1,349
Profit for the period	-	-	-	17	17
Total comprehensive income for the period	-	-	-	17	17
Balance as at 30 June 2020	**102,605**	**(528)**	**114**	**(100,825)**	**1,366**

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in Company's share capital:

	No. of shares	Share capital S$'000
Balance as at 31 March 2020 and 30 June 2020	1,106,681,074	102,605

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Rights Shares") at an issue price of S$0.018 for each Rights Share and 97,491,109 free detachable warrants ("2017 Warrants") pursuant to a renounceable and non-underwritten rights cum warrants issue. Each 2017 Warrant carries the right to subscribe for two new ordinary share in the capital of the Company at an exercise price of S$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

As at 30 June 2020, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 (0.7% of total number of issued shares) were held by the Company as treasury shares (30 June 2019: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 30 June 2020	As at 30 June 2019
No. of shares that may be issued upon conversion of all outstanding convertibles	194,982,218	194,982,218

There were no subsidary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial period.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	As at 30 June 2020		As at 31 December 2019	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares	1,106,681,074	102,605	1,106,681,074	102,605
Number of treasury shares	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares	1,098,719,574	102,077	1,098,719,574	102,077

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of shares	S$'000
Number of treasury shares as at 31 March 2020 and 30 June 2020	7,961,500	528

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidary holdings during and as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2019 included a disclaimer of opinion on material uncertainty relating to going concern.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recent audited financial statements for the financial year ended 31 December 2019, except for those disclosed under Paragraph 5.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new standards, amendments to standards and interpretations that are relevant to the Group and the Company, and which are effective from the annual periods beginning on 1 January 2020. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	2Q 2020 cents	2Q 2019 cents	1H 2020 cents	1H 2019 cents
Loss per ordinary share				
(i) Based on the weighted average number of ordinary share in issue	(0.16)	(0.12)	(0.15)	(0.27)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.16)	(0.12)	(0.15)	(0.27)
Loss per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share in issue	(0.16)	(0.12)	(0.15)	(0.27)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.16)	(0.12)	(0.15)	(0.27)
Computed based on the following weighted average number of shares				
Basic	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574
Diluted	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574

As at 30 June 2020, warrants of 97,491,109 (30 June 2019: 97,491,109) have not been included in the calculation of diluted loss per share because they are anti-dilutive.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial year reported on; and
(b) immediately preceding financial year.

	Group		Company	
	cents		cents	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.23	0.44	0.12	0.12

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 30 June 2020 (31 December 2019: 1,098,719,574 shares), excluding treasury shares.

8 A review of the performance of the group to the extent necessary for a reasonable understanding of the business. It must include a discussion of the following:—
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Performance

The 2Q2020 quarter is exactly into the peak period of COVID-19 global pandemic outbreak, where strict safety and pandemic management measures were implemented around the world, Singapore included. Against this backdrop, the Group's businesses were adversely affected.

Revenue in 2Q2020 was comparable to the prior quarter 1Q2020 but 16% lower as compared to 2Q2019. This was due to lower revenue generated from the offshore and marine services largely as a result of lower order book carried forward coupled with project delays from stop work order from COVID-19 safety management measures.

Compared to 2Q2019, the decrease in Gross Profit was in tandem with the lower revenue for the quarter. This decrease was further caused by the lower Gross Profit Margin due to lesser service-related revenues which generate higher yield higher margins.

Increase in Other Income was mainly due to the government support grant under the COVID-19 relief measures and a one-time gain from settlement of customer dispute. These elements were absent in the prior year comparative.

Marketing and Distribution Expenses, and Administrative Expenses declined quarter-on-quarter due to managed spending from the lower business activities. Finance Costs increased compared to the preceding period as the interests to the Group's borrowings continue to be accrued despite the moratorium.

The higher Other Operating Expenses compared to prior quarter was due to higher foreign currency translation losses. This loss was a result of the translation differences on US Dollar denominated current assets from the weakening US Dollar vis-à-vis the Singapore Dollar as of 31 March 2020, as opposed to a minimal currency fluctuation in 2Q2019.

Considering the above factors, the Group registered a Net Loss Before and After Tax of approximately S$1.8 million for 2Q2020.

Financial Position

The Net Assets for the Group stood at S$2.4 million as at 30 June 2020. This was lower as compared to that as at 31 December 2019 due to the losses for the period.

The reduction in Non-Current Assets was mainly due to the depreciation of property, plant and equipment.

Except for Cash and Cash Equivalents, the reduction in Current Assets, was mainly due to the sales drawdown of inventories, collection of trade receivables and the lower billings from delays in project delivery. In addition, the lower Trade Receivables and the higher cash balances was mainly due to the cash proceeds from a out-of-court settlement of a trade dispute with a customer.

Trade Payables decreased due to the shorter payment cycle to suppliers coupled with lesser purchases from project delays. Other Payables and Accruals increased largely as a result of foreign exchange translation for payables denominated in US Dollar as a result of the stronger US Dollar as compared to that as of 31 December 2019.

Cashflow

The net cash flows generated from operating activities were mainly due to the lower net working capital additions as a result of low business volumes, coupled with cash proceeds from a settlement of trade receivables dispute.

There were no major acquisition or disposal of capital assets due to the low business activity and climate; which accounted for the minimal movement in the cash flows used in investing activities.

There was minimal cash flows used in financing activities as compared to 2Q2019 as the Company is currently undergoing a debt moratorium.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The COVID-19 pandemic has created one of the most volatile periods in history for most businesses, and added further pressure to an already challenging oil and gas and offshore and marine industry. As with most economic sectors, the industry outlook continued to be uncertain. As with most businesses, similar business impact is also felt by the Group in carrying out its business activities due to the restrictive measures instituted at workplace and project delays from these uncertainties. As shared in Note 8, the Covid-19 pandemic affected the financial performance of the Group due to project delays and other restrictive control measures during the circuit breaker and subsequent periods. Despite safety measures being less stringent now in phase 2 of the circuit breaker, the Group still expects there to be delays to projects, as businesses begin to cautiously open up and the Group expects this to continue for the rest of the year. There are some positive signs with more new tenders and subsequently order intakes expected in the second half of 2020.

The Group will continue to monitor the situation closely and adjust its operating capacity in accordance with the fluid uncertain situation and when there is more clarity on the market development. The Group continues to look for opportunities to monetise its capital assets in order to improve its liquidity position, repay its debts and strengthen its working capital.

As shared in the regular monthly update announcements pertaining to the Moratorium, the placement agreement between the Company and its investors had lapsed and ceased as the conditions precedent in the agreement were not fulfilled as at the agreement long stop date. While the Company continues to be in discussion with the investors, it is also engaged in exploratory talks with other investors with a view to enter into an investment agreement.

The Company continues to undergo a court-supervised restructuring process with its moratoria extended by the court to 30 October 2020. During such time, the Company continues to to engage any potential investors in relation to potential rescue financing as well as its key creditors in relation to a potential settlement or arrangement of its liabilities thereto. Concurrently, the Company is actively looking to sell its mortgaged property to address the related mortgage repayment; which was a key condition precedent in the earlier placement agreement with the investors.

The Group will place its effort in maintaining viability of its offshore and marine business, and to successful exit the moratoria process and reaching settlement with its creditors. This will allow the Group to deleverage the balance sheet and improve the financial capacity of the Group. The Group hopes to emerge from the eventual successful restructuring and the execution of the plans by potential strategic investors which will allow a renewed lease of life for the business.

11 Dividend
(a) Current Financial Period Reported On
Any dividend recommended for the current financial period report on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable

(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12 If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period reported on due to the current financial position of the Company.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 Confirmation By Directors Pursuant to Rule 705(5) of the Listing Manual of SGX-ST

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the second quarter ended 30 June 2020 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR NG YEAU CHONG
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

14 August 2020
Singapore

Viking Offshore & Marine Limited
Registration No. 199307300M

Third Quarter Financial Statements And Dividend Announcement for the Financial Period Ended 30 September 2020

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2019.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (**"Sponsor"**), in accordance with Rule 226(2)(b) of the Catalist Rules.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	3Q 2020 S$'000 (Unaudited)	**3Q 2019 S$'000 (Unaudited)**	**Change %**	**9M 2020 S$'000 (Unaudited)**	**9M 2019 S$'000 (Unaudited)**	**Change %**
Revenue	5,268	5,816	(9)	13,228	15,377	(14)
Cost of sales	(3,619)	(3,380)	7	(8,806)	(9,193)	(4)
Gross Profit	1,649	2,436	(32)	4,422	6,184	(28)
Other income	143	641	(78)	1,891	795	138
Interest income	1	3	(67)	4	13	(69)
Marketing and distribution expenses	(49)	(43)	14	(116)	(143)	(19)
Administrative expenses	(1,809)	(2,253)	(20)	(5,675)	(6,470)	(12)
Other operating expenses	(741)	(94)	688	(1,463)	(1,419)	3
Finance costs	(1,324)	(790)	68	(2,897)	(2,055)	41
Loss before tax	(2,130)	(100)	2,030	(3,834)	(3,095)	24
Income tax credit	54	25	116	44	65	(32)
Loss for the period	(2,076)	(75)	2,668	(3,790)	(3,030)	25
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	411	(375)	NM	(243)	521	NM
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	411	(375)	NM	(243)	521	NM
Total comprehensive income for the period	(1,665)	(450)	270	(4,033)	(2,509)	61
Loss attributable to:						
- Owners of the Company	(2,028)	(75)	2,604	(3,704)	(3,030)	22
- Non-controlling interests	(48)	-	NM	(86)	-	NM
	(2,076)	(75)	2,668	(3,790)	(3,030)	25
Total comprehensive income attributable to:						
- Owners of the Company	(1,617)	(450)	259	(3,947)	(2,509)	57
- Non-controlling interests	(48)	-	NM	(86)	-	NM
	(1,665)	(450)	270	(4,033)	(2,509)	61

Note

	The Group					
	3Q 2020 S$'000 (Unaudited)	**3Q 2019 S$'001 (Unaudited)**	**Change %**	**9M 2020 S$'000 (Unaudited)**	**9M 2019 S$'000 (Unaudited)**	**Change %**
Loss before tax is derived at after						
Crediting/(charging) :						
Depreciation of property, plant and equipment and right-of-use assets	(697)	(456)	53	(1,403)	(1,431)	(2)
Amortisation of intangible assets	(3)	(5)	(40)	(9)	(14)	(36)
(Loss)/Gain on foreign exchange	(167)	805	NM	837	522	60
Reversal of impairment loss on trade receivables	-	100	(100)	-	100	(100)
Inventories written down	(3)	56	NM	(10)	2	NM
Impairment loss on quoted equity investments	-	(10)	(100)	-	(10)	(100)

NM: Not meaningful

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group S$'000		The Company S$'000	
	30-Sep-20 (Unaudited)	31-Dec-19 (Audited)	30-Sep-20 (Unaudited)	31-Dec-19 (Audited)
Equity attributable to owners of the Company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(101,165)	(97,218)	(100,841)	(100,718)
	912	4,859	1,236	1,359
Non-controlling interests	(97)	(11)	-	-
Total equity	**815**	**4,848**	**1,236**	**1,359**
Non-current assets				
Property, plant and equipment	18,136	19,427	-	1
Investment in subsidiaries	-	-	29,505	29,505
Quoted equity investments	40	40	40	40
Intangible assets	7,198	7,207	-	-
Right-of-use assets	1,351	1,441	-	-
	26,725	28,115	29,545	29,546
Current assets				
Inventories	12,264	13,137	-	-
Trade receivables	19,824	24,117	-	-
Contract assets	3,338	4,836	-	-
Prepayments	38	39	30	14
Other receivables and deposits	1,784	1,069	89	67
Due from subsidiaries (non-trade)	-	-	-	36
Cash and cash equivalents	3,959	2,365	22	25
	41,207	45,563	141	142
Total assets	**67,932**	**73,678**	**29,686**	**29,688**
Current liabilities				
Trade payables	2,639	5,667	-	-
Contract liabilities	2,120	2,732	-	-
Other payables and accruals	26,898	24,923	1,183	997
Tax payable	-	11	-	-
Finance lease obligations	2	15	-	-
Term loans	26,082	25,922	-	-
Redeemable exchangeable bonds	7,058	7,155	-	-
Due to subsidiaries (non-trade)	-	-	27,267	27,332
	64,799	66,425	28,450	28,329
Non-current liabilities				
Lease liabilities	1,507	1,520	-	-
Deferred tax liabilities	811	885	-	-
	2,318	2,405	-	-
Total liabilities	**67,117**	**68,830**	**28,450**	**28,329**
Net assets	**815**	**4,848**	**1,236**	**1,359**

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 30 September 2020		As at 31 December 2019	
	S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	26,082	-	25,922	-
- Redeemable exchangeable bonds	7,058	-	7,155	-
- Finance lease obligations	2	-	15	-
Amount repayable after one year	-	-	-	-

Details of any collateral

The Group's borrowings are secured by the following:
- a first legal mortgage on a subsidiary's leasehold property;
- fixed and floating charge over the subsidiary's assets; and
- corporate guarantees.

1 (c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group		The Group	
	3Q 2020 S$'000 (Unaudited)	3Q 2019 S$'000 (Unaudited)	9M 2020 S$'000 (Unaudited)	9M 2019 S$'000 (Unaudited)
Cash flows from operating activities:				
Loss before tax	(2,130)	(100)	(3,834)	(3,095)
Adjustments for:				
Amortisation of intangible assets	3	5	9	14
Depreciation of property, plant and equipment and right-of-use assets	697	456	1,403	1,431
Inventories written down	3	(56)	10	(2)
Reversal of impairment loss on trade receivables	-	(100)	-	(100)
Impairment loss on quoted equity investments	-	10	-	10
Interest expense	1,324	790	2,897	2,055
Interest income	(1)	(3)	(4)	(13)
Unrealised exchange gain	(724)	(237)	(852)	(522)
Operating (loss)/profit before working capital changes	(828)	765	(371)	(222)
Changes in working capital:				
Inventories	595	(692)	864	(3,276)
Trade receivables	1,201	(1,125)	4,281	2,380
Due from customers for contracts work-in-progress	(179)	694	1,497	960
Other receivables, deposits and prepayments	(800)	(259)	(950)	(486)
Finance lease receivables	-	(198)	-	(106)
Trade payables	(481)	387	(3,031)	827
Due to customers for contracts work-in-progress	(235)	(129)	(612)	(68)
Other payables and accruals	1,338	974	1,099	1,658
Cash flows from operations	611	417	2,777	1,667
Interest received	1	3	4	13
Income taxes paid	-	-	(11)	(1)
Net cash flows from operating activities	612	420	2,770	1,679
Cash flows from investing activities				
Purchase of property, plant and equipment	(6)	-	(21)	(13)
Additions to intangible assets	-	-	-	-
Proceeds from disposal of plant and equipment	-	-	-	43
Cash flows (used in)/from investing activities	(6)	-	(21)	30
Cash flows from financing activities				
Interest paid	-	(272)	(262)	(699)
Repayment of loans and borrowings	(64)	(161)	(630)	(914)
Payment of principal portion of lease liabilities	(84)	-	(226)	-
Payment of finance lease obligations	(4)	(6)	(13)	(19)
Cash flows used in financing activities	(152)	(439)	(1,131)	(1,632)
Net increase/(decrease) in cash and cash equivalents	454	(19)	1,618	77
Effect of exchange rate changes on cash and cash equivalents	(3)	184	(24)	(5)
Cash and cash equivalents at beginning of period	3,508	3,511	2,365	3,604
Cash and cash equivalents at end of period	3,959	3,676	3,959	3,676

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2019							
Balance as at 1 January 2019	102,605	(528)	(1,344)	114	(63,833)	-	37,014
Loss for the period	-	-	-	-	(3,030)	-	(3,030)
Other comprehensive income							
Foreign currency translation	-	-	521	-	-	-	521
Other comprehensive income for the period, net of tax	-	-	521	-	-	-	521
Total comprehensive income for the period	-	-	521	-	(3,030)	-	(2,509)
Balance as at 30 September 2019	**102,605**	**(528)**	**(823)**	**114**	**(66,863)**	**-**	**34,505**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2020							
Balance as at 1 January 2020	102,605	(528)	(1,540)	114	(95,792)	(11)	4,848
Loss for the period	-	-	-	-	(3,704)	(86)	(3,790)
Other comprehensive income							
Foreign currency translation	-	-	(243)	-	-	-	(243)
Other comprehensive income for the period, net of tax	-	-	(243)	-	-	-	(243)
Total comprehensive income for the period	-	-	(243)	-	(3,704)	(86)	(4,033)
Balance as at 30 September 2020	**102,605**	**(528)**	**(1,783)**	**114**	**(99,496)**	**(97)**	**815**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'001
3Q ended 30 September 2019							
Balance as at 1 July 2019	102,605	(528)	(448)	114	(66,788)	-	34,955
Loss for the period	-	-	-	-	(75)	-	(75)
Other comprehensive income							
Foreign currency translation	-	-	(375)	-	-	-	(375)
Other comprehensive income for the period, net of tax	-	-	(375)	-	-	-	(375)
Total comprehensive income for the period	-	-	(375)	-	(75)	-	(450)
Balance as at 30 September 2019	**102,605**	**(528)**	**(823)**	**114**	**(66,863)**	**-**	**34,505**

The Group

	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'001
3Q ended 30 September 2020							
Balance as at 1 July 2020	102,605	(528)	(2,194)	114	(97,468)	(49)	2,480
Loss for the period	-	-	-	-	(2,028)	(48)	(2,076)
Other comprehensive income							
Foreign currency translation	-	-	411	-	-	-	411
Other comprehensive income for the period, net of tax	-	-	411	-	-	-	411
Total comprehensive income for the period	-	-	411	-	(2,028)	(48)	(1,665)
Balance as at 30 September 2020	**102,605**	**(528)**	**(1,783)**	**114**	**(99,496)**	**(97)**	**815**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2019					
Balance as at 1 January 2019	102,605	(528)	114	(59,105)	43,086
Loss for the period	-	-	-	(696)	(696)
Total comprehensive income for the period	-	-	-	(696)	(696)
Balance as at 30 September 2019	**102,605**	**(528)**	**114**	**(59,801)**	**42,390**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2020					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Loss for the period	-	-	-	(123)	(123)
Total comprehensive income for the period	-	-	-	(123)	(123)
Balance as at 30 September 2020	**102,605**	**(528)**	**114**	**(100,955)**	**1,236**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
3Q ended 30 September 2019					
Balance as at 1 July 2019	102,605	(528)	114	(59,784)	42,407
Loss for the period	-	-	-	(17)	(17)
Total comprehensive income for the period	-	-	-	(17)	(17)
Balance as at 30 September 2019	**102,605**	**(528)**	**114**	**(59,801)**	**42,390**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
3Q ended 30 September 2020					
Balance as at 1 July 2020	102,605	(528)	114	(100,825)	1,366
Loss for the period	-	-	-	(130)	(130)
Total comprehensive income for the period	-	-	-	(130)	(130)
Balance as at 30 September 2020	**102,605**	**(528)**	**114**	**(100,955)**	**1,236**

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in Company's share capital:

	No. of shares	Share capital S$'000
Balance as at 30 June 2020 and 30 September 2020	1,106,681,074	102,605

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Rights Shares") at an issue price of S$0.018 for each Rights Share and 97,491,109 free detachable warrants ("2017 Warrants") pursuant to a renounceable and non-underwritten rights cum warrants issue. Each 2017 Warrant carries the right to subscribe for two new ordinary share in the capital of the Company at an exercise price of S$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

As at 30 September 2020, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 (0.7% of total number of issued shares) were held by the Company as treasury shares (30 September 2019: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 30 September 2020	As at 30 September 2019
No. of shares that may be issued upon conversion of all outstanding convertibles	194,982,218	194,982,218

There were no subsidary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial period.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	As at 30 September 2020		As at 31 December 2019	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares	1,106,681,074	102,605	1,106,681,074	102,605
Number of treasury shares	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares	1,098,719,574	102,077	1,098,719,574	102,077

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of shares	S$'000
Number of treasury shares as at 30 June 2020 and 30 September 2020	7,961,500	528

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidary holdings during and as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2019 included a disclaimer of opinion on material uncertainty relating to going concern.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recent audited financial statements for the financial year ended 31 December 2019, except for those disclosed under Paragraph 5.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new standards, amendments to standards and interpretations that are relevant to the Group and the Company, and which are effective from the annual periods beginning on 1 January 2020. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3Q 2020 cents	3Q 2019 cents	9M 2020 cents	9M 2019 cents
Loss per ordinary share				
(i) Based on the weighted average number of ordinary share in issue	(0.18)	(0.01)	(0.34)	(0.28)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.18)	(0.01)	(0.34)	(0.28)
Loss per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share in issue	(0.18)	(0.01)	(0.34)	(0.28)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.18)	(0.01)	(0.34)	(0.28)
Computed based on the following weighted average number of shares				
Basic	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574
Diluted	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574

As at 30 September 2020, warrants of 97,491,109 (30 September 2019: 97,491,109) have not been included in the calculation of diluted loss per share because they are anti-dilutive.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial year reported on; and
(b) immediately preceding financial year.

	Group		Company	
	cents		cents	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.07	0.44	0.11	0.12

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 30 September 2020 (31 December 2019: 1,098,719,574 shares), excluding treasury shares.

8 A review of the performance of the group to the extent necessary for a reasonable understanding of the business. It must include a discussion of the following:—
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Performance

The 3Q-2020 quarter continued to be adversely affected by the challenging offshore and marine industry and the COVID-19 global pandemic situation.

While Revenue in 3Q-2020 was about 9% lower compared to same quarter in the preceding year, it was 34% higher than the prior quarter of 2Q-2020. The better quarterly showing against the prior quarter was due to the gradual easing of restrictive work order and pandemic safety management in 3Q-2020, as compared to 2Q-2020.

Compared to 3Q-2019, the decrease in Gross Profit was in tandem with the lower revenue for the quarter. This decrease was further caused by the lower Gross Profit Margin due to lesser service-related revenues which generate higher yield higher margins.

Decrease in Other Income was mainly due to the foreign exchange translation losses in 3Q-2020 as compared to the exchange gain recorded in the preceding quarter.

Administrative Expenses declined as compared to the preceding quarter due to managed spending from the lower business activities and uncertain operating conditions and outlook.

Other Operating Expenses increased due to the reconciliation entry of amortisation of fair value adjustments for the Property, Plant and Equipment for the purposes of the disposal of the properties at Kian Teck Road (by way of disposal of the entire share capital of the Company's wholly-owned subsidiary, Viking Facilities Management & Operations Pte. Ltd.) which was completed subsequently on 30 October 2020.

Finance Costs increased compared to the preceding period as the interests to the Group's borrowings continue to be accrued. The interests accrued on the Maybank loans and the principal sums will be eliminated in the final settlement with Maybank subsequent to 30 September 2020, and the resulting financial effects will be accounted for in 4Q-2020. Please refer to the Maybank debt settlement discussed under Note 10 of this announcement.

Considering the above factors, the Group registered a Net Loss Before and After Tax of approximately S$2.1 million for 3Q-2020.

Financial Position

The Net Assets for the Group stood at S$0.8 million as at 30 September 2020. This was lower as compared to that as at 31 December 2019 due to the losses for the period.

The reduction in Non-Current Assets was mainly due to the depreciation of property, plant and equipment.

The Current Assets decreased due to the sales drawdown of inventories, collection of trade receivables and the lower billings from delays in project delivery. This trend coupled with the receipt of government economic support under the COVID-19 relief measures resulted in a higher cash balance.

Trade Payables decreased due to the shorter payment cycle to suppliers coupled with lesser purchases from project delays. Other Payables and Accruals increased largely as a result of foreign exchange translation for payables denominated in US Dollar as a result of the stronger US Dollar as compared to that as of 31 December 2019.

Cashflow

The net cash flows generated from operating activities were mainly due better collection from receivables and the lower net working capital additions as a result of low business volumes.

There were no major acquisition or disposal of capital assets due to the low business activity and climate; which accounted for the minimal movement in the cash flows used in investing activities.

There was minimal cash flows used in financing activities as compared to 3Q-2019 as the Company is currently undergoing a debt moratorium.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Notwithstanding that the COVID-19 pandemic situation has so far stabilised in Singapore and there is gradual opening of its economy, the prolonging and continuing effects of the pandemic and safety measures will continue to pose challenges and uncertainties to our business in the near future. Our operations in the neighbouring countries are more severely affected with the pandemic situations in these countries to be less optimistic.

Similarly, while oil prices were less volatile during this period, they continue to remain low and oil demand continue to decline, exacerbated by declining global economies.

The combined dampening impact of both scenarios affected the financial performance of the Group due to project delays and lesser new opportunities in the near horizon. On a positive note, the Singapore government has introduced a series of economic reliefs and measures that helped cushion the operating expenditure of the Group during this period.

The Group will continue to monitor the situation closely and adjust its operating capacity in accordance with the fluid uncertain situation and when there is more clarity on the market development. The Group continues to look for opportunities to monetise its capital assets in order to improve its liquidity position, repay its debts and strengthen its working capital.

In October 2020, the Group successfully completed the disposal of its properties at Kian Teck Road (by way of disposal of the entire share capital of the Company's wholly-owned subsidiary, Viking Facilities Management & Operations Pte. Ltd.). This disposal is of significance as the consideration enables the Group to fully discharge all of the Group's bank borrowings and mortgages to Maybank, and terminated all legal actions by Maybank as part of the settlement. Please refer to the Company's announcement dated 9 November 2020 for further details. Additionally, the Group also negotiated a term lease with the purchaser of the properties which allows the Group to continue its business operations at its current premises at a more cost-effective space utilisation.

The Group managed to secure the interest of strategic investors and had on 13 November 2020 entered into a conditional placement agreement with these investors for gross placement proceeds of S$4.0 million. Please refer to the Company's announcement dated 13 November 2020 for more details. The Group will focus its effort to ensure the successful completion of the placement agreement and on-boarding of these investors.

The Maybank debt settlement and the proposed share placement to the new investors represent significant progress in its overall restructuring efforts. The Company continues to undergo a court-supervised restructuring process and the adjourned hearing has been re-fixed to 27 November 2020 whereby the court will hear the Company's application for an extension of moratoria to 1 March 2021. During such time, the Company continues to engage its key creditors in relation to a potential settlement or arrangement of its liabilities thereto.

The Group will place its effort in maintaining viability of its offshore and marine business, and to successful exit the moratoria process and reaching settlement with its creditors. This will allow the Group to deleverage the balance sheet and improve the financial position of the Group. The Group hopes to emerge from the eventual successful restructuring and the execution of the plans by potential strategic investors which will allow a renewed lease of life for the business.

11 Dividend
(a) Current Financial Period Reported On
Any dividend recommended for the current financial period report on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable

(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12 If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period reported on due to the current financial position of the Company.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 Confirmation By Directors Pursuant to Rule 705(5) of the Listing Manual of SGX-ST

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the third quarter ended 30 September 2020 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

MR ANDY LIM **CHAIRMAN AND EXECUTIVE DIRECTOR**	**MR NG YEAU CHONG** **CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR**

13 November 2020
Singapore

Appendix-C

Viking Offshore and Marine Ltd

Liquidation Analysis

Not to be Circulated Without Prior Consent of DHC Capital

Important notice

- This report was prepared for Viking Offshore and Marine Ltd ("**VOM**") in relation to providing information to creditors and providing a basis for VOM to have a discussion with its creditors regarding a restructuring proposal. It should not be used or relied upon for any other purpose.
- We have relied upon information provided by VOM and discussions with VOM's management and key employees. We do not accept responsibility for such information, which remains the responsibility of VOM. We have not independently verified its accuracy or completeness nor have we undertaken an audit of the information made available. Our work done is not, and under no circumstances should it be construed, as an audit or a review made in accordance with Singapore Standards on Auditing.
- We may perform research and analysis using publicly available information drawn from a wide range of databases and on-line information services which are available to us. We will not independently verify, or accept any responsibility or liability for independently verifying, any such information nor do we make any representation as to the accuracy or completeness of the information.
- Our work was concluded on the date of this report. We have not updated our report for events occurring subsequent to this date and we assume no responsibility and are not required to update, revise or reaffirm our report to reflect events or developments subsequent to the date of our report.
- Any estimates, projections or prospective financial information contained in this report have been prepared by management of VOM, were obtained from publicly available sources or are based on estimates and assumptions regarding the outcome and timing of future events, which may or may not occur as assumed and consequently the actual results achieved may materially differ from those presented in this report. We accept no liability for any loss or damage which may result from your reliance on any research, analyses or information so supplied.
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- This report is strictly private and confidential and information contained in this report includes material non-public and price-sensitive information regarding VOM and its subsidiaries and should not be disseminated without our prior written consent. In this respect, readers who are not authorised to have access to this report ("**unauthorised persons**") should read no further. By reading such sections, unauthorised persons agree that they place reliance at their own risk and that DHC Capital Pte Ltd, its partners, employees, consultants and agents neither owe nor accept any duty of care or responsibility to them and shall not be liable in respect of any loss, damage or expense of any nature which is caused by any use the unauthorised persons may make of this report. If unauthorised persons choose to rely in any way on the contents of this report, they do so entirely at their own risk and we assume no responsibility whatsoever in respect of or arising out of or in connection with the contents of this report.

Cover letter

27 November 2019

Viking Offshore and Marine Ltd
21 Kian Teck Road
Singapore 628773

Dear Sirs

LIQUIDATION ANALYSIS

DHC Capital Pte Ltd has been engaged by Viking Offshore and Marine Ltd ("**VOM**") as independent financial advisor in relation to the restructuring.

Purpose of this report

This report was prepared for VOM to provide information to creditors on the recovery to unsecured creditors under a liquidation scenario and provide a basis for VOM to have a discussion with its creditors regarding a restructuring proposal.

Use of the report

This report is strictly private and confidential and information contained in this report includes material non-public information regarding VOM and should not be disseminated without our prior written consent. We accept no responsibility or liability to any person other than to VOM and accordingly if other parties choose to rely in any way on the contents of this report, they do so entirely at their own risk and we assume no responsibility whatsoever in respect of or arising out of or in connection with the contents of this report.

Limitations

We have relied upon information provided by VOM, discussions with VOM's management and key employees and other publicly available information. We have not independently verified the accuracy or completeness of the information nor have we have we undertaken an audit of the information. Consequently, our work done is not, and under no circumstances should it be construed, as an audit and we give no assurance on such information.

Structure of the report

Each page is headed by a headline which is intended to be an introduction to the page and should be read in conjunction with the page as a whole.

Yours sincerely

David Chew

David Chew
Partner
DHC Capital Pte Ltd

Contents

Abbreviations

Entity

VOM	Viking Offshore and Marine Ltd
VOM Group	Viking Offshore and Marine Ltd and its subsidiaries

Other Group Entities

HVAC	Viking HVAC Pte Ltd
MSPL	Marshal Systems Pte Ltd
PHPL	Promoter Hydraulics Pte Ltd
QBI	Quick Booms Investment Pte Ltd
SEI	Smart Earl Investment Pte Ltd
VAM	Viking Asset Management Pte Ltd
VAPL	Viking Airtech Pte Ltd
VFMO	Viking Facilities Management and Operations Pte Ltd
VG	Viking Gold Pte Ltd
VLR1	Viking LR1 Pte Ltd
VLR2	Viking LR2 Pte Ltd
VOG	Viking Offshore Global Pte Ltd

Other Entities

DHC Capital	DHC Capital Pte Ltd

Other Abbreviations

CPF	Central Provident Fund
ERV	Estimated realisable value
JTC	Jurong Town Corporation
Luminor	Luminor Pacific Fund 1 Ltd and Luminor Pacific Fund 2 Ltd
NBV	Net book value
S$	Singapore dollars
Tembusu	Tembusu Growth Fund II Ltd
UBT	UBT AS
US$	United States dollars

Liquidation analysis
Approach and methodology

- We have prepared a liquidation analysis illustrating the estimated returns to unsecured creditors in a theoretical liquidation of the VOM Group. Our approach and details on the methodology underlying the liquidation scenario are set out below:

Key considerations

Liquidation premise	► The liquidation analysis assumes a theoretical liquidation of the VOM Group with liquidators appointed to each legal entity simultaneously (except the 3 operating companies – see below). This involves cessation of trading and the realisation of assets ► The only share sales assumed possible within the VOM Group are the 3 operating companies – VAPL, PHPL and MSPL. It is assumed that these companies would be realised as a going concern sale on an enterprise basis to maximise value for creditors ► The liquidation analysis is based on the un-audited balance sheet as at 30 June 2019
Liquidation priority	► The liquidation analysis starts by determining the realisable value of the assets of the VOM Group taking into consideration the conditions under which that value may be realised (either a forced sale or recovery of assets under formal insolvency or a going concern sale on an enterprise basis under a distressed situation) and adding any inter-company returns / distributions (see below for further information) ► Creditor claims are then mapped against these value pools and then systematically distributed according to the local insolvency regime. This typically defines the distribution in a ranking priority starting with secured creditors, preferential creditors (cost and expenses of the winding up, including the liquidators remuneration, employees and taxes) and floating charge holders (if any) ahead of unsecured creditors. Upon payment of all priority ranking claims within each legal entity of the VOM Group, any residual (surplus) amount is assumed to be distributed to its parent company. Creditor claims include various cross-entity claims (typically created by guarantees and inter-company positions) ► The output of the liquidation analysis typically shows the distribution and % “return” available to unsecured creditors. The % “return” is determined by dividing the total amount available for unsecured creditors by the total amount of unsecured liabilities. The distribution to each unsecured creditor is determined by multiplying the outstanding amount to each unsecured creditor by the % “return” ► Due to the inter-company claims, the % “return” calculation are a recurring (circular) process and as a result balances are constantly adjusted due to the receipt of inter-company returns (distributions) and the redistribution to unsecured creditors. We have set the circular calculation to 10,000 iterations, which makes the resulting figures converging to their limits

Liquidation analysis
Approach and methodology

Key considerations	
Asset recovery estimates	► Assets in different categories (except inter-company receivables) are assigned with different expected recovery rates (in percentage or values). The percentage rates or values used are estimates based primarily on DHC Capital's experience in undertaking similar engagements, information provided by VOM to support these assumptions and, where available, professional independent valuations ► The Low case assumes asset realisations in a very challenging environment and limited by time. Further, it includes forced sales on certain assets necessitated by the absence of working capital, which reduces a liquidator's ability to transact at higher value. The High case assumes asset realisations in an environment where there is greater stability in the liquidation process and assets can be realised at a higher value ► Expected realisable value for assets in a liquidation relate to the future and actual results may be different from those presented in this report because events and circumstances frequently do not occur as expected, and the differences may be material. By its very nature, liquidation analysis cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. This report provides a range of values and we note that there are numerous assumptions that have been taken into consideration and we cannot guarantee that the actual outcome in a liquidation will be equal to this range of values. As such, DHC Capital's liquidation analysis serves only as a reference tool
Time value of money	► The liquidation analysis does not take into account the time value of money. The insolvency of an oil and gas service company may take time due to the challenges of dealing with the complex and multi-jurisdictional operations of the VOM Group and accordingly distributions would likely be made over a long period of time during which interest could accrue on certain claims
Taxes	► No capital gains tax has been assumed on asset realisations on the assumption that realised value is less than the tax base cost. We note that the tax carrying value may materially differ from the NBV and therefore there could be capital gains charges which would reduce recoveries

Liquidation analysis
Estimated returns – Low case

- We provide a summary below of the estimated return to unsecured creditors by entity and estimated total return for key creditors based on the **low** case scenario:

Estimated return to unsecured creditors by entity

Company	Total amount available for unsecured creditors	Total amount of unsecured creditors	Estimated return
VOM	1,815,808	34,092,501	5%
VOG	60,424	6,099	100%
VFMO	448,893	3,984,654	11%
VAM	906,896	32,649,972	3%
VG	13,896	2,076,907	1%
VLR1	1,324,320	33,771,052	4%
VLR2	565,479	27,157,229	2%
HVAC	764,780	861,169	89%

Estimated total return to key creditors

Name	Amount - Mgmt accounts (S$)	Total return (S$)	Total return (%)	Return from VOM	Return from VAM	Return from VLR1	Return from VLR2	Return from HVAC
Tembusu	6,541,493	484,618	7%	348,408			136,210	
Luminor	7,199,944	665,821	9%	383,478		282,343		
Liu Hong	1,200,000	97,245	8%	63,913	33,332			
Wang Qi	800,000	64,830	8%	42,609	22,221			
Andy Lim	778,762	733,074	94%	41,478				691,596
Ong Choo Guan	160,000	12,966	8%	8,522	4,444			
Total	16,680,199	2,058,554		888,408	59,997	282,343	136,210	691,596

Liquidation analysis
Estimated returns – High case

- We provide a summary below of the estimated return to unsecured creditors by entity and estimated total return for key creditors based on the **high** case scenario:

Estimated return to unsecured creditors by entity

Company	Total amount available for unsecured creditors	Total amount of unsecured creditors	Estimated return
VOM	8,945,219	31,486,241	28%
VOG	322,306	6,099	100%
VFMO	2,150,328	1,465,559	100%
VAM	2,497,999	32,649,972	8%
VG	13,896	2,076,907	1%
VLR1	3,003,798	33,771,052	9%
VLR2	1,920,621	27,157,229	7%
HVAC	1,612,567	607,507	100%

Estimated total return to key creditors

Name	Amount - Mgmt accounts (S$)	Total return (S$)	Total return (%)	Return from VOM	Return from VAM	Return from VLR1	Return from VLR2	Return from HVAC
Tembusu	6,541,493	2,321,063	35%	1,858,434			462,629	
Luminor	7,199,944	2,685,905	37%	2,045,499		640,406		
Liu Hong	1,200,000	432,729	36%	340,919	91,810			
Wang Qi	800,000	288,486	36%	227,279	61,207			
Andy Lim	778,762	778,762	100%	-				778,762
Ong Choo Guan	160,000	57,697	36%	45,456	12,241			
Total	16,680,199	6,564,643		4,517,587	165,258	640,406	462,629	778,762

Notes:

1. *Difference between Low and High case due to: (i) equity value realised from sale of 3 operating companies, (ii) arbitration award recovery rates, (iii) HVAC legal claim recovery rate and (iv) land rig recovery rate*

Liquidation analysis
Key assumptions

- The key assumptions of the liquidation analysis are set out below:

Key assumptions	
Corporate structure	► VOM's subsidiaries and the principal activities are set out below: ► VAM: Investment holding company. Subsidiaries include VLR1, VLR2, VG, SEI and QBI ► VOG: Investment holding company. No active operations ► HVAC: Contracting company. No day to day operations ► VAPL: Active operations. We have assumed that VAPL and its subsidiaries will be realised as a going concern sale (see below) ► VFMO: Facilities management. Land and building subject to first legal mortgage ► PHPL: Active operations. We have assumed that PHPL will be realised as a going concern sale (see below) ► MSPL: Active operations. We have assumed that MSPL and its subsidiary will be realised as a going concern sale (see below)
Operating companies	► We have discussed with VOM and understand that VAPL, PHPL and MSPL are ring fenced subsidiaries whereby a share sale can be achieved to maximise value for creditors (as opposed to a "break up" sale) ► We have assumed that the value realised is equal to the equity value of each subsidiary and that the value is captured in the parent company ► We have considered the following valuation methodologies in determining the equity value: ► Capitalisation of earnings: Based on net profit after tax multiple (P/E multiple) of comparable public companies ► Net assets: Based on the un-audited 30 June 2019 balance sheet. The determination of the net asset value takes into consideration (i) any relevant balance sheet adjustments after discussing with VOM, (ii) any existing bank debt will be taken over by the potential acquirer and (iii) any intercompany receivables or payables due from or to the VOM Group will be waived ► In determining the equity value, we have taken into consideration the current distressed situation of the VOM Group, the challenges facing the oil and gas services industry and assumed that a potential acquirer would seek a higher level of return to reflect the increased risk

Liquidation analysis
Key assumptions

Key assumptions	
Operating companies	► Based on our valuation analysis, we have used the following equity values in the liquidation analysis: ► VAPL: Low case: S$0.8 million. High case: S$2.5 million ► MSPL: Low case: S$0.5 million. High case: S$2.0 million ► PHPL: Low case: S$0.05 million. High case: S$1.55 million ► We have not made any assumptions in relation to taxes or transaction costs that may be incurred
Arbitration awards	► VLR1 obtained an arbitration award against Beijing Forpetro Sino-Rig Co., Ltd. and Mr Liu Zhi for US$26,621,162.18 (plus interest). We have assumed the following recovery rates in the liquidation analysis: ► Low case: 0% of face value of award (excluding interest) ► High case: 2% of face value of award (excluding interest) ► VLR2 obtained an arbitration award against U.K. Trade Free Int'l Co., Ltd., Beijing Forpetro Sino-Rig Co., Ltd. and Mr Liu Zhi for US$44,357,817.12 (plus interest). We have assumed the following recovery rates in the liquidation analysis: ► Low case: 0% of face value of award (excluding interest) ► High case: 2% of face value of award (excluding interest)
Land rigs	► Discounted recovery based on the forced sale value for each land drilling rig and machinery and equipment. Forced sale value of US$8.5 million each as determined by Asian Appraisal Company Pte Ltd pursuant to report dated 29 March 2019. We have assumed the following recovery rates in the liquidation analysis: ► VLR1: Low case: 10%. High case: 15% (of the forced sale value) ► VLR2: Low case: 5%. High case: 7.5% (of the forced sale value) ► Discounted recovery due to the following factors: (i) current location, (ii) market demand for rigs, (iii) costs to relocate, (iv) VLR2 land rig is not assembled and (v) potential scrap value ► We have not undertaken a sell-side process to market the land rigs for sale and our estimates are subject to further refinement

Liquidation analysis
Key assumptions

Key assumptions

Legal claim	► HVAC commenced legal proceedings against Keppel Singmarine Pte Ltd for an amount of approximately S$5 million. We have assumed the following recovery rates in the liquidation analysis: ► Low case: 0% of claim amount ► High case: 5% of claim amount ► Discounted recovery as Keppel Singmarine Pte Ltd disputes and filed defence and counterclaim
Security	► We have assumed that the sale process of the mortgaged property is not likely to yield any material excess net sale proceeds over the secured bank debt and amounts owed to JTC in a High case scenario. We have further assumed that in a Low case scenario the mortgaged property will result in a shortfall to the secured bank creditor (shortfall amount treated as an unsecured claim) and that JTC will be settled in full as a pre-condition to transfer the ownership to a new buyer ► We have assumed that there is a contractual priority over the proceeds received by HVAC from the Keppel Singmarine Pte Ltd claim (if any proceeds received) ► We have assumed that the mortgage and contractual priority are in good legal standing
Unsecured creditors	► Total amount of unsecured creditors includes, but not limited to: (i) financial creditors and private loans, (ii) trade creditors, (iii) other payables and accruals and (iv) inter-company creditors. The amount is based on the un-audited balance sheet as at 30 June 2019 and the relevant supporting schedules
Contingent creditors	► Contingent creditors include debts subject to cross guarantees granted by VOM. Such debt will be reflected in full at the original borrower level and VOM entity level (as the guarantor)
Cash	► Cash at bank and petty cash assumed to be recoverable in full
Trade receivables	► Fully discounted recovery at VLR1 and VLR2 as charter counter party has defaulted on charter payments and arbitration award granted
Intercompany receivables	► Receivables due from companies in the VOM Group. Amount is determined by the liquidation analysis based on the distribution to creditors on an entity basis after 10,000 iterations

Liquidation analysis
Key assumptions

Key assumptions	
Preferential creditors	► Creditors whose debts are paid in priority and in order of ranking pursuant to Section 328(1) of the Companies Act. These include: (i) the costs and expenses of the winding up including the remuneration of the liquidator, (ii) employees for wages or salary, retrenchment benefits or ex-gratia payments and work injury compensation, (iii) CPF payments, (iv) vacation leave and (v) taxes ► We have assumed an amount for the liquidator's fee and costs and expenses of the liquidation based on a fixed percentage of the assets realised(1) ► We have assumed that employees are terminated upon liquidation. We have assumed that all employee claims pursuant to Section 328 of the Companies Act is equal to 1 month's claim(2). ► We have assumed that there is no tax expense due. We have not performed a tax review nor have we engaged third party experts to review the tax position and this is subject to change and refinement

Notes:

1. *This assumption includes the cost expected to be incurred by the liquidator to retain a small number of employees for a short period to assist in the realisation of assets, obtain key information and wind down entity operations and third-party service providers such as sales agents and legal counsel. The total liquidators' fees, costs and expenses are based on DHC Capital's experience and are in line with insolvency cases of similar size and complexity*
2. *We have excluded any adjustments in relation to the statutory cap for employee claims*

DHC Capital | Restructuring | Capital Raising | Accelerated M&A | Expert Testimony | Board & Executive Appointments

About DHC Capital

DHC Capital is an investment banking and financial advisory firm specialising in solving critical business challenges of companies facing liquidity pressures or financial stress.

DHC Capital provides independent and conflict-free advice on financial and operational restructuring to corporates, creditors, investors and other stakeholders, both in and out of Court. DHC Capital also advises clients on structuring and executing bespoke capital raising and accelerated M&A transactions to meet short term liquidity requirements, raise capital to unlock shareholder value or meet growth objectives. DHC Capital will further provide directors or executives into corporates, which are entering a restructuring process, being restructured, exiting a restructuring process or on behalf of creditors and investors to monitor and protect their investments.

For further information, please visit www.dhccapital.com.

DHC Capital Pte Ltd

DHC Capital Pte Ltd is a company incorporated in Singapore and has lodged with the Monetary Authority of Singapore (MAS) that it is an exempt person providing corporate finance advisory services.

Appendix-D

DESK -TOP VALUATION REPORT

ON

TRAIN TYPE LAND DRILLING RIG
AND
MACHINERY & EQUIPMENT

LOCATED AT

TAMANAR TOWN
ESSAOUIRA PROVINCE
MOROCCO

PREPARED FOR

VIKLING LR1 PTE LTD

SUBMITTED BY

ASIAN APPRAISAL COMPANY PTE LTD

PRIVATE & CONFIDENTIAL

2 March 2020

Our File: 2020-143 (ME)

Viking LR1 Pte Ltd
21 Kian Teck Road
Singapore 628773

Dear Sirs,

DESKTOP APPRAISAL OF ASSET

Pursuant to your instructions, no physical inspection was carried out on certain asset belonging to that of Viking LR1 Pte. Ltd. c/o Beijing Forpetro Sino Rig Co., in order to advise you of our opinion of the Fair Market Value (in Continued Use) and Forced Sale Value as at 31 December 2019.

It is our understanding that this appraisal report shall be utilized for corporate management purpose.

The term "Fair Market Value (In Continued Use") as used herein, is defined as being the amount, in terms of money, at which the asset would exchange in the market, allowing a reasonable time to find a purchaser, as between a willing buyer and a willing seller, both having reasonable knowledge of all relevant facts, and with equity to both, and contemplating the retention of the assets in their present existing use for the purpose they were designed and built as part of an ongoing business, but without specific reference to earnings, and is expressed as subject to adequate potential profitability of the undertaking.

The term "Forced Sale Value" as used herein, is defined as the amount that might be realized from assembled or piecemeal disposition of the property in the second hand market, assuming a short period of time in which to complete the transaction. The liquidation estimates consider that the asset will be offered for sale in its present location and condition on an "as is, where is" basis, with the potential buyer to assume cost, if any, to dismantle and remove.

These definitions assume that any transaction that may occur will be for cash or its equivalent consideration. It is further assumed that title to the asset is good and marketable, and that it would be transferable without unreasonable restriction.

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Associated in Malaysia • Indonesia • Thailand • Philippines • Hong Kong • China

2020-143 (ME)

Our report consists of -

This letter summarizing the results of our investigation;

An inventory with technical description of the items comprising the asset included in the appraisal, showing for each item, or group of items, the appraised Fair Market Value (in Continued Use) and Forced Sale Value ; and

Limiting Conditions.

The asset appraised consist of one (1) unit train type land drilling rig and machinery equipment located at the Tamanar Town, Essaouira Province, Morocco. but exclusive of land, buildings and other land improvements, the description and value of which are provided in the inventory section of this report.

No onsite physical inspection of the asset was conducted, as per instruction by the client. Instead, we have just made reference to the previous valuation reports with File No. 2018-127A (ME) dated 31 December 2018 for the same asset and File No. 2017-143(Land Rig Asset) dated 9 March 2017, for a similar asset located at Langfang Forpetro Petroleum Machinery Co. Ltd., Chaobaihe Industrial Park, Dachang Islamic Autonomous County, Yanjiao Town, Langfang City, Hebei Province, People's Republic of China. Since we did not have the privilege of sighting the asset as of the valuation cut-off date due to the constraint of time, we have assumed that the condition is about the same as that of the similar asset appraised as in File No. 2017-143(Land Rig Asset) dated 9 March 2017.

The client Viking LR1 has specifically agreed to accept our appraisal and this report on a desktop basis without the required physical inspection as requested by us, but provided us the photographs, as attached in this report.

It is strictly on this basis that the appraisal report is written and submitted to the client, and we hold no responsibility to the client or any other party for any errors, omissions or differences in specifications of this asset reported as compared to our other appraisal report File No. 2017-143(Land Rig Asset) dated 9 March 2017 on the asset in Langfang City, Hebei Province, People's Republic of China.

Asian Appraisal Company Pte Ltd

2020-143 (ME)

CONCLUSION

Having due regard to all the above remarks, and as supported by the accompanying technical inventory, we are of the opinion that as at 31 December 2019, the value of the asset appraised, located at Tamanar Town, Essaouira Province, Morocco, but without specific relation to earnings, was in the order of:-

FAIR MARKET VALUE (IN CONTINUED USE)

USD9, 000,000/-
UNITED STATES DOLLARS: NINE MILLION ONLY

FORCED SALE VALUE

USD7,200,000/-
UNITED STATES DOLLARS: SEVEN MILLION TWO HUNDRED THOUSAND ONLY

This report is issued subject to the accompanying limiting conditions.

WE HEREBY CERTIFY that we have neither present nor prospective interest in the asset appraised, or in the value reported.

Yours faithfully

Asian Appraisal

ASIAN APPRAISAL COMPANY PTE LTD

Appraised By:

Mario Roberto P. Mendoza, ***B.S.M.E.***
Valuation Consultant-
Plant and Machinery

Endorsed By:

Chan Hiap Kong, B.Sc (Estate Management)
Director
Appraiser's License No. AD041-2008470J

INVENTORY OF FIXED ASSET
(TRAIN TYPE LAND DRILLING RIG)

Description	Fair Market Value (In Continued Use) (USD)	Forced Sale Value (USD)

TRAIN TYPE LAND DRILLING RIG

1-Train Type Land Drilling Rig-
Beijing Forpetro Sino-Rig Co., Ltd., Model ZJ50DB-ST (1500 HP), 2010 year built, 320 tons AC variable frequency modular drilling rig specifically designed and manufactured for drilling in tropic zone, 5,000 meters exploration and production rated well depth, -10˚C ~ +55˚C working environment temperature, with hydrogen sulphide less than 6% at the well site, with main design basis and technical standard, 5000 meters (5" drill pipe, 19.5 lb/ft) rated drilling depth, 320 MT (GOST) maximum hook load, 1100 KW (1500 HP) maximum input power of the draw-works, 6 x 7 line of the hoisting system, 35 mm Ø of drilling line, 45 meters mast type and clear height, 11 meters (with the guide track included) height of the drill floor, 9.5 meters clear height of the rotary table beam, 270 m³ useful capacity of mud tank, 5 ~15 meters minimum distance between two well heads, 40 meters distance between well sites, consisting of:
Mast (2-05)-
Design and manufactured conform to API 4F, front open, divided into five sections, Model JJ3150/45-K, 320 MT (705,467 lbs) maximum hook load, K type/45 meters effective height (from drilling floor to the crown block beam underside), 12 lines hook load with quantity of lines, 107 mph (47.8 m/s) wind stand, protecting equipment operating mode (no hooked load, no three-joint unit on the monkey board) & 81 mph (36 m/s) stop drilling operating mode (no hook load, packed three joints on the monkey board), 30 km/h lifting and laying down the mast, complete with mast supporting foot substructure base and standard accessories

Racking Board-
Horizontal fingerboard structure joint pin-shaft and passageway to the mast with all safety chains, complete with plate handrails 1050 mm high, 1250 mm high internal ambient handrails, 4 meters windscreen, with set of 0.5 tonner air winch, API 4F, 16,400 ft (5"DP)
Crown Block (FP-99)-
SJ Petroleum Machinery Co., China, Model TC-3150, 2010 year Mfd., Ser. No. 100901, Spec 4F 3rd Edition, No. 4F-0054, maximum rated static load 708183 lbs, 3200 KN maximum static hook load, 35 mm Ø (1-3/8") diameter of wireline, clockwise stringing type, 1270 mm Ø x 6 diameter & number of main sheaves, 1524 mm Ø x 1 diameter & number of fast line sheave
Guide Track & Moving and Alignment System (2-01)-
H-beam structure divided into three layers, the bottom layer is trapezoidal structure and contact with the ground base, the upper structure is used supporting plane for hydraulic jack, the middle layer is H-beam structure and top layer contacts with the wheel, high strength crane rail, 1.4 kgf/cm² allowed ground bearing capacity, 20 pieces (10 meters) and 4 pieces (5 meters), at 1000 meters height, 10 x 2 x 1 m/5 x 2 x 1 m single track size (L x W x H)
Moving and Alignment System-
This composed of track, supporting beam, transport trolley, lifting hydro cylinder (stroke is 500 mm) and advancing hydro cylinder and the main frame will be levelled through the lifting hydro cylinder and spacer
Trolley-
This trolley is used to move the mud treatment system, mud tank (including equipment), mud pump house, air source house, VFD and MCC house, etc.
Hydraulic Cylinder-
Substructure lifting cylinder, 16 Mpa working pressure, 500 mm stroke and Substructure moving cylinder, 16 Mpa working pressure, 1600 mm stroke

Substructure (FP-116) (FP-93) (2-06)
This composed of bottom layer, middle level, top layer, staircase, ramp, handrails, draw-works and main equipment on the drill floor (including the doghouse), Model DZ3150/11, 11 meters height of the drill floor, 9.5 meters clear height under rotary table beam, 3200 KN maximum static hook load of the rotary table beam, 2800 KN casing capacity, 5000 meters (9-1/2" drill collar 8) setback capacity (5" drill pipe, 24 ~ 25 meters three joint unit), 13.4 x 11.6 mm Length x Width. The equipment on the substructure are BOP handling system, hydraulic spooler, air tank, jib crane, BOP maintenance platform, hydraulic cylinder, poor boy (mud-gas separator)
DP Ramp-
The ramp tied down with crane rope is lifted with 35° ~ 36° ramp angle, with staircase and handrails, 13.8 meters x 2 meters Length x Width, 2.8 tons weight
Catwalk-
This catwalk and ramp way floor plate is antiskid checker plate, 18 meters length, 2 meters width, 1.25 meters height, 4.3 tons weight, with safety device and damping arrangement
Pipe Rack-
The pipe racks are equipped with man-way and staircase and can place 5000 meters drill pipes. The pipe rack capacity is for 80 meters x 20" (508 mm) casing, 900 meters x 13-3/8" (339.7 mm) casing, 3100 meters x 9-5/8" (244.5 mm) casing, 4000 meters x 7" (177.8 mm) casing and three sets of turbine drill, equipped with pipe ward off, triangle type, 986 mm height, 3 x 8 meters length
Travelling System/Hook Block (FP-72)-
Made in China, Model YG3150, 3200 KN maximum hook load, 6 numbers of main sheaves, 1270 mm Ø diameter of main sheaves, 35 mm Ø wireline diameter, 200 mm telescopic distance, 8x45°=360° rotation angle of the hook body, 3150 KN hook capacity
1-Cable Reel /Hydraulic Wireline Capstan Machine (FP-70)-
Made in China, Model YDS35, 2010 year mfd, 12000 kg maximum load
Elevator Link-
Made in China, Model DH350(S) & DH350, one pair for each, 350 MT load capacity, 2800 mm and 3700 mm arm length

Swivel-
Made in China, Model SL450, 4500KN maximum static load, 300 r/min maximum speed, 35 MPa (5000 PSI) maximum working pressure, 75 mm bore size of the centre tube, FH6 5/8" REG L.H. joint thread to the centre tube, 6 5/8" REG L.H. joint thread to the Kelly, LP 4"- 8 dens/inch gooseneck joint thread
Top Drive-
US Varco, Model TDS-11SA, with two 400 HP AC drilling motor, 37,500 ft-lb (50,820 N-M) continuous drilling torque & 55,000 ft-lb intermission torque, NOV 500 ton, 0-228 rpm continuous speed range, 35 Mpa working pressure, 75,000 lb-ft (101,700 N-M) break out torque
(Note: Inspected inside the container)
1-VFT Control Drive-
National Oilwell Varco, Model TDS 11, complete with air conditioner and standard accessories
Drilling Line-
Wireline Factory, Xian Yang, China, 35 mm (1-3/8") (GOST 16853-88) wireline diameter, length 1200 meters, EIPS 6 x 19S
Rotary Hose-
Equipped with 2 sets of high pressure rotary hose, 4" Ø, 35 Mpa, 19 meters (62 ft.) & 21 meters (69 ft.)
Draw-works System (2-15)-
SJ Petroleum Machinery Co., China, Model JC50DB, Spec 7K No. 7K-0065, input power-1500 HP (1100 KW), 2010 year Mfd.,410 kN maximum fast line pull, 2+2R lifting gears, 685 mm Ø x 1386 mm main drum dimension (diameter x length) groove, 1570 mm Ø x 76 mm brake disc diameter x thickness, 35 mm Ø wire line diameter, step less number of hoisting gears, 7020 x 3205 mm Length x Width, complete with reduction gear box, main drum, main brake, auxiliary brake with draw-works drive motors, 800kW and 45kW frequency motor as emergency power and other standard accessories
Rotary Table and Drive (FP-62)-
Made in China, Model ZP375, 2010 year Mfd., 5,850 kN maximum static load, 952 mm Ø (37 ½") bore diameter, 32.36 kN-M maximum working torque, 300 rpm maximum speed, pin driven by 800 kW electric motor, variable frequency motor and reverse rotation
Rotary Table Bushing-
11 ¾" – 13 3/8" (applicable for 13 3/8" casing), 9 5/8" – 10 ¾" (applicable for 9 5/8" casing), 2 3/8" – 8 5/8" (applicable for normal drilling), with lifting bail of main bushing, 5 ¼" roller bushing (driven by four pins)

Wellhead Tools/Air Slip-
Made in China, Model PS375, 5 1/2" ~ 14" applicable pipe, 500 tons maximum load, 0.6 – 0.8 Mpa working pressure, 1 Mpa maximum pressure
Casing Slip-
Made in China, Model CMS-XL20", 5 ½ ~ 20 "pipe
Hydraulic Cathead-
Made in China, Model YM-16T, 160 KN rated traction, 1620 mm nominal traction stroke, 16 MPa rated working pressure, 120 L/min rated flow rate, & Model YM-10T, 100 KN rated traction, 1650 mm nominal traction stroke, 16 MPa rated working pressure, 120 L/min rated flow rate
2-Manual Tongs-
Made in China, Model Q3-1/2" ~ 17/90DB, 90 KN-M maximum Torque, equipped can be used for 3 ½" ~ 11 ¼" Ø drill stem
Auxiliary Equipment/Hydraulic Station-
16 MPa rated pressure, 0.5 MPa fuel filtration system, 120 L/min x 2 (two pumps, one backup), 36 L/min fuel filtration system, 30 L/min casing stabbing board system, each driven by 37 KW electric motor, with 0.75 KW fuel filtration system, 11 KW casing stabbing board system, 1500 L capacity fuel tank and standard accessories
2-Dog Houses (Left & Right) (2-08) (4-07)-
SJ Petroleum Machinery Co., China, container type, 11500 x 2600 x 3000 mm size, 2010 year Mfd., 13 tons weight, with three sections, disc brake hydraulic station, compound hydraulic station, and drillers rest and tools station, table, stool, bench and filing cabinets
Hydraulic Spooler-
2200 mm maximum sheave diameter, 1300 mm maximum sheave width, 9.7 rpm sheave working speed, 10390 N-M maximum output torque
Driller Cabin's (2-14)-
Hubei Jianghan Petroleum Co., China, Type SZF-ZJ50DB-ST, 2010 year Mfd., Series-H0532, 3200 kg weight, all stainless steel construction, equipped with driller's console, electric, gas, hydraulic control system, communication system, monitoring system, top drive control system, PLC control panel and standard accessories
Spare Parts and Workshop (2-54)-
Container type, 6000 x 2438 x 2590 mm LWH, 11 tons weight, with bench worker operation station, bench vice, drill machine and hand operate tools cabinet

3-Mud Pumps System (2-32)-
Baoji Oilfield, "Bomco", China, Type F-1600L, 2010 year Mfd., 180 mm maximum dimension of cylinder, 5000 PSI (35 MPa) maximum pressure, 51.4 l/s maximum displacement, L-type fluid end, 305 mm stroke, 120 rpm speed, 2600 kg weight, 5000 x 3337 x 2622 mm size, 4.206:1 ratio, each driven by 1193 KW (1600 HP) AC VFD electric motor through coupling and transmission shaft and steel base
Charging Pump-
240 m^3/h displacement, 33~35 meters discharged head, driven by 100 HP (75KW) electric motor, 1500 rpm, 65% eff
High Pressure Air Compressor (2-31)-
16 m^3/h displacement, 150 kgf/cm^2 discharge pressure, 1000 rpm, driven by 7.5KW electric motor
Xi An Hengli Compressor Co., Ltd, China,-1.9 x 3 x 3, 181 KN weight, 2010 year mfd
Mud Tank (2-38)-
Solid Controls, Model No. FG-50, 11900 x 3000 x 2200 mm size of tank, 50 m^3 volume, 11600 kg, 2011 year mfd, 272 kW, 380V, 50Hz, with 3 water pumps
2-Mud Tanks-
Solid Controls, Model No.- FG-50, 11900 x 3000 x 2200 mm size of tank, 50 m^3 volume, 10500 kg weight, 30kW, 380V, 50Hz, with water pumps
(Note: One unit Ser. No. not visible)
Mud Tank -
Solid Controls, Model No. FG-50, 11900 x 3000 x 2200 mm size of tank, 50 m^3 volume, 10500 kg, 2011 year mfd, 35.5 kW, 380V, 50Hz, with water pumps
2-Mud Tanks -
Solid Controls, Model No. FG-50, 11900 x 3000 x 2200 mm size of tank, 50 m^3 volume, 10500 kg, 2011 year Mfd, Serial Nos. NJG11019 & NJG11018, 29.5 kW, 380V, 50Hz, with water pumps
Mud Tank -
Solid Controls, Model No. FG-50, 11900 x 3000 x 2200 mm size of tank, 50 m^3 volume, 10500 kg, 85 kW, 380V, 50Hz, with water pumps
Mud Tank -
Solid Controls, Model No. FG-25, 11900 x 3000 x 2200 mm size of tank, 25 m^3 volume, 10000 kg, 125 kW, 380V, 50Hz, with 2 water pumps
3-Mud Tanks -
Solid Controls, Model No. FG-50, 11900 x 3000 x 2200 mm size of tank, 25 m^3 volume, 10500 kg, 2011 year mfd, 50Hz, with 2 water pumps

Mud Treatment Equipment/Shale Shaker-
Flo-Line Cleaner 504M type shale shaker (4 sets of mesh), 920 GPM (58L/S) with 9.1 ppg (1.09 g/cm³) mud over 210 mesh pyramid screens, 33.2 ft² (3.084 m²) with pyramid screen area, 500 Series of PWP flat screen, PMD pyramid screen
Vacuum Degasser (FP-95)-
Derrick Corporation, Model VACU FLO1200, 1200 GPM (75.6 L/S), 14,528 in² (369,011 mm²) leaf area, Serial No.-DG000812, IP56 protection class, -25°C~+55°C working ambient temperature, 2210 x 1632 x 2007 mm LWH, 1226 kg weight
Cleaner-
Flo-Line Cleaner 503 mud cleaner (3 sets of mesh)
Equipped with 2 vibration motor, 7.3 G force, De-silter, 16 qty. x 4" diameter hydro-cyclone, 1280 GPM @ 75 ft. head pressure, 12~74μm separation size, De-sander, 2 qty. x 10" diameter hydro-cyclone, 1000 GPM @ 75 ft. head pressure rated processing capacity, 40~100μm separation, 33.2ft²(3.084m²) screen area, stainless steel material screen
Centrifuge (2-47) (2-44)-
Derrick Corporation, Model DE-1000-GBD, P/L No-9587-00-001, Customer ID Unit No.- CF001334, DRW. No-13744-01with 50 HP electric motor
Flo-Line Cleaner 503 type shale shaker, Derrick Corporation, Model DE-000-GBD, P/L No-15644-01-001, Customer ID Unit No.- CF001335, DRW. No-5640
Flo-Line Cleaner 503 type shale shaker, Derrick Corporation, Model DE-000-GBD, P/L No-15644-01-001, Customer ID Unit No.- CF001335, DRW. No-5640
Flo-Line Cleaner 503 type shale shaker, Derrick Corporation, Model DE-1000-GBD, P/L No-9587-00-001, Customer ID Unit No.- CF001333,DRW. No-13744-01
FCU System (FP-67)-
Container type, 9120 x 2438 x 2591 mm size, Model JL 30M/MiSwaco, 220/380V, 30KW general power, equipped with 2 mixing hoppers, Model SLH150-50, *Auger Screw Conveyor (FP-137)-*
U-shaped type, 50 T/H capacity, 2010 year mfd., 500 mm Ø x 14000 mm L, driven by 15 HP geared motor, 380V, with maintenance platform and support
Forced Ventilation System-
Shutter explosion-proof powerful exhauster, 8 sets, each driven by 1KW electric motor
Air System-
2- Air Compressors-
Sullair, Model LS12-50HHACSULL, 5.3 m³/min, each driven by 37kW electric motor, with air receiver tanks 2 m³ and 4 m³, air dryer, Model ADH6/10, 6 Nm³/min rated air displacement, 1.0 MPa working pressure

Cold Start Air Compressor-
Reciprocating type, Model HV-1-0/10, 1.0 m^3/min, 2010 year mfd., powered by 12 kW diesel engine, Model ZS-1100, mounted on air receiver tank
High Pressure Manifold-
4" nominal diameter, 5,800 Psi (40 MPa) maximum working pressure, equipped with quake-proof pressure gauge, normal pressure 5,000 Psi, 4" diameter, with 3 1/8" x 5000 Psi kill line and choke line, 3 1/8" x 5000 Psi check valve
Hoisting System-
Consisting of:
2-Air Hoists-
Jiangsu Rushi Machinery Co Ltd, Model QJ5/120B Air Winch, 2010 year Mfd., 72-130 Psi, 50 KN maximum pulling force, 35 m/min maximum lifting speed, 15.875 mm Ø wireline diameter, 120 meters drum wireline capacity, with 20HP electric motor
Slewing Jib Crane (FP-108)-
Join Hand Construction Machinery Co Ltd, Type BZD3-8 x 12, 3 tons, 2010 year Mfd., 360° rotating angle, 300 kg, 8 meters effective lifting height, 12 meters effective arm length, Product No. 100901
BOP Lifting System (FP-92)-
Made in China, Model FY-40Y, hydraulic type, 2 x 200 + 400 KN maximum load capacity, 4 meters maximum effective lifting height
Rig Shelter-
Wind proof panels made of light panels or canvass with metallic carcass
Drilling Monitoring System-
Model SZJ-1, multi-parameter system serves for measuring and indicating hook load, drilling pressure, rotary table torque moment, standpipe pressure, hanging tongs torque moment, rotary table speed, mud pump stroke, mud level in the mud tank, return flow mud, travelling block position, drilling depth, top drive torque (MD Totco), top drive RPM indicator (MD Totco), all of which helps drillers to fully control drilling process
Deadline Anchor-
Made in China, Model JZG41, behind the mast in front of the driller, tension type sensor, 41 MT maximum deadline pull, 35 mm Ø wireline dimensions

Flammable Gas Monitoring System-
This consist of explosive gas and H2S detection system, operational panel is mounted in VFD room for gas composition analysis, equipped with 4 measuring probes for detecting explosive gases and 4 probes for detecting H2S installed in 1 in drilling platform, 1 in the hopper under the rotary table, 1 in the mouse-hole in the direction of the well and 1 in the vibration screen
Electrical Equipment/Generator System-
This consist of automation and bus bar unit, transformer unit, MCC controls, consisting of:
4-Generator Sets (2-33)-
Caterpillar, Model 3512B, 1714 KVA/1200 KW, 600 VAC rated capacity, 2010 year mfd., 1828A, 3 Ph, 50Hz, 0.7 cos ϕ, Delivery Nos. 10-F-08-158/159/160/161, 37.73 x 9.514 x 10.17 ft container, 19,841 Lb weight, each powered by 12-Cylinder Diesel Engine, Model 3512B,
Lot-Control System of the Diesel Generator Sets-
Woodward Company, Model 2301D, complete with governor speed controller, frequency constant controls system, Basler DESC-100 voltage regulators and other standard accessories
1- Emergency Electric Generator-
Caterpillar, Model 400, 400 KVA rated capacity, 400/230V, 574A, 3 Ph, 1500 rpm, 2010 year mfd., powered by 6 Cylinder Diesel Engine
2-Uninterruptible Power Supply-
Class 1 explosion proof, one for PLC and one for CCTV
AC Drive System-
AC-DC-AC drive mode
Draw-works and Rotary Table AC Drive System-
AC-DC-AC drive mode
Draw-works and Rotary Table Energy Consumption Brake System-
Automation and Profibus System-
Rig control system takes Siemens PLC (S7-300) as control core, Profibus-DP network system to control digital devices and instrumentation monitoring system
Automatic Ant-Collision Control System of Travelling Block-
Constant WOB (drilling speed) Auto Driller-
With 45 kW variable frequency motor to realize the function of constant WOB auto driller
Control System of Diesel Generator Set-
Automation and Profibus System-
Power Distribution System-

MCC System-
House/Drilling Rig Electric Drive & Control System (2-34) (2-35)-
Bode Energy Equipment Co Ltd, Type WB-ZJ50DB-ST, 2010 year Mfd., 34T weight, 11900 x 2900 x 3150 mm
Illumination System-
CCTV System-
This consist of 6 cameras, explosion proof screen unit and corrosion proof, strategically install position, one for rotary drum of draw work, one for monkey board and travelling block, one for mud pump pit, one for shale shaker area, one for BOP and one for top drive
Loud Speaker System-
Set of explosion-proof computer installed inner the driller's house, communication system install 10 megaphone, and one auxiliary megaphone, 6 walkie-talkie handheld radios
Fuel Tank System-
Consist of:
1-Fuel Tank (2-57)
Horizontal disc head, skid base mounted, Product Standard-JB/T4735-1992, 11640 kg, 30 m³ capacity, 2010 year Mfd., Product No. 2010CYG017
1-Fuel Tank (FP-86)
Horizontal disc head, skid base mounted, Product Standard-JB/T4735-1992, 11640 kg, 30 m³ capacity, 2010 year Mfd, with various pumps
2-Fuel Tanks (FP-84) (FP-85)
Horizontal disc head, skid base mounted, Product Standard-JB/T4735-1992, 10480 kg, 50 m³ capacity, 2010 year mfd., Product No. 2010CYG-017 & 2010CYG-027
1-Fuel Tank-
Horizontal disc head, skid base mounted, Product Standard-JB/T4735-1992, 10480 kg, 45 m³ capacity, 2010 year Mfd., Product No. 2010CYG-022
1-Fuel Tank (FP-87)
Horizontal disc head, skid base mounted, Product Standard-JB/T4735-1992, 6420 kg, 3 x 4.5 m³ capacity, 2010 year mfd., Product No. 2010CYG-037, with transfer pumps
Well Control System-
This consist of accessory equipment, one lifting sub 35-35 (height 400 mm), one bottom flange F35-35, one bottom flange F54-14, two adapter flanges 3 1/8" and 3 1/16", two hydraulic flat valve 3 1/8" x 5000 Psi, two manual flat valve 3 1/8" x 5000 Psi, one hydraulic flat valve 3 1/16" x 2000 Psi and hydraulic ball valve 10"

Annular BOP-
Made in China, Model FH35-35, 346.1 (13-5/8") bore, 35 MPa (5000 Psi) rated working pressure, 94L close volume, 68L open volume, 0~13-5/8" close range and Model FHZ54-14, 539.8 (21-1/4") bore, 14 MPa (2000 Psi) rated working pressure, 95.3L close volume, 94.5L open volume, 0~21-1/4" close range, 1380 Ø x 1437 mm dimension, 7660 kg weight
Double Ram BOP-
Made in China, Model 2FZ35-35, 346.1 (13-5/8") bore, 35 MPa (5000 Psi) rated working pressure, 4x17.9L open volume, 4x19.6L close range and Model 2FZ54-14, 539.8 (21-1/4") bore, 14MPa (2000 Psi) rated working pressure, 355 mm Ø piston, 4x19.9L open volume, 4x20L close range
Spool-
Made in China, Model FS54-14, 539.8 (21-1/4") bore, 14MPa (2000 Psi) rated working pressure, 21 ¼" x 2000 Psi connection mode of both ends, 3 1/8" x 2000 Psi connection mode of side outlet, 950 mm x 650 mm size, 823 kg weight and Model FS35-35346.1 (13-5/8") bore, 35 MPa (5000 Psi) rated working pressure, 13 5/8" x 2000 Psi connection mode of both ends, 3 1/8" x 5000 Psi connection mode of side outlet, 950 mm x 650 mm size, 740 kg weight
Choke Manifold-
80 mm main bore, 35 MPa (5000 Psi) working pressure, -46˚C~121˚C operation temperature, drilling mud, oil & gas appropriate media, 3 1/8"-35MPa flange connection type, 3 1/8"-35MPa manual choke, 3 1/8"-35MPa hydraulic choke, 3 1/8"-35MPa(9 pcs) parallel gate valves
Kill Manifold-
API Spec 6A flange connection, 35MPa (5000 Psi) rated working pressure, 80 mm (3 1/8") main bore, 52 mm (2 1/16") side bore
BOP Control System-
Made in China, Model FKQ640-7, 7 controls, 40x16L total volume, 320L available volume, 1800L effective volume, 18.5kW power motor, 21 MPa rated working pressure, 31.5 MPa maximum working pressure, 2 sets of air driven charge pumps, one set of 18.5kW electric driven charge pump, with remote control board, drillers control board (in the drillers console), air-line and cable assembly, triple-line alarming units (low accumulator, low pressure, low liquid level) and other standard accessories
Mud Gas Separator Tank (2-51)-
Made in China, Model ZYQ1000, 2010 year Mfd., 1000 mm main body diameter, 200~320 m³/h capacity, 5" inlet pipe, 8" outlet pipe, 8" air exhaust pipe

1-Gas Holder Tank (FP-64)-
Hubei Xinxin, China, Gas Holder OG-4, horizontal disc head, 2010 year mfd., Product No. 2010125-1, 1.1 MPa, 150 °C, Serial No. TS2210176-2013, with support
(Note: The rig and machinery equipment were dismantled at the time of inspection, preparing for packing and crating to be shipped out to the new drilling site)
Lot-Drill String, Casing, Well Tools, Drill Bits, Downhole Tools, Drilling Tools & Fishing Tools-
Consisting of:
4-Spiral Drill Collars, 203.2 Ø x 630 x 631 mm
9-Spiral Drill Collars, 177.8 Ø x 410 x 411 mm
15-Spiral Drill Collars, 165.1 Ø x 410 x 411 mm
15-Spiral Drill Collars, 120.7 Ø x 310 x 311 mm
1-Kelly, 127 Ø x 410 x 411 mm
103.82 tons x 3000 meters- Drilling Pipes, 127 Ø x 18° x G105 x 410 x 411 mm
80.5 tons x 3500 meters- Drilling Pipes, 88.9 Ø x 18° x G105 x 310 x 311 mm
32 (300 meters) - Heavy Duty Drill Pipes, 127 Ø x 18° x G105 x 410 x 411 mm
22 (200 meters) – Heavy Duty Drilling Pipes, 88.9 Ø x 18° x G105 x 310 x 311 mm
1-Short Drilling Pipe, 127 Ø x 18° x G105 x 410 x 411 x 1.5 m
1-Short Drilling Pipe, 127 Ø x 18° x G105 x 410 x 411 x 2.5 m
Lot-Casings-
Consisting of:
15 tons x 90 meters – Casings, 508 Ø x K55 x 12.7 x R3
80.4 tons x 990 meters – Casings, 339.7 Ø x J55 x 9.65 x R3
291 tons x 7500 meters – Casings, 177.8 Ø x N80 (Q) x 9.19 x R3
3-Short Casings, 177.8 Ø x 1.5 m
3-Short Casings, 177.8 Ø x 2.0 m
Lot-Well Tools-
Consisting of:
2-Center-Latch Drill Pipe Elevators, DDZ5"-133Øx 18°/350 t
2-Center-Latch Drill Pipe Elevators, DDZ3 – ½"– 101 Ø x 18°/250 t
4-Drill Pipe Elevators, CDZ5" – 133 Ø x 18°/350 t
4-Drill Pipe Elevators, CDZ3 – ½" – 101 Ø x18°/250t
3-Casing Elevators, 177.8 Ø (7") x 225 t
3-Casing Elevators, 339.7 Ø (13-3/8") x 250 t
2-Casing Elevators, 508 Ø (20") x 150 t
3-Drill Collar Slips, DCS - R5. ½" – 7"
3-Drill Collar Slips, DCS – R4. ½" – 6"

2-Drill Collar Slips, DCS – L6. ¾" – 8.1/4"
3sets-Tongs, SDXL, 5" x 225 t
2sets- Tongs, SDXL, 3-½" x 112 t
1set-Drill Pipe Slip, SDML, 5" x 225 t
1set-Drill Pipe Slip, SDML, 3-1/2" x 112 t
3sets-Safety Clamps, 4-1/2" – 5-5/8" (114.3-142.9mm)
3sets-Safety Clamps, 6-1/2" – 7-5/8" (165.1- 193.7mm)
3sets-Safety Clamps, 8-1/2" -9-5/8" (215.9-244.5mm)
1-Bit Breaker, 17-1/2"
1-Bit Breaker, 9-1/2"
1-Bit Breaker, 8-1/2"
1-Bit Breaker, 6"
Lot-Drill Bits-
Consisting of:
1set-Drill Bit, JII7-4, 410 (NC50)
10-Drill Bits, JII7- 4
4-Drill Bits
3-Drill Bits, JII7-4
2sets-Drill Bits, 70 – 85 mm
2-Drill Bit Heads, JII7-4, PMC136-8101C
3-Drill Bit Heads, JII7-4, TMC536-8101C
2sets-Suspension Bearings
1set-Drill Bit, Y-670
10-Drill Bits, Y-670
4-Suspension Bearings
3-Drill Bits, Y-670
2sets-Drill Bits, 10 meters, 60-68mm
2-Drill Bits, Y670, PMC136-670C
4-Drill Bits, Y670, TMC537
1-Fishtail Blade, 210
2sets-Lifting Subs, 410 x 430 x 165 Ø x 60-70 cm
2sets-Lifting Subs, 127 Ø x 631 x 18°
6sets- Lifting Subs, 127 Ø x 411 x 18°
4sets-Lifting Subs, 88.9 Ø x 311 x 18°
1set-Lifting Sub Frame
1set-Lifting Connection Gauge
3sets-Preventers, 5LZ, 197 Ø x 410 x 630
2sets- Preventers, 5LZ, 197 Ø DW x 1.5° x 410 x 630
2-Cup Testers, 339.7 Ø
Lot-Downhole Tools-
Consisting of:
1-Spiral Stabilizer, 430 Ø x 228.6 Ø x 630 x 730
2-Spiral Stabilizers, 438 Ø x 203.2 Ø x 630 x 631
2-Spiral Stabilizers, 214 Ø x 177.8 Ø x 410 x 430
2-Spiral Stabilizers, 214 Ø x 177.8 Ø x 410 x 411
2-Spiral Stabilizers, 214 Ø x 165.1 Ø x 410 x 430
3-Spiral Stabilizers, 214 Ø x 165.1 Ø x 410 x 411

2sets-Overshots, LT219 x 410
2sets-Spiral Grapples, LT219, 125 Ø
2sets-Spiral Grapples, LT219, 124 Ø
2sets-Spiral Grapples, LT219, 123 Ø
2sets-Basket Grapples, LT219, 125 Ø
2sets-Basket Grapples, LT219, 124 Ø
2sets-Basket Grapples, LT219, 123 Ø
2sets-Casing Back Off Spears, LM-177.8
2sets-Grapples, LM-177.8, 160 Ø
2sets-Grapples, LM-177.8, 161 Ø
2sets-Grapples, LM-177.8, 162 Ø
2sets-Grapples, LM-177.8, 163 Ø
2-Curved Fishing Magnets, 210 Ø x 410
1-Flat Fisher, 310 Ø x 410
3-High Efficiency Mill Shoe, NEM200 Ø x 410
3-High Efficiency Mill Shoe, NEM220 Ø x 410
2-Spiral Stabilizers, 238 Ø x 177.8 Ø x 203 Ø
2-Spiral Stabilizers, 238 Ø x 177.8 Ø
1-Spiral Stabilizer, 238 Ø x 203 Ø
2-Spiral Stabilizers, 238 Ø x 203 Ø
2-Short Spiral Stabilizers, 238 Ø x 178 Ø x 410 x 411
3-Sub Fitting Connectors, 630 x 630
3-Sub Fitting Connectors, 410 x 630
2-Sub Fitting Connectors, 410 x 630
3-High Efficiency Mill Shoe, NEM220 Ø x 410
1-3 Points Mill Shoe, 80-130
1-Round Plate Mill Shoe, 130-320
1-Round Plate Mill Shoe, 270-510
(Note: The drill strings, casings, well tools, drill bits, downhole tools, drilling tools and fishing tools were not physically inspected, technical specifications based on the documents furnish to us)
Lot-Accommodation Camps-
Consisting of:
1-Guard House, steel van container, 6640 x 3100 x 2900
1-Public Toilet, steel van container, 6640 x 3100 x 2900
1-Manager/Conference, steel van container, 12000 x 3100 x 2900
1-Engineer/Laboratory, steel van container, 6640 x 3100 x 2900
1-Guard House, steel van container, 2600 x 1900 x 2230

Lot-Accommodation Camps-
Consisting of:
6-8persons Accommodation Camps, steel van container, 12000 x 3100 x 2900
4-8persons Accommodation Camps, steel van container, 8870 x 3050 x 2900
1-Conference Room, steel van container, 8870 x 3050 x 2900
10-4 persons Accommodation Camps, steel van container, 8870 x 3050 x 2900
2-2persons Accommodation Camps, steel van container, 8870 x 3050 x 2900
1-Laundry/Washing Area, steel van container, 8870 x 3050 x 2900
1-Freezer Room & Cold Store, steel van container, 8870 x 3050 x 2900
1-Dry Store, steel van container, 8870 x 3050 x 2900
1-Chinese Kitchen, steel van container, 8870 x 3050 x 2900
1-Chinese Canteen, steel van container, 8870 x 3050 x 2900
1-Western Kitchen, steel van container, 8870 x 3050 x 2900
1-Western Canteen, steel van container, 8870 x 3050 x 2900
1-Praying Room, steel van container, 8870 x 3050 x 2900
1-Water Storage Container, steel van container, 60 M^3
1-Waste Water Treatment-
2-Electrical/Water Treatment Control Rooms-
(Note: The accommodation camps were not physically inspected, technical specifications based on the documents furnish to us)

Total for One unit Train-type Land Drilling Rig, Drill String Tubular and Tools & Accommodation Camps:	***USD9,000,000***	***USD7,200,000***

PHOTOGRAPHS

LR1 DRILLING RIG

LR1 DRILLING RIG

LR1 DRILLING RIG

ASIAN APPRAISAL

LIMITING CONDITIONS FOR MACHINERY & EQUIPMENT

This appraisal report is subject to the following limiting conditions:-

1. All existing liens and encumbrances, if any, have been disregarded, and the assets are valued as though free, clear and under responsible ownership.

2. All facts and data set forth in this report are true and correct, to the best of the appraiser's knowledge.

3. Information, estimates, and opinions furnished to the appraiser and contained in this report were obtained from sources considered reliable to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be accounted to him or her. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.

4. In many instances, the appraiser is given information regarding machinery and equipment concerning repairs, accessories, condition, etc. which may or may not be verifiable by the appraiser for a variety of reasons. In such cases, the appraiser must rely on information provided to him or her in searching for comparative data. The appraiser disclaims any responsibility if given erroneous information by any party.

5. Machinery and equipment appraisers are called for valuation and verification of assets from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavored to use basic sound, accepted methodologies in any assignment, to come up with a final conclusion of value, based on reported conditions. To actually verify the condition (condition survey) and/or needed repairs of the machinery/equipment which calls for the services of a specialist, is outside of the appraiser's expertise and scope of this assignment.

6. In the event that Asian Appraisal Company Private Limited is required to give testimony or attendance in Court, or to any government agency, with reference to the asset/s appraised in this report, the Company would be willing to do so provided prior arrangements have been made and we be properly reimbursed.

7. This appraisal report is invalid unless it bears the service seal of Asian Appraisal Company Private Limited. Our appraisal report shall also be invalidated if our appraisal fee is not paid.

8. This report is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the client in respect of the purpose, but the client shall not disclose the report to any other person. The valuer's responsibility in connection with this report is limited only to the client to whom the report is addressed.

9. Neither the whole nor part of this report and valuation, nor any reference hereto, may be included in any published document, circular or statement nor published in any way whatsoever without our written approval of the form and context in which it will appear.

10. In the event that Asian Appraisal Company Pte Ltd is subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability against the company including directors, officers, employees, subcontractors, affiliates or agents shall be limited to the amount of fees we received for this engagement.

ASIAN APPRAISAL

We provide the following services throughout Asia Pacific Region:-

* **Valuation of Real Estate**

* **Valuation of Plant and Machinery/ Equipment/Motor Vehicle/ Office Furniture**

* **Investment Sales and Real Estate Agency**

* **Development Consultancy**

* **Feasibility Studies**

* **Property Management**

* **Auction Services**

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Associates in Malaysia, Indonesia, Thailand, Philippines, Hong Kong, China & Japan

Appendix-E

Viking Offshore and Marine Limited ("VOM")
Cash Flow Forecast

Month ending:		Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Cash receipts								
Trade receipts		158,888	87,742	84,113	204,417	122,390	162,390	212,390
Total cash receipts	**1**	**158,888**	**87,742**	**84,113**	**204,417**	**122,390**	**162,390**	**212,390**
Cash payments								
Employment expenses		(40,334)	(72,382)	(34,772)	(36,100)	(36,100)	(36,100)	(86,100)
Admin and professional fees		(39,149)	(106,698)	(50,841)	(155,633)	(60,575)	(137,025)	(138,376)
Total cash payments	**2**	**(79,483)**	**(179,080)**	**(85,613)**	**(191,733)**	**(96,675)**	**(173,125)**	**(224,476)**
Net cash inflows / (outflows)	**3 = (1+2)**	**79,405**	**(91,338)**	**(1,500)**	**12,684**	**25,715**	**(10,735)**	**(12,086)**
Cash								
Beginning balance	**4**	17,436	96,841	5,503	4,003	16,687	42,402	31,667
Net cash inflows / (outflows)	**5 = 3**	79,405	(91,338)	(1,500)	12,684	25,715	(10,735)	(12,086)
Ending balance	**6 = (4+5)**	**96,841**	**5,503**	**4,003**	**16,687**	**42,402**	**31,667**	**19,581**

Key assumptions and comments:

Underlying approach	.	The cash flow forecast has been prepared by VOM. Period of forecast is 7 months from November 2020 to May 2021.
	.	VOM is an investment holding company with no operating activities. VOM is the parent company for the group and its subsidiaries are principally involved in asset chartering services and offshore and marine services
Cash receipts	.	Cash receipts related to collection of monthly management fees charged by VOM to key operating subsidiaries (Viking Airtech Pte Ltd, Marshal Systems Pte Ltd and Promoter Hydraulics Pte Ltd). Fixed amount is invoiced each month. Collection is estimated by VOM to be received primarily in the same month as the invoice
	.	Cash receipts include GST charged on the monthly management fees and such GST is paid to the local tax authorities on a quarterly basis
	.	Cash receipts include key operating subsidiaries advance to the parent company to meet the operating expenses
Employment expenses	.	Employee related costs include salaries, CPF, transport reimbursement, staff benefits and claims based on VOM's estimation. We have reviewed VOM's forecasted amounts to the historical monthly employee expenses as per management account and the forecast is broadly in line with the historical figures
	.	Also includes directors fee for each of the 3 non-executive independent directors

General expenses	.	General expenses include administration and professional fees relating to the subscriptions, secretarial fees, Catalist sponsor fees, debt restructuring professional fees, human resources, insurance and other general operating expenses based on VOM's estimation and in line with historical figures other than expected adhoc expenses
Operating cash	.	Taken as at 1 November 2020 to 1 January 2021. This is based on VOM's opening cash balance which is in line with the bank statement upon reconciliation
Finance charges	.	VOM assumed that no interest is payable on loans during the extended moratorium period
Inter-company	.	VOM have excluded any intercompany payments

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 747/2019
HC/SUM /2021

In the Matter of Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 (No 40 of 2018)

And

In the matter of **VIKING OFFSHORE AND MARINE LIMITED** (Singapore UEN No. 199307300M)

VIKING OFFSHORE AND MARINE LIMITED
(Singapore UEN No. 199307300M)

… Applicant

SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 71 OF THE INSOLVENCY, RESTRUCTURING AND DISSOLUTION ACT 2018 (NO 40 OF 2018)

Between

VIKING OFFSHORE AND MARINE LIMITED
(Singapore UEN No. 199307300M)
(the "**Company**")

And

THE SCHEME CREDITORS
(as defined in the Scheme)

DATED THIS 22ND DAY OF FEBRUARY 2021

TABLE OF CONTENTS

Clause **Headings** **Page**

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Scheme, except to the extent that the context requires otherwise, the following expressions shall bear the following respective meanings. Words shall have the meaning attributed to them by the Insolvency, Restructuring and Dissolution Act.

(1) "**Affiliate**" means, in relation to any entity, a current direct and indirect Subsidiary, subsidiary undertaking, parent company, holding company, or any of their respective Affiliates.

(2) "**Aggregated Approved Claims**" means the aggregated amount of the Approved Claims in respect of all the Scheme Creditors as at any given date.

(3) "**Approved Claim**" means a Claim of a Scheme Creditor against the Company to the extent admitted by the Scheme Manager or established by the Scheme Creditor in proceedings in accordance with Clause 2.9.

(4) "**Arbitral Proceeds**" means the net amount received by the Company from its Subsidiaries in relation to or under the Final Award in SIAC ARB No. 226 of 2017 between (1) Viking LR1 Pte Ltd as Claimant and Beijing Sino-Rig Co., Ltd and Mr Liu Zhi as Respondents and (2) Viking LR2 Pte Ltd as Claimant and U.K. Trade Free Int'l Co., Ltd., Beijing Forpetro Sino-Rig Co., Ltd and Mr Liu Zhi as Respondents, after deduction of all costs of realisation, which shall include without limitation any fees, costs, charges, expenses, commissions and incentives incurred by the Company and/or any of its Subsidiaries in respect of the enforcement or recovery of sums owed pursuant to the said Final Award ("**Recovery Costs**"), but only insofar as such Recovery Costs were unpaid or accrued for (if incurred prior to 13 June 2019) or else incurred on or after 13 June 2019.

(5) "**Ascertainment Date**" means 22 February 2021.

(6) "**Ballot Form**" means the ballot form at Appendix B to be completed and submitted by the Scheme Creditors in accordance with Clause 11.2.

(7) "**Business Day**" means any day other than a Saturday, a Sunday or a public holiday in Singapore.

(8) "**Claim**" means any known or unknown claim, charge, promise, cause of action, or similar right which any person may have against the Company (which is not an Excluded Claim), arising out of any transaction, act or omission of the Company or of any person occurring on or before the Ascertainment Date, including any interest, default interest, premium, additional amounts, make whole amounts, fees, commissions, and penalties arising out of such claim, whether the claim be actual, present, future or contingent or whether liquidated or sounding only in damages, and whether in contract or tort or howsoever arising, and for the avoidance of doubt shall include any indebtedness or liability of the Company arising out of any agreement, dealing, matter or event having the nature of a guarantee provided by the Company for the benefit of any Affiliate.

(9) "**Company**" means Viking Offshore and Marine Limited.

(10) "**Contingent Scheme Creditor**" means any Scheme Creditor whose Approved Claim is in respect of a future or contingent Claim.

(11) "**Conversion Shares**" shall have the meaning ascribed to it in Clause 4.1.

(12) "**Court**" means the General Division of the High Court of the Republic of Singapore.

(13) "**Creditor**" means any person who has a Claim against the Company, and for the avoidance of doubt, includes any Scheme Creditor and any Contingent Scheme Creditor, but excludes any Excluded Creditor.

(14) "**Encumbrance**" means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation, third party rights, retention of title clause, right of pre-emption, right of first refusal or security interest of any kind.

(15) "**End Date**" shall have the meaning ascribed to it in Clause 12.1.

(16) "**Excluded Claim**" means any known or unknown claim, charge, promise, cause of action, or similar right which any Excluded Creditor may have against the Company arising out of any transaction, act or omission of the Company or of any person occurring on or before the Ascertainment Date, including any interest, default interest, premium, additional amounts, make whole amounts, fees, commissions, and penalties arising out of such claim, whether the claim be actual, present, future or contingent or whether liquidated or sounding only in damages, and whether in contract or howsoever arising, and for the avoidance of doubt shall include any indebtedness or liability of the Company arising out of any agreement, dealing, matter or event having the nature of a guarantee provided by the Company for the benefit of any Affiliate, but shall not include any such claim which is (i) held by any Excluded Creditor which is an Excluded Creditor by virtue only of Clause 1.1(17)(a) and (ii) is not a claim which would have priority under Section 203 of the Insolvency, Restructuring and Dissolution Act.

(17) "**Excluded Creditor**" means any of the following persons or entities:

(a) any person or entity which would, pursuant to Section 203 of the Insolvency, Restructuring and Dissolution Act, be entitled to be paid in priority to all other unsecured creditors of the Company in a winding up of the Company in respect of its claim against the Company, but subject to Clause 1.1(16);

(b) any person or entity, being an essential vendor of the Company supplying it with goods and/services necessary for the Company’s continued business operations, whose claim against the Company (i) arises in the ordinary course of business of the Company, (ii) was incurred in good faith by the Company, and (iii) as at the Ascertainment Date does not exceed S$10,000;

(c) Lee & Lee LLP;

(d) Zico Capital Pte Ltd;

(e) W Capital Markets Pte Ltd;

(f) DHC Capital Pte. Ltd.; and

(g) Rajah & Tann Singapore LLP.

(18) "**Existing Facility**" means any accommodation, loan, advances, banking and/or credit facilities, including but not limited to the credit facilities, overdraft, trade financing, term loan or foreign exchange facilities provided by a Creditor to the Company before the Ascertainment Date and includes the documentation recording, evidencing, relating to or in connection with the same.

(19) "**Fully Diluted Basis**" means, in relation to the share capital of the Company, the share capital of the Company after:

(a) issuance and allotment of all Conversion Shares in accordance with Clause 4;

(b) issuance and allotment of all Placement Shares; and

(c) conversion of all existing share warrants in respect of the Company.

(20) "**Group**" means the Company and its Subsidiaries.

(21) "**Guaranteed Debt**" means any indebtedness or liability:

(a) which is owed by an Affiliate of the Company to a Creditor which arises by virtue of any agreement, dealing, matter or event having the nature of a guarantee provided by that Affiliate to that Creditor for the benefit of the Company and in respect of any agreement, transaction or dealing between the Company and the Creditor and for which the Company is the primary obligor; or

(b) which is owed by an Affiliate of the Company as primary obligor to a Creditor, and for which an agreement, dealing, matter or event having the nature of a guarantee had been provided by the Company to that Creditor in respect of that indebtedness or liability and for the benefit of that Affiliate.

(22) "**Guaranteed Debt Release**" means an absolute release and discharge of the relevant guarantor from the relevant Guaranteed Debt.

(23) "**Guaranteed Debt Release Document**" means a deed of Guaranteed Debt Release in such form and terms as may be acceptable to the Scheme Manager.

(24) "**Independent Assessor**" shall have the meaning ascribed to it in Clause 2.9.

(25) "**Investors**" means (1) Blue Ocean Capital Partners Pte. Ltd. and (2) Mr Ng Yeau Chong, and each an Investor.

(26) "**Nominal Scheme Meeting**" means the tabulation of Ballot Forms by the Scheme Manager to take place on 13 April 2021 and any adjournment thereof, at which the Scheme Manager shall determine that this Scheme has been passed by the Scheme Creditors whether in accordance in Clause 11.1 or otherwise.

(27) "**Party**" means a party to this Scheme.

(28) "**Placement and Loan Agreement**" means the conditional Placement and Loan Agreement entered into between the Company and the Investors dated 1 February 2021.

(29) "**Placement Shares**" means the shares in the Company to be issued and allotted to the Investors in accordance with the Placement and Loan Agreement and which shall be equivalent to 87% of the share capital of the Company on the Fully Diluted Basis.

(30) "**Proof of Debt**" means a proof of debt of a Creditor in respect of its Claim in the form annexed hereto as Appendix A, or in such other form as may be acceptable to the Scheme Manager in his sole discretion.

(31) "**Proof of Debt Long-Stop Date**" means 5:00pm on 12 April 2021.

(32) "**Proof of Debt Voting Cut-Off Date**" means 5:00pm on 8 March 2021.

(33) "**Recovery Costs**" shall have the meaning ascribed to it in Clause 1.1(4).

(34) "**Register**" shall have the meaning ascribed to it in Clause 13.8.

(35) "**Registrar**" shall mean the Accounting and Corporate Regulatory Authority of Singapore.

(36) "**Relevant Exchange Rate**" means the currency conversion rate to be ascertained for the conversion of an amount denominated in a foreign currency amount into an amount in S$, such conversion rate being the foreign exchange rate published in the Business Times on the Ascertainment Date, or, if not published in the Business Times on the Ascertainment Date, the applicable foreign currency exchange rate which appears on the currency converter webpage of the OANDA Corporation's website at https://www.oanda.com/currency/converter/ on the Ascertainment Date.

(37) "**S$**" means the lawful currency of the Republic of Singapore.

(38) "**Scheme**" means this scheme of compromise and arrangement, including and incorporating all such amendments, additions and variations thereto as may be required, approved or sanctioned by the Court.

(39) "**Scheme Commencement Date**" means the date on which the Scheme takes effect as determined in accordance with Clause 8.1.

(40) "**Scheme Creditor**" means a Creditor who has delivered a Proof of Debt to the Scheme Manager at the Specified Email Address on or before the Proof of Debt Long-Stop Date and who is entitled to any distribution under this Scheme as determined in accordance with Clause 2, and includes any person who becomes a Scheme Creditor pursuant to Clause 16.

(41) "**Scheme Creditors' Meeting**" shall have the meaning ascribed to it in Clause 11.8.

(42) "**Scheme Creditors' Resolution**" means a resolution passed at any Scheme Creditors' Meeting in accordance with Clause 11 generally.

(43) "**Scheme Effective Date**" shall have the meaning ascribed to it in Clause 8.3.

(44) "**Scheme Manager**" means Mr David Chew, of DHC Capital Pte. Ltd., or any person appointed either by the Court or any existing Scheme Manager(s) to be a Scheme Manager of this Scheme, whether in addition to or in replacement of any person(s) then holding appointment(s) as "Scheme Manager".

(45) "**Scheme Manager Claim**" means any claim by a Scheme Manager against any person to enforce this Scheme.

(46) "**Scheme Manager Proceeding**" means any legal proceeding in any jurisdiction in which any Scheme Manager Claim is made against any person (whether as a claim, counterclaim or otherwise).

(47) "**Scheme Period**" means the period commencing on the Scheme Commencement Date and ending either on the End Date or the date on which the Scheme is terminated in accordance with Clause 12.3 (whichever may occur first).

(48) "**SGX-ST**" means the Singapore Exchange Securities Trading Limited.

(49) "**Special Resolution**" means a resolution passed at any Scheme Creditors' Meeting with the support of a majority in number of the Scheme Creditors present and voting (whether in person or by proxy) on the resolution and whose Approved Claims at that time in aggregate represent seventy-five percent (75%) in value of the total Approved Claims of all the Scheme Creditors present and voting (whether in person or by proxy) on the resolution.

(50) "**Specified Email Address**" means david.chew@dhccapital.com, or such other email address in lieu thereof as the Scheme Manager may in writing notify the Creditors from time to time as constituting the "Specified Email Address" for the purpose of this Scheme.

(51) "**Subsidiary**" means a subsidiary within the meaning of Section 5 of the Companies Act.

(52) "**Takeover Code**" means the Singapore Code on Take-Overs and Mergers.

(53) "**Transfer Instrument**" means an instrument of transfer in the form and on the terms as may be acceptable to the Scheme Manager.

(54) "**Transferee**" shall have the meaning ascribed to it in Clause 16.2.

(55) "**Transferor**" shall have the meaning ascribed to it in Clause 16.2.

(56) "**Upfront Cash Distributions**" shall have the meaning ascribed to it in Clause 3.1.

1.2 **Interpretation**

(a) The headings or titles to the Clauses in this Scheme are to facilitate reference and shall not be referred to or relied upon in the construction of any provision of this Scheme.

(b) Where the context so admits, the singular shall include the plural and words in the masculine gender shall include the feminine and neutral genders and vice versa.

(c) Any reference to any Party shall be construed as a reference to such Party's successors, permitted assigns and permitted transferees, and for the avoidance of doubt, in respect of a Creditor, includes the assignees of the rights and interests of such Creditor in respect of such indebtedness or liability.

(d) The term "indebtedness" means any obligation for the payment of money, whether as principal or surety and whether present or future, actual or contingent and "indebted" shall be construed accordingly.

(e) The expressions "legal proceedings" and "proceedings" shall each include any and all suits, arbitrations, judicial and quasi-judicial proceedings and any other proceedings in any jurisdiction whereby any order or decision may be made by any judicial body or tribunal or governmental or regulatory authority for the payment of any sum or arrest, seizure and/or the sale or disposal of any assets.

(f) The words "include" or "including" shall be deemed to be followed by "without limitation" or "but not limited to" whether or not they are followed by such phrases or words of like import, and "otherwise" shall not be construed as limited by words with which it is associated.

(g) References to any "person" include any natural person, corporation, judicial entity, association, statutory body, firm, partnership, limited liability company, joint venture, trust, estate, unincorporated organisation or government, governmental authority, department of any government state or any political subdivision, instrumentality, agency or authority, and references to "corporation" means any body corporate or entity incorporated, established or constituted under any law in any jurisdiction.

(h) References in this Scheme to any "Clause" or "Appendix" shall be construed as references to the clause of or the appendix to this Scheme respectively.

(i) A reference to time is to local time in Singapore.

(j) Any reference in this Scheme to a statutory provision shall include such provision and any regulations made in pursuance thereof as from time to time modified or re-enacted whether before or after the date of this Scheme.

(k) Any reference in this Scheme to any agreement or other document shall be construed as a reference to such agreement or other document, as may be amended, modified or supplemented from time to time, and shall include a reference to any document which amends, modifies or supplements it, or is entered into, made or given pursuant to or in accordance with its terms, whether or not they are followed by such phrases or words of like import.

(l) No provision of this Scheme shall be construed adversely to a Party solely on the ground that the Party was responsible for the preparation of this Scheme or that provision.

2. PROOF OF DEBT

2.1 Every Creditor shall submit and deliver to the Scheme Manager at the Specified Email Address a Proof of Debt on or before the Proof of Debt Long-Stop Date, for the purpose of determining its Approved Claim in accordance with this Clause 2.

2.2 The Claim of any Creditor that is not stated in a Proof of Debt submitted in accordance with Clause 2.1 on or before the Proof of Debt Long-Stop Date shall be forever waived, released, discharged and extinguished, and the Creditor shall not have any rights, interests and claims whatsoever against the Company in respect of such Claim, save as the Scheme Manager may otherwise permit in his absolute discretion.

2.3 For the purposes of adjudicating each Creditor’s Proof of Debt, the Scheme Manager shall adjudicate each Claim as at the Ascertainment Date. Any part of the Claim that is admitted shall be the Approved Claim. The Approved Claim shall not include any interest payable post the Ascertainment Date, which for the avoidance of doubt shall be waived and discharged on and from the Scheme Effective Date in accordance with Clause 6.1 below.

2.4 The Approved Claims of any Scheme Creditor shall be that Scheme Creditor's Claims as stated in that Scheme Creditor's Proof of Debt reduced, in order:

(a) by any Claim(s) (or any portion thereof) not admitted by the Scheme Manager as representing a genuine debt owed by the Company to that Scheme Creditor as at the Ascertainment Date (whether actual, present, future or contingent); and thereafter

(b) by any amount recovered or received by or for the account of such Scheme Creditor subsequent to the Ascertainment Date under or arising from any guarantee given to such Scheme Creditor by any person or otherwise with respect to that Scheme Creditor's Claim against the Company.

2.5 Where, as a consequence of the above reductions, the Approved Claim of any Scheme Creditor becomes a negative number, such Scheme Creditor shall pay to the Company such excess amount.

2.6 The Scheme Manager may at any time adjudicate any Proof of Debt *de novo*, or review and revise any past adjudication of any Proof of Debt, at his absolute discretion, save only where a Proof of Debt has been adjudicated pursuant to Sections 68(9) and 68(10) of the Insolvency, Restructuring and Dissolution Act. In such event, that result of that adjudication shall stand as that Creditor's Approved Claim. For the avoidance of doubt, the Scheme Manager shall at all times be entitled to revise the determination of a Creditor's Approved Claim to take into account any payments received by that Creditor subsequent to such adjudication.

2.7 The Scheme Manager shall give written notice to each Creditor of the results of their adjudication and of the Creditor's Approved Claim by 5:00pm on 16 March 2021, or such longer period as the Scheme Manager may reasonably determine at his discretion.

2.8 For the purposes of the Scheme Manager's adjudication of any Proofs of Debt, any amounts or values not denominated in S$ shall be converted into S$ at the Relevant Exchange Rate as at the Ascertainment Date.

2.9 Any Creditor who wishes to dispute any aspect of the Scheme Manager's determination as notified to such Creditor by the Scheme Manager pursuant to Clause 2.7 must give written notice of such dispute to the Scheme Manager at the Specified Email Address within 14 calendar days after the date of the Scheme Manager's notice. If a Creditor gives such notice of dispute to the Scheme Manager, such Creditor shall send a written request to the Scheme Manager to seek his agreement on the appointment of an independent assessor (the "**Independent Assessor**"). If no agreement can be reached on the appointment of an Independent Assessor, the Creditor may take out an application to the Court to determine the appointment of the Independent Assessor.

(a) After the appointment of the Independent Assessor, the Scheme Manager is to, as soon as practicable, provide the relevant Proof of Debt to the Independent Assessor.

(b) After the Independent Assessor has been provided with the Proof of Debt, he must, within 7 calendar days, make a decision on the dispute and send a written notice of the decision along with the reasons for his decision to the Scheme Manager, the Company and the Creditor referred to in this Clause 2.9.

2.10 The costs of any Independent Assessor shall be borne by the Creditor wishing to dispute the result of the Scheme Manager's adjudication.

2.11 For the avoidance of doubt, the Scheme Manager will not be required to delay or postpone the implementation of this Scheme, or the taking of any necessary steps thereunder, by the fact that there is pending an application to an Independent Assessor or to the Court in respect of any decision of the Scheme Manager or an Independent Assessor.

2.12 Each Creditor shall promptly provide the Scheme Manager with all such information and documents requested by the Scheme Manager which are relevant to its Claim in its Proof of Debt, or to the adjudication of the amount of its Approved Claim and entitlement to distribution pursuant to the terms of this Scheme. In the event of any failure to provide any information or documents upon request and within reasonable time, the Scheme Manager shall be entitled to proceed to adjudicate the Claim with regard to such information in its possession as they deem fit and without further reference to the Creditor.

2.13 If a Creditor does not for any reason comply with the provisions of Clause 2.12 (in whole or in part), such Creditor shall be deemed to have admitted and accepted in its entirety the Scheme Manager's determination as notified to such Creditor in the Scheme Manager's notice given to such Creditor pursuant to Clause 2.7, and any part of its Claim that is not an Approved Claim shall be forever waived and extinguished.

2.14 For the purposes of adjudicating the Claim of a Contingent Scheme Creditor, the Scheme Manager shall ascertain the Approved Claim of that Contingent Scheme Creditor by application of a just estimate of the value of the Claim.

2.15 Where a Contingent Scheme Creditor has more than one Claim against the Company which relates to a contingent or future debt as at the Ascertainment Date and which has been admitted by the Scheme Manager, it shall be open to the Scheme Manager to make different just estimates of each such admitted and contingent Claim. In such event, that Contingent Scheme Creditor's Approved Claim shall be the aggregate of each such admitted and contingent Claim multiplied by the applicable just estimate thereto, together with the aggregate quantum of that Contingent Scheme Creditor's Claim(s) which relate to all present or current debts due from the Company to that Contingent Scheme Creditor as at the Ascertainment Date as may be admitted by the Scheme Manager.

3. THE UPFRONT CASH DISTRIBUTIONS

3.1 The Company shall, within 30 days from the Scheme Effective Date, make payments in cash to all Scheme Creditors in accordance with Clause 10.1, either:

(a) until each Scheme Creditor has received 15 cents in each dollar of the amount of each Scheme Creditor's Approved Claim; or

(b) until the total sum distributed by the Company pursuant to this Clause is equivalent to the sum of S$3,000,000;

whichever may occur first (the "**Upfront Cash Distributions**").

3.2 For the avoidance of doubt, any sums received by any Scheme Creditor pursuant to the Special Cash Distributions shall not be counted towards the computation of the Upfront Cash Distributions.

4. THE CONVERSION SHARES

4.1 The Company shall, within 60 days from the Scheme Effective Date, issue and allot shares in the Company to all Scheme Creditors in accordance with this Clause (the "**Conversion Shares**"). The number of Conversion Shares to be issued and allotted to Scheme Creditors shall be determined by the following formula:

CS = (AC x 0.35) / CP

Where:

(a) CS is the Conversion Shares to be issued and allotted to that Scheme Creditor. If CS is not a whole number, it shall be rounded down to the nearest integer for the purposes of computation of the number of Conversion Shares to which the relevant Scheme Creditor is entitled.

(b) AC is that Scheme Creditor's Approved Claim.

(c) CP is the issue price to be determined by the Scheme Manager which shall result in the total quantum of Conversion Shares issued being equivalent to approximately 9.0% of the Company's total share capital as at the date of issuance (being, for the avoidance of doubt, after the issuance and allotment of the Placement Shares and the Conversion Shares).

4.2 The Conversion Shares shall be duly authorised, validly issued and credited as fully paid-up by the Company.

4.3 The Conversion Shares shall rank *pari passu* in all respects with any other shares of the Company then in issue.

4.4 The Conversion Shares shall be free from all Encumbrances and entitled to all rights attached thereto on or after the date of issue.

4.5 The Conversion Shares shall be transferred to each Scheme Creditor's Securities Accounts held with CDP. Scheme Creditors are to provide information on their Securities Accounts held with CDP in accordance with the "Details of CDP Account Holder" Form in Appendix C, by no later than the Proof of Debt Long-Stop Date.

4.6 If the holding of Conversion Shares by any Scheme Creditor may result in a contravention of any laws of Singapore, or if any Scheme Creditor does not wish to have its account with the CDP credited with Conversion Shares, such Scheme Creditor shall be entitled to nominate another party into whose account with the CDP the Conversion Shares shall be credited instead, provided that such nomination shall be made in writing and served on the Company no later than the Scheme Commencement Date. The credit of the Conversion Shares to such nominated party's account shall have the same effect of fully satisfying and completely discharging that portion of such Scheme Creditor's rights to those Conversion Shares.

4.7 Any and all fees, expenses and charges incurred in connection with the issuance and allotment of the Conversion Shares shall be borne by the Scheme Creditors. The Company may deduct from any sum payable to such person the amount of such fees, expenses and charges.

4.8 No Scheme Creditor shall dispose, sell or transfer on the SGX-ST any Conversion Shares received in accordance with this Clause for a period of 12 months following the date on which the Conversion Shares were issued to them in accordance with this Clause 4. For the avoidance of doubt, Scheme Creditors are permitted to dispose, sell or exchange any Conversion Shares if such disposal, sale or transfer were to take place on an off-market basis.

5. THE SPECIAL CASH DISTRIBUTIONS

5.1 The Company shall make payments in cash equivalent to 15% of the Arbitral Proceeds to all Scheme Creditors in accordance with Clause 10.1, either:

(a) until the Arbitral Proceeds have been received by the Company in full; or

(b) until the total sum distributed by the Company pursuant to this Clause is equivalent to the sum of S$4,000,000;

whichever may occur first (the "**Special Cash Distributions**").

5.2 The Company's obligation to distribute the Special Cash Distributions to the Scheme Creditors shall commence only upon the Scheme Effective Date and shall not terminate upon the End Date but shall continue until either Clause 5.1(a) or Clause 5.1(b) is fulfilled.

5.3 Unless otherwise directed by the Scheme Manager, the Company shall make a Special Cash Distribution within 30 days from the date on which the relevant Arbitral Proceeds are received by the Company, with the quantum thereof to be determined by the Scheme Manager.

5.4 For the avoidance of doubt, any sums received by any Scheme Creditor pursuant to the Upfront Cash Distributions shall not be counted towards the computation of the Special Cash Distributions.

5.5 Nothing in this Scheme shall require the Company and/or any of its Subsidiaries to take any steps in respect of the recovery or enforcement of the Arbitral Proceeds.

6. DEBT RELEASE AND DISCONTINUANCE OF PROCEEDINGS

6.1 On and from the Scheme Effective Date:

(a) all Creditors (regardless of whether they are a Scheme Creditor and regardless of whether they had filed a Proof of Debt under this Scheme) shall irrevocably, unconditionally and permanently surrender, release, acquit, and forever discharge the Company (and the Company shall be completely and absolutely released and discharged from) any and all known or unknown Claims (including Approved Claims) that such Creditor may have;

(b) all Guaranteed Debts will be fully and completely discharged; and

(c) all Creditors waive all interest, default interest, premium, additional amounts, make whole amounts, fees, commissions, and penalties chargeable, accruing on, or payable in respect of, or any other accretions whatsoever arising in respect of the Claims after the Ascertainment Date under or in connection with any other agreement relating to a Claim, and furthermore waive any legal fees incurred by the Creditors arising out of and/or in connection with the Claims.

6.2 Within fourteen days from the Scheme Effective Date, each of the Creditors shall (regardless of whether or not it has submitted a Proof of Debt under this Scheme) discontinue, withdraw and/or terminate any and all legal, arbitration, insolvency, enforcement or other proceedings commenced by that Creditor against the Company or any assets of the Company in any jurisdiction for the payment or recovery of its Claims, and release or take all such action required for the release to the Company of all rights, funds or property arrested, seized, garnished or attached in any legal, arbitration, insolvency, enforcement or other proceedings.

6.3 All discontinuances, withdrawals, terminations and/or releases of legal proceedings to take in accordance with Clause 6.2 shall be on the basis that there be no order as to costs between the parties to the relevant proceedings, and the Company shall be entitled to seek the appropriate orders or awards against the relevant Creditor from the relevant court or tribunal to enforce and/or give effect to this Clause. The relevant Creditor shall be liable for any costs incurred by the Company in enforcing and/or giving effect to this Clause on an indemnity basis.

7. MORATORIUM

7.1 On and from the Scheme Commencement Date, each Creditor (regardless of whether it is a Scheme Creditor and regardless of whether it has filed a Proof of Debt under this Scheme) shall not take any steps, or cause any steps to be taken, whether directly or indirectly:

(a) to wind up the Company, whether such proceedings be commenced in the Creditor's capacity as a creditor or a member thereof;

(b) to place the Company under judicial management within the meaning of that term as defined in Part 7 of the Insolvency, Restructuring and Dissolution Act;

(c) to commence or continue any proceedings in any jurisdiction against the Company and shall discontinue and terminate and take all such actions required for the discontinuance and termination of any and all legal proceedings commenced by it against the Company or any assets of the Company in any jurisdiction:

(i) for the payment or recovery of any sum due from or owed by the Company under or arising from or in respect of any and all agreements, transactions, dealings and matters effected or entered into with the Company on or prior to the Ascertainment Date; and

(ii) to enforce any rights under or arising from any such agreements, transactions, dealings and matters;

(d) to enforce any judgment or order, including but not limited to any arbitral award, injunction, seizure or any other compulsory direction arising from or in respect of any Claim against the Company, or any of their assets in any jurisdiction by commencing or continuing any proceedings by way of legal or equitable execution including, inter alia, proceedings such as sequestration, attachment, garnishee or seizure and sale of the assets;

(e) to levy distress against the Company or its assets where such entitlement to levy distress arises from or is in respect of the failure, refusal, neglect or inability of the Company to satisfy a Claim;

(f) to amend the terms of any Existing Facility, or other contracts or agreements relating to or in connection with a Claim;

(g) to accelerate the scheduled payment of, to call in, reduce, freeze, close out or cease to make available all or any part of any Existing Facility and/or any other contracts or agreements relating to or in connection with a Claim;

(h) to enforce any provision for the automatic or accelerated payment or discharge of all or any part of the indebtedness and liabilities due, owing, or incurred under any Existing Facility and/or any other contracts or agreements relating to or in connection with a Claim, upon the occurrence of any applicable event of default (howsoever described);

(i) to take any new security interest (or any other agreement or arrangement having the effect of conferring security), cash collateral or cash cover of whatever nature in respect of any Existing Facility and/or any contracts or agreements relating to or in connection with a Claim;

(j) to take any action to enforce or make any demand under any guarantee or similar support given in connection with an Existing Facility and/or any other contracts or agreements relating to or in connection with a Claim, by the Company; and

(k) to charge interest, commissions or fees at a default rate or amend the date for any payments in respect of any Existing Facility, or any other contracts or agreements relating to or in connection with a Claim (except as contemplated by this Scheme, if at all).

save with the relevant express written agreement of the Company or the Scheme Manager, as the case may be, for the purposes of this Scheme, or with the leave of the Court and subject to such terms as the Court may impose.

7.2 No Creditor may take any steps restrained by Clause 7.1 in respect of any Guaranteed Debt whether against the Company or an Affiliate of the Company. To this end, Clause 7.1 applies to an Affiliate of the Company as if the word “Company” in Clause 7.1 is replaced by “the Company or any Affiliate thereof” insofar as a Guaranteed Debt is concerned.

8. CONDITIONS PRECEDENT

8.1 The following are conditions precedent to the entry into force of the Scheme, and the date on which all of the following are fulfilled shall be the "**Scheme Commencement Date**", from which date onwards this Scheme shall take effect.

(a) approval of the Scheme by the Court pursuant to Section 71(1) of the Insolvency, Restructuring and Dissolution Act; and

(b) lodgement of the Order of Court sanctioning the Scheme with the Registrar pursuant to Section 71(10) of the Insolvency, Restructuring and Dissolution Act.

8.2 Notwithstanding anything to the contrary herein, this Scheme shall not commence and shall have no effect at all if the above conditions precedent are not met.

8.3 The date on which all of the following are fulfilled shall be the “**Scheme Effective Date**”.

(a) the occurrence of the Scheme Commencement Date;

(b) the approval of the SGX-ST for the listing and quotation of the Conversion Shares and the Placement Shares;

(c) the approval-in-principle of the SGX-ST for the resumption of trading of the Company's shares on the SGX-ST;

(d) the approval of the Company's shareholders being obtained at a general meeting for the allotment and issue of the Conversion Shares and the Placement Shares; and

(e) the grant of a whitewash waiver by the Securities Industry Council in respect of the requirement to make a mandatory general offer pursuant to the Takeover Code in connection with the allotment and issue of the Placement Shares, and approval of the whitewash waiver by the Company's shareholders being obtained at a general meeting to be called.

9. CREDITORS' ENTITLEMENT TO DISTRIBUTIONS AND PAYMENTS

9.1 Scheme Creditors shall only be entitled to receive benefits and distributions under this Scheme in respect of their Approved Claims.

9.2 Notwithstanding anything to the contrary in this Scheme, the Scheme Manager may direct that the Company withhold the distribution of any sum due to such Scheme Creditor under this Scheme in the event that any Scheme Creditor fails to comply with or observe any of the provisions of this Scheme (including its obligations under Clause 17.1), until such Scheme Creditor shall have fully complied with and observed such provision, and the Company shall comply with such direction. Nothing in this Scheme shall affect or prejudice the right of the Scheme Manager or any other Scheme Creditor or the Company to take any action in any jurisdiction to enforce this Scheme or any term thereof against such Scheme Creditor.

10. PAYMENTS

10.1 Any and all distributions, payments, issuances and allotments by the Company under this Scheme shall be on a *pari passu* basis calculated in relation to the Company's Aggregated Approved Claims as at the date immediately prior to the distribution or payment in question. Each Scheme Creditor shall only receive distributions, payments, issuances and allotments in respect of that Scheme Creditor's Approved Claims in accordance with the following formula:

D = TD x (AC ÷ AAC)

Where:

(a) D is the distribution to that Scheme Creditor.

(b) TD is the total sum to be distributed to all eligible Scheme Creditors in that particular distribution by the Company.

(c) AC is that Scheme Creditor's Approved Claim.

(d) AAC is the Aggregated Approved Claims in respect of all the Scheme Creditors as at the date immediately prior to that particular distribution by the Company.

10.2 Any and all distributions or payments by the Company under this Scheme may, at the Company's discretion, be made by transfer to a bank account designated by the payee, or by a cheque drawn on a bank in Singapore and payable in S$.

10.3 Any and all fees, expenses and charges incurred in connection with or which may be applicable to any payment made by the Company to any person under this Scheme shall be borne by such person and the Company may deduct from any sum payable to such person the amount of such fees, expenses and charges.

10.4 A cheque posted to any Scheme Creditor shall be posted by pre-paid registered post to the address of that Scheme Creditor stated in its Proof of Debt or to such other address of that Scheme Creditor stated in any invoice or statement of account or letter issued by that Scheme Creditor or appearing in the records of the Company as the address of that Scheme Creditor. In such case, the date of posting shall, for the purposes of this Scheme, be the date of payment to that Scheme Creditor.

11. MEETINGS OF CREDITORS

Nominal Scheme Meeting

11.1 In the Company's application for sanction by the Court of this Scheme pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act, the Scheme Manager shall rely on the Nominal Scheme Meeting and the Ballot Forms as evidence of the manner in which the Scheme Creditors would have voted had a meeting of the Scheme Creditors (or meetings of the classes of Scheme Creditors) been summoned and held. The Ballot Form is enclosed as "**Appendix B**".

11.2 The Scheme Creditors must submit the Ballot Forms indicating approval or rejection of this Scheme by returning the completed Ballot Form to the Scheme Manager in accordance with the instructions thereon by 5:00pm on 12 April 2021.

11.3 If a Scheme Creditor wishes to submit a Ballot Form, such Scheme Creditor must also complete and return the Proof of Debt form enclosed at Appendix A to the Scheme Manager at the Specified Email Address by the Proof of Debt Voting Cut-Off Date.

11.4 The value of a Claim for purposes of voting at the Nominal Scheme Meeting shall be determined as at the Ascertainment Date and shall be determined by the Scheme Manager in consultation with the Company and in accordance with Section 68 of the Insolvency, Restructuring and Dissolution Act and the Insolvency, Restructuring and Dissolution (Proofs of Debt in Schemes of Arrangement) Regulations 2020. The Scheme Manager shall be entitled to have regard to all relevant information whether supplied by the Creditor or otherwise made available to him.

11.5 None of the following entities shall be entitled to vote in respect of any part of its Claim at the Nominal Scheme Meeting (without prejudice to their right to receive any payments pursuant to and in accordance with the terms of this Scheme in respect of any part of any of their Claims that is an Approved Claim):

(a) any creditor that controls the Company, or *vice versa*;

(b) any creditor that has common shareholder(s) with the Company who hold a less than 50%, but more than *de minimis*, stake in both companies;

(c) any creditor that has common director(s) with the Company;

(d) any creditor that has controlling shareholder(s) which (i) are related by blood, adoption or marriage to the controlling shareholder(s) of the Company, or (ii) themselves have controlling shareholder(s) which are related by blood, adoption or marriage to the controlling shareholder(s) of the Company; and/or

(e) any creditor which is related by blood, adoption or marriage to the controlling shareholder(s) or director(s) of the Company.

11.6 If the Scheme Manager has doubts whether a Claim as set out in a Proof of Debt should be admitted or rejected, the Scheme Manager may mark that Proof of Debt as objected to and allow that Creditor or Scheme Creditor (as the case may be) to vote subject to the vote being declared invalid in the event of the objection being sustained.

11.7 For the purpose of determining whether or not the statutory majority in value of the Creditors present and voting who are entitled to vote at the Nominal Scheme Meeting has been achieved in accordance with Section 71(3)(d) of the Insolvency, Restructuring and Dissolution Act, the Claims of each Creditor that are not denominated in S$ shall be converted into S$ at the Relevant Exchange Rate as at the Ascertainment Date.

Scheme Creditors’ Meeting

11.8 The Scheme Manager may at any time convene a meeting of the Scheme Creditors (the "**Scheme Creditors' Meeting**").

11.9 Without prejudice to Clause 11.8 above, the Scheme Manager shall convene a meeting of the Scheme Creditors upon the submission of a written request from any two or more Scheme Creditors whose Approved Claims subsisting at the time in aggregate constitute not less than 25% of the Aggregated Approved Claims subsisting at that time. In the event (but not otherwise) that the Scheme Manager shall fail to convene and hold a meeting of Scheme Creditors within 30 calendar days after the date of any request of such Scheme Creditors, then those Scheme Creditors may convene a Scheme Creditors’ Meeting at their own cost and expense.

11.10 All Scheme Creditors' Meetings shall be held in Singapore.

11.11 At least 10 Business Days’ prior written notice of a Scheme Creditors' Meeting (exclusive of the day on which the notice is served or deemed to be served but inclusive of the day for which the notice is given) shall be given to each and all the Scheme Creditors who have any Approved Claims subsisting at the time. The notice convening any Scheme Creditors' Meeting shall specify the time and venue of the Scheme Creditors' Meeting and shall state the resolutions proposed to be passed or the matters proposed to be discussed and resolved at the Scheme Creditors' Meeting. No resolution shall be passed and no matter shall be discussed or resolved at any Scheme Creditors' Meeting other than the resolutions or matters stated in such notice.

11.12 Any incidental omission to give any notice of any meeting or the non-receipt of any notice by any Scheme Creditor shall not invalidate any meeting or proceedings thereat.

11.13 No resolution shall be passed and no matters shall be discussed or resolved at any Scheme Creditors' Meeting, unless a quorum of Scheme Creditors is present at the time appointed for the Scheme Creditors' Meeting. The quorum for any Scheme Creditors' Meeting convened by the Scheme Manager shall be any two Scheme Creditors who have Approved Claims subsisting at the time, and the quorum for any Scheme Creditors' Meeting convened by the Scheme Creditors shall be any two Scheme Creditors present in person or by proxy whose Approved Claims subsisting at the time in aggregate constitute not less than 25% of the Aggregated Approved Claims subsisting at that time.

11.14 If within half an hour from the time appointed for any meeting, a quorum of the Scheme Creditors is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place and if at such adjourned meeting, a quorum is not present, the Scheme Creditor present shall form a quorum and may transact any business which a Scheme Creditors' Meeting is competent to transact.

11.15 The chairman of every Scheme Creditors' Meeting shall be the Scheme Manager. In the event that the Scheme Manager is not present at any Scheme Creditors' Meeting or, if present, declines to chair the Scheme Creditors' Meeting, then the Scheme Creditors present at the meeting may by a resolution passed by a majority in number of the Scheme Creditors present at the meeting elect any one of them to chair that meeting.

11.16 The chairman may, provided that there is a quorum constituted, with the consent of a majority in number of the Scheme Creditors present at any Scheme Creditors' Meeting, adjourn the Scheme Creditors' Meeting from time to time and from place to place, but no matter shall be discussed, dealt with or resolved upon at the adjourned Scheme Creditors' Meeting other than those which remain unfinished at the Scheme Creditors' Meeting from which the adjournment took place. When a Scheme Creditors' Meeting is adjourned for 30 calendar days or more, notice of the adjourned Scheme Creditors' Meeting shall be given as in the case of an original Scheme Creditors' Meeting. Except as aforesaid, it shall not be necessary to give any notice of any adjournment or of the matters to be discussed or resolved at an adjourned Scheme Creditors' Meeting.

11.17 Every Scheme Creditors' Resolution on any matter before a Scheme Creditors' Meeting shall be passed only with the support of a majority on a show of hands in number of the Scheme Creditors present and voting (whether in person or by proxy) on the resolution and whose Approved Claims at that time in aggregate constitutes more than one-half of the total in value of the Approved Claims of all Scheme Creditors present and voting on the resolution. In the case of an equality of votes, the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as, or as the proxy of, a Scheme Creditor.

11.18 Other than as set out herein, the chairman may determine whether any resolution requires the voting of a Scheme Creditors' Resolution or Special Resolution in order to be carried.

11.19 Unless a poll is directed to be taken by the chairman or demanded by at least two Scheme Creditors, a declaration by the chairman that a resolution has been carried or lost or not carried by a particular majority shall be prima facie evidence of that fact.

11.20 If a poll is demanded as aforesaid, it shall be taken in such manner and either at once or after an interval or adjournment as the chairman directs, and the result of such poll shall be deemed to be the resolution of the meetings at which the poll was demanded.

11.21 The chairman may with the consent of a meeting of the Scheme Creditors adjourn the same from time to time and from place to place.

11.22 Any poll demanded on the election of the chairman or on any question of adjournment shall be taken at the meeting without adjournment;

11.23 Any Scheme Creditor which is not a natural person must appoint a proxy to attend and vote on its behalf at any or all Scheme Creditors' Meeting and any Scheme Creditor may appoint any natural person to be its proxy or attorney to attend and vote on its behalf at any or all Scheme Creditors' Meetings. No Scheme Creditor shall be entitled to appoint more than one proxy or attorney to attend and vote at any Scheme Creditors' Meeting and the proxy or attorney shall not be allowed to attend and vote any Scheme Creditors' Meeting except in the absence of its appointer. A Scheme Creditor may revoke the appointment of any person as its proxy or attorney by written notice to the Scheme Manager.

11.24 For the purpose of this Scheme, a Scheme Creditor shall be deemed to be present at a Scheme Creditors' Meeting if he is present in person or by proxy.

11.25 Any instrument or document appointing any person as proxy or attorney of any Scheme Creditor must be in the form and terms prescribed or approved by the Scheme Manager from time to time and shall be delivered to the Scheme Manager at such address as the Scheme Manager may specify not less than 72 hours before the time appointed for any Scheme Creditors Meeting. The Scheme Manager shall be entitled to reject and disregard whether for any particular Scheme Creditors' Meeting or for all Scheme Creditors' Meetings any instrument or document submitted or delivered in contravention of this Clause 11.25.

11.26 A vote at any Scheme Creditors' Meeting by any proxy or attorney of a Scheme Creditor shall be valid notwithstanding the previous death or unsoundness of mind of the Scheme Creditor or revocation of the appointment of the proxy or attorney or any assignment of the Approved Claims of the Scheme Creditor if no written notice of such death, unsoundness of mind, revocation or assignment has been received by the Scheme Manager before the commencement of the Scheme Creditors' Meeting or adjourned Scheme Creditors' Meeting at which the vote is given or tendered.

11.27 No objection shall be raised by any Scheme Creditor to the qualification of any Scheme Creditor to vote at any Scheme Creditors' Meeting except at the Scheme Creditors' Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection by any Scheme Creditor shall be made before the end of the Scheme Creditors' Meeting and shall be referred to the chairman of the Scheme Creditors' Meeting whose decision shall be final.

11.28 Save as otherwise expressly provided in this Scheme, each of the Company and the Scheme Manager may, but shall not be obliged or required to, act upon or implement any resolution passed at any Scheme Creditors' Meeting.

11.29 The Company shall be entitled to receive the notice of and attend a Scheme Creditors' Meeting, but shall not be entitled to vote at any Scheme Creditors' Meeting

Proxies

11.30 Every Scheme Creditor shall be entitled to attend meetings of which he is a member in person and every such Scheme Creditor shall be entitled to appoint a proxy to attend meetings of Scheme Creditors in his place.

11.31 Any instrument appointing a proxy must be in writing. If given by a natural person, it must bear his signature; and if given by a corporation it must be executed by the authorised persons of the corporation or in such other manner as shall be approved by the chairman of the meeting at which it is sought to be used in his absolute discretion. Every such proxy must be in the form set out in

Appendix D.

11.32 Any natural person may be appointed a proxy, whether or not he is a Scheme Creditor.

11.33 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it was signed or a duly notarised certified true copy of such power of attorney or authority shall be deposited at such place as the person convening the meeting shall in the notice convening the meeting direct not less than two clear working days before the time appointed for holding the meeting or adjourned meeting or in the case of a poll, before the time appointed for the taking of the poll and in default, the instrument of proxy shall be of no effect unless the chairman of the meeting at which it is sought to be used decides otherwise in his absolute discretion.

11.34 No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of execution.

11.35 For the avoidance of doubt, no Scheme Creditor shall appoint any proxy to vote in respect of the Nominal Scheme Meeting, and any proxy form provided to the Scheme Manager in respect thereof shall be disregarded. Scheme Creditors wishing to vote on the Nominal Scheme Meeting shall instead provide the Scheme Manager with a duly-completed Ballot Form in accordance with Clauses 11.1-11.3.

12. END OF SCHEME

12.1 The Scheme shall terminate by performance when:

(a) the Upfront Cash Distributions have been distributed to the Scheme Creditors in accordance with Clause 3.1, the Conversion Shares have been distributed to the Scheme Creditors in accordance with Clause 4, and the Scheme Manager (acting reasonably) has thereafter certified under hand that the above distributions have been duly made;

(b) the Scheme Creditors resolve by Special Resolution at a Scheme Creditors' Meeting to terminate this Scheme on the basis that the Company's obligations under Clause 3.1 and Clause 4 have been satisfied or discharged; or

(c) an order of the Court directing that the Scheme be terminated by performance is obtained;

(the "**End Date**").

12.2 Upon the occurrence of the End Date:

(a) this Scheme shall cease and terminate, save that the Company's obligations under Clause 5.1 shall continue;

(b) the Scheme Manager will cease to have any further rights, obligations and liabilities under the Scheme, save in respect of the Special Cash Distributions under Clause 5.1 (if applicable); and

(c) for the avoidance of doubt, the moratorium under Clause 7.1 shall come to an end.

12.3 Subject to Clause 12.4 below, the Scheme shall also cease and terminate if the Scheme Creditors resolve by Special Resolution to terminate this Scheme upon any of the following events occurring:

(a) if the Company does not comply with any provision of the Scheme, provided that no failure of the Company to comply with any provision of the Scheme shall be deemed to have occurred if the failure to comply is capable of remedy and is remedied within thirty (30) days of any Scheme Creditor giving notice to the Company;

(b) an order is made for the Company to be placed under judicial management and for the appointment of a judicial manager;

(c) if a receiver and/or manager or other similar officer is appointed over the undertakings, properties, assets, or revenues of the Company;

(d) if an order of Court is made for the winding up of the Company or a resolution passed or if a notice is issued convening a meeting for the purpose of passing any such resolution; or

(e) if a material situation shall arise which in the opinion of any of the Scheme Creditors (acting reasonably) makes it improbable that the Company will be able to perform its obligations under the Scheme.

12.4 In the event that the Scheme is terminated under Clause 12.3, the Scheme shall cease and terminate with effect from the date of the Special Resolution. If the Scheme is terminated under Clause 12.3:

(a) prior to the Scheme Effective Date, each Scheme Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company arising under any contract or agreement other than the Scheme, but only up to the amount of that Scheme Creditor's Approved Claim; and

(b) on or after the Scheme Effective Date, each Scheme Creditor shall continue to be entitled to receive the Upfront Cash Distributions and the Conversion Shares from the Company, but only up to the amount of that Scheme Creditor's Approved Claim. Each Scheme Creditor shall not be entitled to receive any further Special Cash Distributions.

12.5 For the avoidance of doubt, in the event that the Scheme is terminated under Clause 12.3, any and all reductions, discharges and releases of any indebtedness or liabilities on the part of the Company and/or the Subsidiaries pursuant to any terms of the Scheme (including without limitation Clauses 2.2, 2.4, 2.13, 2.14, 6.1 and 6.3) that had already taken effect prior to the date on which the Scheme was terminated under Clause 12.3 shall continue to be valid and effectual.

13. SCHEME MANAGER

Appointment, Resignation and Removal of the Scheme Manager

13.1 The Court may by order appoint any person or persons as a Scheme Manager or Scheme Managers, whether in substitution of, or in addition to, the person or persons then holding appointment as Scheme Manager or Scheme Managers or to fill any vacancy resulting from death or bankruptcy.

13.2 A person for the time being holding appointment as Scheme Manager shall cease to hold appointment as a Scheme Manager upon the occurrence of any of the following events:

(a) the making of an order by the Court for his removal or replacement as a Scheme Manager;

and

(b) the death or bankruptcy of such person.

13.3 Every person who is appointed as a Scheme Manager but whose appointment is terminated for any reason whatsoever shall make available to its successor and such persons as the Company may direct, such documents and records in its possession and provide such assistance as its successor and/or such persons may reasonably request.

Powers, Duties and Discretions

13.4 The Scheme Manager shall oversee the Company's implementation of and compliance with the provisions of this Scheme and shall have the power to do all such things as he may consider necessary or desirable towards that end, including without limitation:-

(a) to initiate, prosecute, discontinue, withdraw and/or settle any claim or proceeding against any person to enforce this Scheme;

(b) to appoint an agent to carry out or to assist them in carrying out any of their duties or functions which the Scheme Manager are unable to perform;

(c) to delegate the performance of their duties and the exercise of any of their powers to any suitably qualified person;

(d) to engage lawyers, financial or other professional advisers and consultants to advise and assist the Scheme Manager in the exercise of its rights and the performance or discharge of their duties as the Scheme Manager.

(e) to enforce for the benefit of the Scheme Creditors any and all the undertakings and obligations of the Company under this Scheme and to commence proceedings against the Company in its capacity as Scheme Manager to enforce such undertakings and obligations, and in this connection, no Scheme Creditor shall commence any action against the Company to enforce any undertaking or obligation of the Company under this Scheme or to recover any loss arising from any breach by the Company of any such undertaking or obligation;

(f) to enforce for the benefit of the Company any and all the undertakings and obligations of the Scheme Creditors (in whole or in part) under this Scheme and to commence proceedings against any one or more of the Scheme Creditors in its capacity as Scheme Manager to enforce such undertakings and obligations; and

(g) to do everything reasonable or necessary to implement the provisions of this Scheme.

13.5 The Scheme Manager may at any time apply to the Court:

(a) to interpret and construe any provision of this Scheme; and

(b) for any order or direction relating to any issue, concern or dispute arising from the discharge of its duties under this Scheme, or from any allegation raised by any Creditor.

13.6 The Scheme Manager may, at the Company's costs and expense, engage and pay lawyers, accountants, financial and other professional advisors and consultants to advise and assist the

Scheme Manager in the exercise of its rights and the performance or discharge of its duties as Scheme Manager, in submitting any application to the Court for any directions or order regarding this Scheme or any issue, dispute or concern arising from this Scheme and in the initiation, prosecution, conduct, withdrawal and/or settlement of any Scheme Manager Claim or Scheme Manager Proceedings.

13.7 The Scheme Manager may rely on:

(a) any representation, notice or document believed by him to be genuine, correct and appropriately authorised; and

(b) any statement made by any person regarding any matters which may reasonably be assumed to be within its knowledge or within its power to verify.

13.8 The Scheme Manager shall maintain a register and record of all the Scheme Creditors at any point in time ("**Register**") and shall update the Register accordingly. In the event that the Scheme Manager is satisfied that a Scheme Creditor has validly and effectively transferred and assigned all its rights, interest and benefits under or arising from this Scheme pursuant to Clause 16, then the Scheme Manager shall enter the name of the transferee in the Register as a "Scheme Creditor" in place of the transferor.

13.9 The Scheme Manager may exercise any of the powers in this Clause 13 jointly or severally as he sees fit and may at any time and from time to time delegate his powers and functions under this Scheme to any natural person designated for this purpose. Any natural person to whom the Scheme Manager may delegate their power will likewise have the same powers of delegation as are vested in the Scheme Manager by this Clause 13.9.

13.10 Notwithstanding anything to the contrary in this Scheme:

(a) in exercising their powers and carrying out his duties under this Scheme, the Scheme Manager shall be deemed at all times to act as agent for and on behalf of the Company and the Company shall have no power to limit or terminate the Scheme Manager's authority to act in such manner, save in accordance with the terms of the Scheme;

(b) the Scheme Manager may rely on any representation, notice or document believed by him to be genuine, correct and appropriately authorised and any statement made by any person regarding any matters which may reasonably be assumed to be within their knowledge or within their power to verify;

(c) the Scheme Manager shall not be obliged to do or omit to do anything if it would or might in his reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality;

(d) the Scheme Manager shall act in accordance with any direction or order of the Court and shall not be liable to any person whatsoever for doing so;

(e) the Scheme Manager may be appointed, may resign, and may be removed, in accordance with the following terms:

(i) any person may with the approval of the Scheme Manager be appointed a Scheme Manager upon the passing of an ordinary resolution at a Scheme Creditors'

Meeting convened for the purpose. Alternatively, the Company or the Scheme Manager may apply to Court for an order appointing any person or persons as a Scheme Manager. Any person may be thus appointed as Scheme Manager in substitution of, or in addition to, the person or persons then holding appointment as the Scheme Manager or to fill any vacancy resulting from death or bankruptcy or any other cause.

(ii) the Scheme Manager shall cease to hold office upon the occurrence of any of the following events:

(1) the Scheme Manager may resign at any time by giving at least thirty (30) days' notice to the Company;

(2) the passing of a Special Resolution at a Scheme Creditors' Meeting convened for the purpose of appointing any person or persons to replace the Scheme Manager;

(3) upon the making of an order of the Court for the removal or replacement of the Scheme Manager; or

(4) the death or bankruptcy of the Scheme Manager;

(f) the Scheme Manager shall not be obliged to make or commence or continue any Scheme Manager Claim or Scheme Manager Proceedings (as defined at Clauses 1.1(44) and 1.1(45)) or take any action if the Scheme Manager is satisfied that the monies for the time being provided or made available to him by the Company and/or the Scheme Creditors for that purpose are insufficient to pay, defray, reimburse or meet all fees, expenses and liabilities which have been incurred or may otherwise be incurred;

(g) every person who ceases to be a Scheme Manager shall make available to his successor such documents and records in his possession and provide such assistance as the successor Scheme Manager may reasonably request for the purposes of performing any functions or duties as Scheme Manager under the Scheme;

(h) the Scheme Manager may settle or discontinue or withdraw any Scheme Manager Claim or Scheme Manager Proceedings on such terms as the Scheme Manager considers appropriate (a) if the Scheme Manager is satisfied that the monies for the time being provided or made available to him by the Company and/or the Scheme Creditors for that purpose are insufficient to pay, defray, reimburse or meet all fees, expenses and liabilities which have been incurred or may otherwise be incurred; or (b) if the Scheme Manager is advised to do so by any legal advisor engaged by the Scheme Manager; and

(i) the powers, rights and duties conferred and imposed on the Scheme Manager under this Scheme may be exercised and enforced by jointly and severally by any person or persons who at the time of such exercise and enforcement holds or hold appointment as "Scheme Manager", and in this connection, if at any time more than one person holds appointment as the Scheme Manager:

(i) the powers, rights and duties conferred and imposed on the Scheme Manager under this Scheme may be exercised, enforced and performed by any one of them; and

(ii) all references in this Scheme to the "Scheme Manager" shall be construed as a reference to any such person.

14. SCHEME MANAGER'S FEES, EXPENSES AND INDEMNITY

Fees and Expenses

14.1 The Scheme Manager shall be entitled to such reasonable fees and remuneration for his performance of their duties and services as Scheme Manager and for taking any action that he is required, authorised or empowered to take under or in respect of this Scheme as may be agreed with the Company or determined by the Court.

Exclusion of liability and Indemnity

14.2 The Scheme Manager disclaims all personal liability under any contract, agreement or other arrangement entered into on behalf of the Company, or with regard to any other act or omission to act, in connection with this Scheme.

14.3 The Scheme Manager shall not be responsible:

(a) for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Scheme Managers, the Company or any other person given in or in connection with this Scheme; or

(b) for the legality, validity, effectiveness, adequacy or enforceability of this Scheme or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Scheme.

14.4 The Scheme Manager shall not be liable to any Creditor for any and all losses, damages, charges, costs and expenses of whatsoever nature which such Creditor may sustain, incur or suffer in connection with or arising from any act or omission on its part in relation to any Scheme Manager Claim or Scheme Manager Proceedings, unless directly caused by fraud, dishonesty or wilful misconduct on their part.

14.5 The Scheme Manager will not be responsible for any delay (or any related consequences) in crediting an account with any amount required to be paid to any Scheme Creditor under this Scheme if the Scheme Manager has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any bank used by the Scheme Manager for that purpose.

14.6 The Scheme Manager and his delegates appointed under Clause 13.9 shall not be liable for any and all losses, damages, charges, costs and expenses of whatsoever nature which the Company may at any time and from time to time sustain, incur or suffer at any time, whether before or after the End Date or any termination of the Scheme otherwise, in connection with the exercise of their powers in the performance of their duties under this Scheme, unless such losses, damages, charges, costs or expenses arise out of the gross negligence, fraud or wilful default of the Scheme Manager.

15. NOTICES AND COMMUNICATIONS

15.1 **To Creditors**

The sending of notices and other documents by the Scheme Manager to Creditors under this Scheme shall be in accordance with Regulation 8 of the Insolvency, Restructuring and Dissolution (Proofs of Debts in Schemes of Arrangement) Regulations 2020, which shall be deemed incorporated by reference herein *mutatis mutandis*. For the purposes of this Clause 15, the Creditors shall be taken to have previously agreed in writing within the meaning of Regulation 8 to receive notices, requests or other information by way of their electronic mail address or facsimile transmission number (as the case may be) provided in their Proof of Debt, or last known electronic mail address or facsimile transmission number (as the case may be) given to the Scheme Manager.

15.2 **To Company and Scheme Manager**

Any notice or communication to the Company or the Scheme Manager under this Scheme may be served by posting it by prepaid registered post to the address of the Company or Scheme Manager notified to the Creditors, and if so posted shall be deemed to have been received by the Company or Scheme Manager respectively upon actual receipt thereof. Any notice to the Scheme Manager or the Company not sent in compliance with this Clause 15.2 shall be deemed of no effect for all purposes of the Scheme, save as otherwise permitted by the Scheme Manager in their absolute discretion.

16. ASSIGNMENT AND TRANSFER

16.1 No Creditor shall assign or transfer any of its rights, title, interests or benefits under this Scheme after the Scheme Commencement Date except as expressly provided in this Clause 16 and subject to the conditions set out in this Clause 16.

16.2 Any Scheme Creditor ("**Transferor**") may at any time absolutely assign and transfer to any person ("**Transferee**") all (but not part only) of its rights, title, interests and benefits under and arising from this Scheme, by delivering to the Scheme Manager a Transfer Instrument executed by both that Transferor and the proposed Transferee. Such Transferee shall, by the delivery of such Transfer Instrument, be deemed to have agreed to be bound by, and subject to the terms of this Scheme.

16.3 Notwithstanding service or delivery to the Scheme Manager of any Transfer Instrument, the Scheme Manager shall have no obligation or duty to accept and act upon that Transfer Instrument and may otherwise withhold making any payment or distribution, under this Scheme to the Transferee and the Transferor identified in that Transfer Instrument, until the Scheme Manager has certified to the Transferor in writing that the Scheme Manager:

(a) is satisfied that under all applicable laws, the Transfer Instrument had been duly, validly and effectively executed by the Transferor and the Transferee and/or by any person duly and lawfully empowered to do so on behalf of the Transferor and/or the Transferee; and

(b) has verified the identity of the Transferee,

and the Scheme Manager may for the foregoing purpose require the Transferor and/or Transferee to furnish to the Scheme Manager such evidence and documentation (including legal opinion(s)) as the Scheme Manager may consider appropriate, at the expense of the Transferor or Transferee.

16.4 A Transferee shall become a Scheme Creditor in place of the Transferor (and such Transferor shall cease to be a Scheme Creditor) for the purpose of this Scheme only in the event that the Transferee's name has been recorded in the Register maintained by the Scheme Manager, as confirmed in writing to the Transferee by the Scheme Manager.

16.5 No Transferee shall be entitled to receive under this Scheme any amount greater than that to which the Transferor would have been entitled.

17. FURTHER ASSURANCE

17.1 Each Creditor shall, if so requested by the Company and/or the Scheme Manager, provide the Company and/or the Scheme Manager all such information, documents and evidence as may be necessary, or as the Company and/or the Scheme Manager may reasonably require, to give effect to this Scheme (including the Scheme Manager's determination of the Approved Claims of such Creditor and the entitlement of such Creditor to any distribution or payment under this Scheme and for the Scheme Manager's verification of any statement or assertion by any Creditor in relation to this Scheme).

17.2 The Company shall, if so requested by the Scheme Manager, provide the Scheme Manager all such information, documents and evidence as may be necessary, or as the Scheme Manager may reasonably require, to give effect to this Scheme (including for the Scheme Manager's verification of any statement or assertion by the Company in relation to this Scheme).

17.3 Each Creditor shall, if requested by the Company or the Scheme Manager, regardless of whether it has delivered a Proof of Debt under this Scheme, promptly execute and deliver to the Company or the Scheme Manager such instrument(s), document(s) or instruction(s) (including such form(s) or deed(s) of release) as may be necessary, or as the Company or the Scheme Manager may reasonably require, to give effect to this Scheme (including any surrender, cancellation, extinguishment, release or discharge of the Company from any claim, right, title or interest of such Creditor). Without prejudice to the foregoing, each Creditor who has a Guaranteed Debt shall (regardless of whether it has delivered a Proof of Debt under this Scheme) execute and deliver to the Company the Guaranteed Debt Release Document in respect of all its Guaranteed Debts.

17.4 Each Creditor hereby irrevocably agrees and authorises the Scheme Manager to execute or effect on behalf of each such Creditor any and all instrument(s), document(s) or instruction(s) as may be necessary, or as the Company or the Scheme Manager may reasonably require, to give effect to this Scheme. Every such instrument, document or instruction so executed by the Scheme Manager shall be effective as if it had been executed by the relevant Creditor.

17.5 If any provision in this Scheme shall be, or at any time shall become, invalid, illegal or unenforceable in any respect under any law, such invalidity, illegality or unenforceability shall not in any way affect or impair any other provisions of this Scheme but this Scheme shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

18. GOVERNING LAW AND JURISDICTION

18.1 This Scheme shall be exclusively governed by and construed in accordance with the laws of the Republic of Singapore.

18.2 All Parties irrevocably agree that the Court is to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Scheme. All Parties irrevocably submit to the jurisdiction of Court and waive any objection to proceedings in the Court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

18.3 Save as expressly provided in this Scheme, the operation of the Contracts (Rights of Third Parties)

Act (Cap 53B) of Singapore is hereby expressly excluded.

APPENDIX A

PROOF OF DEBT

1 Particulars of Creditor Claiming Debt

Name of Creditor : NRIC / Passport / Unique Entity No. / Registration No.: Postal Address (*Please see note a*):   Contact Nos. (Tel / HP): Fax No.: E-Mail Address: Creditor's Reference No. (*Please see note b*):

2 Particulars of Debt

Date Incurred	Details of Debt (*Please see notes c, d & e*)	Currency	Amount ($) (*Please see note f*)
Total Amount of Debt Claimed:			

3 Particulars of Interest / Late Charge (*Please indicate "NIL" if interest / late charges are not applicable*)

Date Incurred	Details of Interest / Late Charge (*Please see note g*)	Currency	Amount ($)

4 Securities Held (*Please indicate whether any securities are held by you*)

Brief description (*to include the date on which the security was given & its value*):

5 Bank Account Transfer Information (*Please indicate where any payments in cash to you should be remitted)*

Account Name:
Account No:
Beneficiary Bank:
Bank Address:
SWIFT Code:
Reference:

For Giro Only

Account No:
Bank Code:
Branch Code:

6 Particulars of Persons Authorised To Complete This Proof of Debt Form

(*If same as box 1 above, please indicate "see box 1 above"*)

Name:

NRIC / Passport No.:

Relationship to Creditor:
(*State whether director / employee / solicitor / accountant etc.*)

Name of Company / Firm:
(*Where applicable*)

Contact Nos. (Tel / HP):
Fax No.: E-Mail Address:

7 Signature of Creditor / Person Authorised To Complete This Proof of Debt Form

7.1 I declare that to the best of my knowledge and belief, the company owes the amount claimed in boxes 2 and 3.

7.2 I declare that I am duly authorised, by the creditor / under the seal of the creditor company, to complete this proof of debt form.

Signature: ______________________	Date: _______/_________/_______ (*Day*) (*Month*) (*Year*)

WARNING

Lodging a false proof of debt is a criminal offence punishable with fine or imprisonment or both.

Note:

a. Please inform the Scheme Manager of any change in address.
b. Please indicate the reference number that will be quoted in future correspondences with the Scheme Manager.
c. Example of Debts are:

- Good Supplied	- Services Rendered	- GST	- Others (please specify)
- Wages and Salaries	- Personal Loan	- Overdraft facilities	
- Income Tax	- Property Tax	- CPF	

d. Please attach copies of documents substantiating the debt. The onus is upon the creditor to prove the debt.
e. For claims made by an authorised person on behalf of a group of workmen and others employed by the company, please provide a schedule reflecting the name, identification / passport no., address, debt description, period of which wages are due and the amount due, for each individual workman / employee.
f. Please state whether the amount claimed includes goods and services tax and if so, the amount of the tax.
g. Please provide a brief description on the terms of the interest / late charge and attach copies of documents substantiating the amount.

IMPORTANT INFORMATION

The completed Proof of Debt (with the relevant supporting documents) can be submitted via email to the Scheme Manager, David Chew of DHC Capital Pte Ltd <david.chew@dhccapital.com>. A confirmation email will be sent to the sender acknowledging receipt of the Proof of Debt.

The deadline for the submission of the completed Proof of Debt (with relevant supporting documents) for the purpose of voting (i.e. the Proof of Debt Voting Cut-Off Date) is 5:00pm on 8 March 2021. If you do not intend to vote on the Scheme and merely wish to receive distributions thereunder (if the Scheme is duly passed and comes into effect), you may submit your completed Proof of Debt (with relevant supporting documents) by 5:00pm on

12 April 2021 instead (i.e. the Proof of Debt Long-Stop Date).

APPENDIX B

BALLOT FORM

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

VIKING OFFSHORE AND MARINE LIMITED

BALLOT FORM FOR A SCHEME OF ARRANGEMENT PURSUANT TO SECTION 71 OF THE INSOLVENCY, RESTRUCTURING AND DISSOLUTION ACT 2018

BETWEEN

VIKING OFFSHORE AND MARINE LIMITED

AND

THE SCHEME CREDITORS

If you are a Scheme Creditor (as defined in the Scheme), please use this Ballot Form to cast your vote to accept or reject the Scheme of Arrangement pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act which is being proposed by Viking Offshore and Marine Limited. The Scheme can be confirmed by the Court and thereby made binding upon you and the Creditors if it is accepted by the holders of majority in number and representing 75% in value in number of claims in each class that vote on the Scheme, and if it otherwise satisfies the requirements of Section 71 of the Insolvency, Restructuring and Dissolution Act.

IMPORTANT

VOTING DEADLINE: 5:00pm on 12 April 2021

REVIEW THE ACCOMPANYING EXPLANATORY STATEMENT AND THE SCHEME.

BALLOTS WILL NOT BE ACCEPTED BY FACSIMILE TRANSMISSION

HOW TO VOTE

1. COMPLETE ITEM 1 AND ITEM 2.
2. REVIEW THE CERTIFICATIONS CONTAINED IN ITEM 3.
3. **SIGN THE BALLOT FORM**.
4. RETURN THE BALLOT FORM TO THE SCHEME MANAGER BY EMAIL TO david.chew@dhccapital.com BY THE STIPULATED DEADLINE, 5:00PM ON 12 APRIL 2021. A CONFIRMATION EMAIL WILL BE SENT TO THE SENDER TO ACKNOWLEDGE RECEIPT OF THE BALLOT FORM.
5. YOU MUST VOTE THE ENTIRE VALUE OF YOUR CLAIM EITHER TO ACCEPT OR REJECT THE SCHEME AND MAY NOT SPLIT YOUR VOTE.
6. YOU MUST HAVE SUBMITTED A COMPLETED PROOF OF DEBT ON OR BEFORE THE PROOF OF DEBT VOTING CUT-OFF DATE (I.E. 5:00PM ON 8 MARCH 2021) IN ORDER TO CAST A BALLOT.

Item 1. Principal Value of the Scheme Creditor's Claim Voted. The undersigned certifies that as of the Ascertainment Date, the undersigned was a creditor of the value of the Scheme Creditor's claim in the following aggregate unpaid amount (insert amount in the box below).

$

Item 2. Vote. The value of the Scheme Creditor's claim identified in Item 1 votes as follows (check one box only—if you do not check a box your vote will not be counted):

☐ To Accept the Scheme.

☐ To Reject the Scheme.

Item 3. Authorisation. By returning this Ballot Form, the Scheme Creditor certifies that it (a) has full power and authority to vote to accept or reject the Scheme with respect to the value of the Scheme Creditor's claim listed in Item 1, (b) was a creditor of the value of the Scheme Creditor's claims described in Item 1 on the Ascertainment Date, and (c) has received a copy of the Explanatory Statement (including the exhibits thereto) and understands that the solicitation of votes for the Scheme is subject to all the terms and conditions set forth in the Explanatory Statement.

Creditor Name: ________________________

NRIC / Passport No. / UEN Number / Company Identity Number: ________________________

Signature: ________________________

Signed by: ________________________

Date Completed: ________________________

<u>THIS BALLOT FORM IS NOT AND SHALL NOT CONSTITUTE OR BE DEEMED A PROOF OF DEBT</u>

YOUR VOTE MUST BE PROVIDED TO THE SCHEME MANAGER IN AMPLE TIME FOR YOUR VOTE TO BE RECEIVED BY THE SCHEME MANAGER BY 5:00PM ON 12 APRIL 2021, OR YOUR VOTE WILL NOT BE COUNTED.

APPENDIX C

DETAILS OF CDP ACCOUNT HOLDER

*I / We ____ (Full Name), ____________________________ (*NRIC / Passport No. / UEN / Company Registration No.) of ____ (Address) am a Scheme Creditor with a Securities Accounts held with CDP.

My CDP Securities Account Number is: ____.

____
(Signature and Stamp of CDP Account Holder)

*delete accordingly

APPENDIX D

PROXY FORM

VIKING OFFSHORE AND MARINE LIMITED

SCHEME CREDITORS' PROXY FORM
For Scheme Creditor's Meeting

I/We, ____ [*see note 1*], of ____ [*see note 2*] being a Scheme Creditor (as defined in the Scheme) of Viking Offshore and Marine Limited (the "**Company**"), HEREBY APPOINT the Scheme Manager / _______________________* [*see note 3*] as my/our proxy to vote for me/us and on my/our behalf at the Scheme Creditors' Meeting of the Company which will be held on ______________20______ **at ________ AM / PM (Singapore time) at**

_________________________ ____

(*address*) [*see note 4*] or at any adjournment of the said meeting, for the purpose of considering and, if thought fit, approving the matters set out in the notice convening the Scheme Creditors' Meeting.

(*Optional*) My/our proxy's vote is only to be counted for and/or against the Resolutions proposed at the Scheme Creditors' Meeting as I/we have indicated below [*see note 5*].

Resolution 1.	For / Against
Resolution 2.	For / Against
Resolution 3.	For / Against
Resolution 4.	For / Against
Resolution 5.	For / Against
Resolution 6.	For / Against

Dated this ______ day of ________________ 20____.

Authorised signature of Scheme Creditor:

____

IMPORTANT: PLEASE READ THE NOTES BELOW CAREFULLY BEFORE COMPLETING THIS PROXY FORM.

Notes:

1. Insert full name of Scheme Creditor.

2. Insert postal address of Scheme Creditor.

3. If you wish to appoint the Scheme Manager as your proxy for the purposes of the Scheme Creditors' Meeting, please leave this blank. If you wish to appoint a different individual as your proxy, please delete the words "*Scheme Manager*" and write in the name and identification number of your chosen proxy.

4. If the Scheme Creditors' Meeting in respect of which you intend to use this Proxy Form is taking place virtually, please leave this blank. If not, please write in the date and time of the relevant Scheme Creditors' Meeting insofar as the same has been notified to you.

5. It is not compulsory to bind your proxy to vote in any particular manner in respect of the Resolutions proposed. If you intend to allow your proxy to vote in any way he or she may deem fit, please do not delete any of the words "*For*" or *"Against*" in this section. However, if you intend to bind your proxy to vote only for or against any of the Resolutions proposed at the Scheme Creditors' Meeting, please delete either "*for*" or "*against*" accordingly for each such Resolution.

   Illustration.

   (a) Scheme Creditor A intends to vote in favour of Resolutions 1 and 2 proposed, to vote against Resolution 3 proposed, and will leave it to his proxy to determine whether to vote for or against Resolution 4 proposed. There are no other Resolutions proposed. Scheme Creditor A shall delete the word "*against*" in the column to the right of Resolutions 1 and 2, shall delete the word "*for*" in the column to the right of Resolution 3, and shall not otherwise mark this section.

Any alteration made to this proxy form must be initialed by the person who signs it.

The Scheme Manager shall be entitled to reject any instrument appointing a proxy if it is incomplete, illegible, fails to comply with these notes or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy.

Personal data privacy: By submitting an instrument appointing a proxy(ies) to attend, speak and vote at the

Scheme Meeting or any adjournment thereof, a Scheme Creditor (i) consents to the collection, use and disclosure of the Scheme Creditor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) appointed for the Scheme Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Scheme Creditor discloses the personal data of the Scheme Creditor's proxy(ies) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) for the Purposes, and (iii) agrees that the Scheme Creditor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Scheme Creditor's breach of warranty.