

CIRCULAR DATED 20 DECEMBER 2021

THIS CIRCULAR IS ISSUED BY VIKING OFFSHORE AND MARINE LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF XANDAR CAPITAL PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE DIRECTORS). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Unless otherwise stated, capitalized terms on this cover are defined in this Circular under the section titled "DEFINITIONS".

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of the Company ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate hardcopy notification ("**Notification**") (containing the address and instructions for the electronic retrieval of this Circular and its related documents) to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not held through CDP, you should immediately hand the Notification to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

This Circular has been prepared by the Company and its contents have been reviewed by the Sponsor, ZICO Capital Pte. Ltd., in accordance with Rule 226(2)(b) of the Catalist Rules.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

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.



VIKING OFFSHORE AND MARINE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199307300M)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by



UOB KAY HIAN PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197000447W)

for and on behalf of

CONTENTS

1. **MR. TOH KOK SOON**
2. **SYNERGY SUPPLY CHAIN
MANAGEMENT SDN. BHD.**
(Incorporated in Malaysia)
(Company Registration No.: 202101030047 (1430347-H))
3. **IRELIA MANAGEMENT SDN. BHD.**
(Incorporated in Malaysia)
(Company Registration No.: 202101037999 (1438299-H))
4. **TRISTAN MANAGEMENT SDN. BHD.**
(Incorporated in Malaysia)
(Company Registration No.: 202101037986 (1438286-T))
5. **SUBTLEWAY MANAGEMENT SDN. BHD.**
(Incorporated in Malaysia)
(Company Registration No.: 202101037998 (1438298-M))

to acquire all the Offer Shares

Independent Financial Adviser to the Directors



XANDAR CAPITAL PTE. LTD.

(Company Registration No.: 200002789M)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 3 JANUARY 2022, AND THE JOINT OFFERORS DO NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 3 JANUARY 2022 OR TO REVISE THE TERMS OF THE OFFER.

CONTENTS

DEFINITIONS.....	2
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS.....	8
INDICATIVE TIMETABLE.....	9
LETTER TO SHAREHOLDERS	11
1. INTRODUCTION.....	11
2. THE OFFER.....	12
3. PROCEDURES FOR ACCEPTANCE	19
4. INFORMATION ON THE JOINT OFFERORS AND THEIR SHAREHOLDERS ...	35
5. REASONS AND BENEFITS FOR THE OFFER	35
6. THE JOINT OFFERORS' INTENTIONS FOR THE COMPANY	36
7. LISTING STATUS AND COMPULSORY ACQUISITION.....	36
8. FINANCIAL ASPECTS OF THE OFFER	37
9. DISCLOSURE OF HOLDINGS AND DEALINGS	38
10. CONFIRMATION OF FINANCIAL RESOURCES	39
11. OVERSEAS SHAREHOLDERS AND WARRANTHOLDERS	39
12. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS....	43
13. DIRECTORS' INTERESTS	44
14. ADVICE AND RECOMMENDATIONS.....	45
15. ACTION TO BE TAKEN BY SHAREHOLDERS AND WARRANTHOLDERS.....	48
16. CONSENTS.....	48
17. DOCUMENTS AVAILABLE FOR INSPECTION.....	48
18. DIRECTORS' RESPONSIBILITY STATEMENT.....	49
19. ADDITIONAL INFORMATION.....	49
APPENDIX A – LETTER FROM THE IFA TO THE DIRECTORS IN RESPECT OF THE OFFER.....	A-1
APPENDIX B – ADDITIONAL GENERAL INFORMATION.....	B-1
APPENDIX C – ADDITIONAL INFORMATION ON THE JOINT OFFERORS AND THEIR SHAREHOLDERS	C-1
APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020.....	D-1
APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION	E-1

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Accepting Shareholders”	:	Shareholders who validly accept the Offer
“Announcement Date”	:	18 November 2021, being the date of the Offer Announcement
“Auditors”	:	Ernst & Young LLP
“Board”	:	The board of directors of the Company as at the Latest Practicable Date
“Business Day”	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“Catalist Rules”	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, supplemented or otherwise modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 20 December 2021 in relation to the Offer, enclosing, <i>inter alia</i> , the IFA Letter
“Closing Date”	:	5.30 p.m. (Singapore time) on 3 January 2022 , being the last day for the lodgment of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	Viking Offshore and Marine Limited
“Constitution”	:	The constitution of the Company as amended, supplemented or modified from time to time
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Directors”	:	The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Depositors whose Offer Shares are deposited with CDP

DEFINITIONS

“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are registered in their own name in the Register and are not deposited with CDP
“FY2018”	:	Financial year ended 31 December 2018
“FY2019”	:	Financial year ending 31 December 2019
“FY2020”	:	Financial year ending 31 December 2020
“Group”	:	The Company and its subsidiaries
“IFA”	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Directors in connection with the Offer
“IFA Letter”	:	The letter dated 20 December 2021 from the IFA to the Directors in respect of the Offer as set out in Appendix A to this Circular
“Interested Person”	:	As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none">(a) a director, chief executive officer, or Substantial Shareholder of the company;(b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;(d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;(e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Joint Offerors”	:	Mr Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn.

DEFINITIONS

	Bhd. and Subtleway Management Sdn. Bhd., each an “Offeror”
“Latest Practicable Date”	: 13 December 2021, being the latest practicable date prior to the despatch of this Circular electronically
“Offer”	: The mandatory unconditional cash offer by UOBKH, for and on behalf of the Joint Offerors, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
“Offer Announcement”	: The announcement in connection with the Offer released by UOBKH, for and on behalf of the Joint Offerors on the Announcement Date
“Offer Document”	: The document dated 6 December 2021, including the FAA and/or FAT, issued by UOBKH for and on behalf of the Joint Offerors in respect of the Offer
“Offer Price”	: S\$0.01 in cash for each Offer Share
“Offer Shares”	: All Shares in issue, excluding treasury Shares and those Shares already owned, controlled, or agreed to be acquired by the Joint Offerors as at the date of the Offer, and including any new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Warrants prior to the close of the Offer
“Offeror Securities”	: Ordinary shares in the capital of any of the Joint Offerors, equity share capital of any of the Joint Offerors and other securities which carry substantially the same rights in any of the Joint Offerors, and convertible securities, warrants, options and derivatives in respect of such shares or securities
“Overseas Shareholders”	: Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP
“Overseas Warranholders”	: Warranholders whose addresses are outside Singapore as shown on the register of holder of Warrants, or as the case may be, in the records of CDP
“Reference Period”	: The period commencing on 18 May 2021, being the date falling six months prior to the Announcement Date, and ending on the Latest Practicable Date
“Register”	: The register of holders of Shares, as maintained by the Registrar
“Registrar”	: M & C Services Private Limited located at 112 Robinson Road, #05-01, Robinson 112, Singapore 068902
“Relevant Acceptance Form”	: The FAA or the FAT, as the case may be

DEFINITIONS

“Relevant Securities”	:	(a) Shares; (b) other securities which are being offered for or which carry voting rights in the Company; and (c) convertible securities, warrants, options and derivatives in respect of any Shares or securities which are being offered for or carry voting rights in the Company
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGXNET”	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Holders of Shares, including persons whose/which Shares are deposited with CDP or who/which have purchased Shares on the SGX-ST
“Shares”	:	Issued and paid-up ordinary shares in the share capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“SRS”	:	The Supplementary Retirement Scheme
“SRS Investors”	:	Investors who purchase Shares pursuant to SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“UOBKH”	:	UOB Kay Hian Private Limited
“Warrantholders”	:	Shall have the meaning set out in Section 2.2 of this Circular
“Warrants”	:	Shall have the meaning set out in Section 2.2 of this Circular
“Warrants Acceptance Forms”	:	The Warrants FAA and Warrants FAT
“Warrants FAA”	:	The Form of Acceptance and Authorisation in respect of the Warrants Proposal (applicable to Warrantholders whose Warrants are deposited with the CDP)
“Warrants FAT”	:	The Form of Acceptance and Transfer in respect of the Warrants Proposal (applicable to Warrantholders whose Warrants are not deposited with CDP)
“Warrants Proposal”	:	Shall have the meaning set out in Section 2.2 of this Circular
“Warrants Proposal Letter”	:	

DEFINITIONS

The letter to Warranholders dated 6 December 2021 from UOBKH for and on behalf of the Joint Offerors containing the terms and conditions of the Warrants Proposal

Units and currencies

“S\$” : Singapore dollars, being the lawful currency of Singapore

“%” or “per cent.” : Per centum or percentage

Acting in Concert. Unless otherwise defined, the expression “**acting in concert**” shall have the same meaning as ascribed to it in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the Warrants Proposal Letter, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the Warrants Proposal Letter, the IFA Letter and the Constitution respectively.

Depositor, Depository Agent and Depository Register. The expressions “**Depositor**”, “**Depository Agent**”, and “**Depository Register**” shall have meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, the figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that

DEFINITIONS

enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Catalist Rules, the SFA or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to that word under the Companies Act, the Code, the Catalist Rules, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them in Sections 5 and 6 of the Companies Act respectively.

Time and Date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively unless otherwise stated.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 549,359,674 Shares in issue as at the Latest Practicable Date (excluding treasury Shares), unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 549,359,674 Shares in issue as at the Latest Practicable Date (excluding treasury Shares). As at the Latest Practicable Date, the Company holds 159,230 treasury Shares.

Warrants. In this Circular, any reference to the total number of Warrants is a reference to a total of 1,949,798 Warrants in issue as at the Latest Practicable Date.

Legal Counsel. For the purposes of this Circular, Lee & Lee has been appointed as the legal counsel to the Company as to Singapore law in relation to the Offer and Warrants Proposal.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and Warrantholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of electronic despatch of the Offer Document : **6 December 2021**

Date of electronic despatch of this Circular : **20 December 2021**

Closing Date : **5.30 p.m. (Singapore time) on 3 January 2022**

Date of settlement of consideration for valid acceptances of the Offer : Subject to the receipt by the Joint Offerors from Accepting Shareholders of valid acceptances and all relevant documents required by the Joint Offerors which are complete and valid in all respects and in accordance with the requirements set out in the Offer Document and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Joint Offerors of confirmations satisfactory to them that the number of Offer Shares tendered by the Accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to Accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of:

- (i) In the case of Depositors, credit directly into the Depositor's designated bank account for Singapore Dollars via CDP's Direct Crediting Service ("**DCS**") in the case of Depositors who are subscribed to CDP's DCS; or
- (ii) In the case of Shareholders holding share certificate(s) which are not deposited with CDP) a S\$ crossed cheque drawn on a bank in Singapore and sent by ordinary post to the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register, at the risk of the Accepting Shareholders,

as soon as practicable and in any case within seven (7) Business Days after receipt of acceptances of the Offer which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

In the event an accepting Shareholder who is a depositor is not subscribed to CDP's DCS, any monies to be paid shall be credited to such accepting Shareholder's Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

INDICATIVE TIMETABLE

Please refer to paragraph 2 of Appendix A to the Offer Document for further information.

LETTER TO SHAREHOLDERS

VIKING OFFSHORE AND MARINE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199307300M)

Board of Directors:

Mr. Andy Lim (Chairman and Executive Director)
Mr. Ng Yeau Chong (Chief Executive Officer and Executive Director)
Mr. Lee Suan Hiang (Lead Independent Director)
Mr. Tan Wee Peng Kelvin (Independent Director)
Ms. Phua Siok Gek Cynthia (Independent Director)

Registered Office:

21 Kian Teck Road
Singapore 628773

20 December 2021

To: The Shareholders and Warrantheolders of Viking Offshore and Marine Limited

Dear Sir / Madam

MANDATORY UNCONDITIONAL CASH OFFER BY UOBKH FOR AND ON BEHALF OF THE JOINT OFFERORS FOR THE OFFER SHARES

1. INTRODUCTION

1.1. Offer Announcement. On 18 November 2021, UOBKH, for and on behalf of the Joint Offerors, announced that the Joint Offerors had on the same day acquired an aggregate of 477,943,013 Shares from Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong at the purchase consideration of S\$0.01 per Share. As a consequence of the acquisition, the Joint Offerors are obliged to make a mandatory unconditional cash offer for all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2. Offer Document and Warrant Proposal letter. Shareholders should by now have received an electronic copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 11 and 12 of the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer contained in the Offer Document carefully.**

The Offer Document is available on the website of the SGX-ST at www.sgx.com.

Warrantheolders should also have received an electronic copy of the Warrants Proposal Letter setting out, *inter alia*, the terms and conditions of the Warrants Proposal. **Warrantheolders are urged to read the terms and conditions of the Warrants Proposal contained in the Warrants Proposal Letter carefully.**

The Warrants Proposal Letter is available on the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

- 1.3. Independent Financial Adviser.** Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser to the Directors in respect of the Offer and Warrants Proposal.
- 1.4. Purpose of this Circular.** The purpose of this Circular is to provide Shareholders and Warrantheolders with relevant information pertaining to the Company, the Offer, the Warrants Proposal, the advice of the IFA to the Directors and the recommendation of the Directors with regard to the Offer and Warrants Proposal.

Shareholders and Warrantheolders should read the Offer Document, the Warrants Proposal Letter and this Circular (including the IFA Letter) carefully and consider the recommendation of the Directors and the advice of the IFA to the Directors in respect of the Offer and Warrants Proposal before deciding on whether to accept or reject the Offer and Warrants Proposal. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

- 2.1. Terms of the Offer.** The Offer is made by UOBKH, for and on behalf of the Joint Offerors, on the principal terms set out in paragraph 2 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"2. TERMS OF THE OFFER

2.1 Offer Price

For and on behalf of the Joint Offerors, UOBKH hereby makes the Offer, in accordance with Section 139 of the SFA and Rule 14 of the Code, and subject to the terms and conditions of this Offer Document, for all the Offer Shares on the following basis:

S\$0.01 in cash for each Offer Share ("Offer Price")

The Offer Price is final and the Joint Offerors do not intend to revise the Offer Price.

2.2 Offer Shares

*The Offer will be extended, on the same terms and conditions, to all of the Shares in issue, excluding treasury Shares and those already owned, controlled or agreed to be acquired by the Joint Offerors as at the date of the Offer ("**Offer Shares**"). For the avoidance of doubt, the Offer will be also extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Warrants prior to the close of the Offer. For the purposes of the Offer, the expression "**Offer Shares**" will include all such Shares.*

2.3 No Encumbrances

The Offer Shares will be acquired:

LETTER TO SHAREHOLDERS

- (a) *validly issued and fully paid;*
- (b) *free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, encumbrances, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature; and*
- (c) *together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights and the right to receive and retain all dividends, rights, return of capital and/or other distributions ("**Distribution**") (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date.*

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Joint Offerors reserve the right to reduce the Offer Price by an amount equivalent to such Distribution.

2.4 Unconditional

The Offer is unconditional in all respects."

- 2.2. Warrants Proposal.** In accordance with Rule 19 of the Code, the Joint Offerors also intend to make a proposal ("**Warrants Proposal**") to the holders ("**Warrantholders**") of outstanding warrants ("**Warrants**") issued by the Company. The Warrants Proposal is set out in paragraph 3 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"3. WARRANTS PROPOSAL

3.1 Warrants

Based on publicly available information, the Company has 1,949,798 outstanding Warrants as at the Latest Practicable Date, each Warrant carrying the right to subscribe for one (1) new Share at the exercise price of S\$0.50 for each new Share. Pursuant to the terms and conditions of the Warrants, the exercise period for the Warrants commenced on 4 July 2017 and will end at 5.00 p.m. (Singapore time) on 1 July 2022.

3.2 Warrants Proposal

*The Offer will be extended, on the same terms and conditions, to all new Shares unconditionally issued pursuant to the valid exercise of any Warrant prior to the close of the Offer. In addition, UOBKH, for and on behalf of the Joint Offerors, will make the Warrants Proposal to pay to Warrantholders a cash amount (determined in accordance with paragraph 3.3 below) ("**Warrants Price**") to acquire the Warrants on the terms set out in the Warrants Proposal.*

LETTER TO SHAREHOLDERS

3.3 Warrants Price

*In accordance with Note 1 to Rule 19 of the Code, the Warrants Price is calculated on a "see-through" basis. In other words, the Warrants Price for a Warrant will be the amount (if positive) of the Offer Price less the exercise price of that Warrant. If the exercise price of the Warrants is equal to or more than the Offer Price, the Warrants Price for each Warrant will be the nominal amount of **S\$0.01**.*

3.4 Warrants Proposal Letter

*Details of the Warrants Proposal are set out in the letter dated 6 December 2021 from UOBKH, for and on behalf of the Joint Offerors, to the Warrantholders ("**Warrants Proposal Letter**") which has been despatched or disseminated to the Warrantholders on the Despatch Date."*

- 2.3. Details of the Offer.** The further details of the Offer are set out in paragraph 5 of the Letter to Shareholders in the Offer Document and Appendix A to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"5. DETAILS OF THE OFFER

Appendix A of this Offer Document sets out further details on:

- (a) *the settlement of the consideration for the Offer;*
- (b) *the requirements relating to the announcement(s) of the level of acceptances of the Offer; and*
- (c) *the right of withdrawal of acceptances of the Offer.*

...

APPENDIX A – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 Closing Date

*The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **The Offer will close at 5.30 p.m. on 3 January 2022. The Joint Offerors do not intend to extend the Offer beyond 5.30 p.m. on 3 January 2022 and the Offer will not be open for acceptances beyond 5.30 p.m. on 3 January 2022. The Joint Offerors do not intend to revise the terms of the Offer.***

Accordingly, notice is hereby given that the Offer will close at 5.30 p.m. on 3 January 2022 and will not be open for acceptances beyond 5.30 p.m. on 3 January 2022 and the terms of the Offer will not be revised, save that such notice shall not be capable of being enforced in a competitive situation.

1.2 Revision

*Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who have previously accepted the Offer. **The Joint Offerors do not intend to revise the Offer Price or any other terms of the Offer.***

2. SETTLEMENT FOR THE OFFER

2.1 Mode of settlement

*Subject to the receipt by the Joint Offerors from accepting Shareholders of valid acceptances and all relevant documents required by the Joint Offerors which are complete and valid in all respects and in accordance with the requirements set out in this Offer Document and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Joint Offerors of confirmations satisfactory to it that the number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of (in the case of Depositors) credit directly into the Depositor's designated bank account for Singapore Dollars via CDP's Direct Crediting Service ("**DCS**") in the case of Depositors who are subscribed to CDP's DCS or (in the case of Shareholders holding share certificate(s) which are not deposited with CDP) a S\$ crossed cheque drawn on a bank in Singapore and sent by ordinary post to the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register, at the risk of the accepting Shareholders, as soon as practicable and in any case within seven (7) Business Days after receipt of acceptances of the Offer which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.*

In the event an accepting Shareholder who is a depositor is not subscribed to CDP's DCS, any monies to be paid shall be credited to such accepting Shareholder's Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

3. ANNOUNCEMENTS

3.1 Timing and Contents

*Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore) time on the dealing day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, or is revised (if applicable), the Joint Offerors will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):*

- (a) *for which valid acceptances of the Offer have been received;*

LETTER TO SHAREHOLDERS

(b) held by the Joint Offerors and any of their Concert Parties before the Offer Period; and

(c) acquired or agreed to be acquired by the Joint Offerors and any of their Concert Parties during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 Suspension

Under Rule 28.2 of the Code, if the Joint Offerors are unable, within the time limit, to comply with any of the requirements of paragraph 3.1 (Timing and Contents) of this **Appendix A**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 Valid Acceptances

Subject to paragraph 17.4 (Valid Acceptances) of this Offer Document, in computing the number of Offer Shares represented by acceptances received by the Joint Offerors, the Joint Offerors will, at the time of making an announcement, take into account acceptances which are valid in all respects.

3.4 Announcements

In this Offer Document, references to the making of any announcement or the giving of notice by the Joint Offerors include the release of an announcement by UOBKH, for and on behalf of the Joint Offerors, to the press or the delivery of or transmission by telephone, telefax, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

4. RIGHT OF WITHDRAWAL IN RELATION TO THE OFFER

4.1 Acceptances Irrevocable

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable and may not be withdrawn.

4.2 Right of Withdrawal of Shareholders

If the Joint Offerors fail to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:

(a) Shareholders holding Offer Shares which are deposited with CDP and accepting the Offer will be entitled to withdraw their acceptance by written notice to **Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934**; and

(b) Shareholders holding Offer Shares which are not deposited with CDP and accepting the Offer will be entitled to withdraw their acceptance by written notice to **Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn.**

LETTER TO SHAREHOLDERS

Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd. c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902.

A notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Joint Offerors within the said notice and when actually received by the Joint Offerors.

- 2.4. Details of the Warrants Proposal.** The further details of the Warrants Proposal are set out in paragraphs 3, 4, and 6 of Warrants Proposal Letter, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Warrants Proposal Letter.

"3. THE WARRANTS PROPOSAL

3.1 Warrants. *Based on publicly available information, the Company has 1,949,798 outstanding Warrants as at the Offer Announcement Date, each Warrant carrying the right to subscribe for one (1) new Share at the exercise price of S\$0.50 for each new Share. Pursuant to the terms and conditions of the Warrants, the exercise period for the Warrants commenced on 4 July 2017 and will end at 5.00 p.m. (Singapore time) on 1 July 2022.*

3.2 Warrants Proposal. *The Offer will be extended, on the same terms and conditions, to all new Shares unconditionally issued pursuant to the valid exercise of any Warrant prior to the close of the Offer. In addition, UOBKH, for and on behalf of the Joint Offerors, will make the Warrants Proposal to pay to Warrantheholders a cash amount (determined in accordance with paragraph 3.4 below) ("**Warrants Price**") to acquire the Warrants on the terms set out in this letter.*

3.3 Terms.

3.3.1 *The Warrants Proposal is made subject to the relevant Warrants continuing to be exercisable into new Shares and on the basis that the Joint Offerors will pay the Warrantheholder the Warrants Price, in consideration for such Warrantheholder accepting the Warrants Proposal in accordance with paragraph 6 below.*

3.3.2 *A Warrantheholder who tenders his Warrants in acceptance of the Warrants Proposal will be deemed to unconditionally and irrevocably represent and warrant that he sells such Warrants as or on behalf of the beneficial owner(s) thereof:*

(i) validly issued and fully paid;

(ii) free from all encumbrances; and

(iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date for the benefit of a Warrantheholder who validly accepts or has validly accepted the Warrants Proposal, depending on the

LETTER TO SHAREHOLDERS

settlement date in respect of the Warrants tendered in acceptance of the Warrants Proposal, the Joint Offerors reserve the right to reduce the Warrants Price by an amount equivalent to such Distribution.

3.4 Warrants Price. In accordance with Note 1 to Rule 19 of the Code, the Warrants Price is calculated on a “see-through” basis. In other words, the Warrants Price for a Warrant will be the amount (if positive) of the Offer Price less the exercise price of that Warrant. If the exercise price of the Warrants is equal to or more than the Offer Price, the Warrants Price for each Warrant will be the nominal amount of **S\$0.01**.

4. CHOICES

4.1 Choices. The Warrantholder can, in relation to all or part of its Warrants, either:

4.1.1 exercise such Warrants and participate in the Offer in respect of the new Shares to be issued pursuant to such exercise prior to the close of the Offer (an “**Exercising Warrantholder**”);

4.1.2 accept the Warrants Proposal in respect of such Warrants (an “**Accepting Warrantholder**”); or

4.1.3 take no action and let the Warrants Proposal lapse in respect of its Warrants.

...

6. ACCEPTING WARRANTHOLDER

6.1 Procedure for Accepting Warrantholder. The Warrants FAA and/or Warrants FAT, as the case may be, are enclosed with the Warrants Notification. Appendix 1 of this letter sets out the procedures for acceptance of the Warrants Proposal.

6.2 Closing Date. The Warrants Proposal shall remain open for acceptance until 5.30 p.m. (Singapore time) on the Closing Date. Notice is hereby given that the Warrants Proposal will not be extended, revised or open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, save as required by the Code.

6.3 Settlement. Subject to (i) the relevant Warrants continuing to be exercisable into new Shares, and (ii) receipt by the Joint Offerors from Accepting Warrantholders of valid acceptances and all relevant documents required by the Joint Offerors which are complete in all respects and in accordance with such requirements as may be stated in this letter and the relevant Warrants Acceptance Forms, and in the case of a Depositor, the receipt by the Joint Offerors of confirmation satisfactory to it that the relevant number of Warrants tendered by the accepting Depositor in acceptance of the Warrants Proposal standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Warrantholders (or, in the case of Warrantholders holding warrant certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of (in the case of Depositors) credit directly into the Depositor’s designated bank account for Singapore Dollars via CDP’s Direct Crediting Service (“DCS”) in the case of Depositors who are subscribed to CDP’s DCS or (in the case of Warrantholders holding warrant certificate(s) which are not deposited with CDP) a S\$ crossed cheque drawn on a bank in Singapore and sent by ordinary post to the address stated in the respective Warrants FATs or, if none is set

LETTER TO SHAREHOLDERS

out, to the respective addresses maintained in the Register, at the risk of the accepting Warrantheolders, as soon as practicable and in any case within seven (7) Business Days after receipt of acceptances of the Warrants Proposal which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

In the event an accepting Warrantheolder who is a Depositor is not subscribed to CDP's DCS, any monies to be paid shall be credited to such accepting Warrantheolder's Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein)."

- 2.5. Closing Date.** The Offer and Warrants Proposal will close at 5.30 p.m. on 3 January 2022, being the Closing Date. The Joint Offerors do not intend to extend the Offer and Warrants Proposal beyond 5.30 p.m. on 3 January 2022 and the Offer and Warrants Proposal will not be open for acceptances beyond 5.30 p.m. on 3 January 2022. The Joint Offerors do not intend to revise the terms of the Offer and Warrants Proposal.

The Joint Offerors have accordingly given notice, at paragraph 4 of the Letter to Shareholders in the Offer Document that the Offer will close at 5.30 p.m. on 3 January 2022 and will not be open for acceptances beyond 5.30 p.m. on 3 January 2022 and the terms of the Offer will not be revised, save that such notice shall not be capable of being enforced in a competitive situation.

The Joint Offerors have accordingly given notice, at paragraph 6.2 of the Warrants Proposal Letter that the Warrants Proposal will close at 5.30 p.m. on 3 January 2022 and will not be open for acceptances beyond 5.30 p.m. on 3 January 2022, save as required by the Code.

3. PROCEDURES FOR ACCEPTANCE

3.1 PROCEDURES FOR ACCEPTANCE OF THE OFFER

The procedures for acceptance of the Offer are set out in paragraph 6 of the Letter to Shareholders in the Offer Document and Appendix B to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"6. PROCEDURES FOR ACCEPTANCE

Appendix B of this Offer Document sets out the procedures for acceptance of the Offer.

...

APPENDIX B – PROCEDURES FOR ACCEPTANCE OF THE OFFER

1. THE OFFER

1.1 Depositors

LETTER TO SHAREHOLDERS

(a) Depositors whose Securities Accounts are credited with Offer Shares

If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you should receive the Notification together with a FAA. If you do not receive a FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents.

(b) Acceptance

If you wish to accept the Offer, you should:

(i) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Section C of the FAA or the relevant section in the electronic form of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer.

(A) If you:

(1) do not specify such number; or

(2) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date),

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date).

*(B) if **paragraph 1.1(b)(i)(A)(2)** above applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the "Free Balance" of your Securities Account ("**Unsettled Buy Position**"), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the "Free Balance" of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. on the Closing Date ("**Settled Shares**"), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Section C of the FAA or the relevant section of the electronic form of the FAA which have not yet been accepted pursuant to **paragraph 1.1(b)(i)(A)(2)** above, or the number of Settled Shares, whichever is less;*

*(ii) sign the FAA in accordance with this **Appendix B** and the instructions printed on the FAA; and*

(iii) deliver the completed and signed FAA:

LETTER TO SHAREHOLDERS

- (A) **by post**, in the enclosed pre-addressed envelope at your own risk, to **MR. TOH KOK SOON, SYNERGY SUPPLY CHAIN MANAGEMENT SDN. BHD., IRELIA MANAGEMENT SDN. BHD., TRISTAN MANAGEMENT SDN. BHD. AND SUBTLEWAY MANAGEMENT SDN. BHD.** c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or
- (B) in electronic form, via the SGX Investor Portal at investors.sgx.com (in respect of individuals and joint-alt account holders only),

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Joint Offerors, please use the enclosed pre-addressed envelope which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Notification and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Notification and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Joint Offerors to receive Electronic Acceptances on its behalf and such Electronic Acceptances must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

(c) Depositors whose Securities Accounts will be credited with Offer Shares

If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive the Notification together with a FAA. If you do not receive a FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksqx@sgx.com for instructions on how to obtain a copy of such documents.

(d) Acceptance

If you wish to accept the Offer in respect of such Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares:

- (i) complete and sign the FAA in accordance with paragraph 1.1(b) of this **Appendix B** and the instructions printed on the FAA; and
- (ii) deliver the completed and signed FAA:
- (A) **by post**, in the enclosed pre-addressed envelope at your own risk, to **MR. TOH KOK SOON, SYNERGY SUPPLY CHAIN MANAGEMENT SDN. BHD., IRELIA MANAGEMENT SDN. BHD., TRISTAN MANAGEMENT SDN. BHD. AND SUBTLEWAY MANAGEMENT SDN.**

LETTER TO SHAREHOLDERS

BHD. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or

(B) **in electronic form**, via SGX's Investor Portal at investors.sgx.com (in respect of individuals and joint-alt account holders only),

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Joint Offerors, please use the enclosed pre-addressed envelope which is enclosed with the FAA, which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

(e) Rejection

If upon receipt by CDP, on behalf of the Joint Offerors, of the FAA, it is established that such Offer Shares have not been or will not be credited to the "Free Balance" of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Joint Offerors, UOBKH or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless **paragraph 1.1(b)(i)(A)(2)** read together with **paragraph 1.1(b)(i)(B)** of this **Appendix B** apply. If the Unsettled Buy Position does not settle by 5.30 p.m. on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Joint Offerors, UOBKH or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

(f) Depositors whose Securities Accounts are and will be credited with Offer Shares

If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares.

(g) FAAs received on Saturday, Sunday and public holidays

For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

(h) General

No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited

LETTER TO SHAREHOLDERS

to your Securities Account. You can verify the number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service; or (ii) through the CDP Phone Service using SMS OTP, under the option "To check your securities balance".

(i) Blocked Balance

Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has been despatched to you.

(j) Notification

If you have accepted the Offer in accordance with the provisions contained in this **Appendix B** and the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the aggregate Offer Price in respect of such Offer Shares debited from your Securities Account together with payment of the aggregate Offer Price which will be credited directly into your designated bank account for Singapore Dollars via CDP's DCS on the payment date as soon as practicable and in any event within seven (7) Business Days after the receipt of acceptances of the Offer which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined herein).

(k) No Securities Account

If you do not have an existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

1.2 Holders of Offer Shares in Scrip Form

(a) Shareholders whose Offer Shares are not deposited with CDP

If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive the Notification together with a FAT. If you do not receive a FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from the Registrar at 112 Robinson Road #05-01, Singapore 068902.

(b) Acceptance

If you wish to accept the Offer, you should:

- (i) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular, you must state in the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in the FAT the share certificate number(s) of the relevant share certificate(s). If you:

LETTER TO SHAREHOLDERS

- (A) do not specify such number in the FAT; or
- (B) specify a number in the FAT which exceeds the number of Offer Shares represented by the share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT.

- (ii) sign the FAT in accordance with this **Appendix B** and the instructions printed on the FAT; and

- (iii) deliver:

- (A) the completed and signed FAT;
- (B) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Joint Offerors and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register of Members of the Company as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;
- (C) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Joint Offerors, or any person nominated in writing by the Joint Offerors or a person authorised by either); and
- (D) any other relevant document(s),

either:

- (1) by **hand**, to **MR. TOH KOK SOON, SYNERGY SUPPLY CHAIN MANAGEMENT SDN. BHD., IRELIA MANAGEMENT SDN. BHD., TRISTAN MANAGEMENT SDN. BHD. AND SUBTLEWAY MANAGEMENT SDN. BHD.** c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902; or
- (2) by **post**, in the enclosed pre-addressed envelope at your own risk, to **MR. TOH KOK SOON, SYNERGY SUPPLY CHAIN MANAGEMENT SDN. BHD., IRELIA MANAGEMENT SDN. BHD., TRISTAN MANAGEMENT SDN. BHD. AND SUBTLEWAY MANAGEMENT SDN. BHD.** c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902,

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAT is delivered by post to the Joint Offerors, please use the enclosed pre-

LETTER TO SHAREHOLDERS

addressed envelope, which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

(c) Receipt

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Joint Offerors, UOBKH or the Registrar.

(d) FATs received on Saturday, Sunday and public holidays

For the avoidance of doubt, FATs received by the Joint Offerors, UOBKH and/or the Registrar on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

2. GENERAL

2.1 Disclaimer

The Joint Offerors, UOBKH, CDP and/or the Registrar will be authorised and entitled, in their sole and absolute discretion, to reject any acceptance of the Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality, or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Joint Offerors, UOBKH, CDP or the Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.

2.2 Discretion

The Joint Offerors and UOBKH each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and the FAA and FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Joint Offerors, UOBKH, CDP and/or the Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.

2.3 Scripless and Scrip Offer Shares

*If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this **Appendix B** and the respective Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.*

2.4 Deposit Time

*If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in **Paragraph 1.2** of this **Appendix B**.*

2.5 Correspondences

LETTER TO SHAREHOLDERS

All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of the Company) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto.

2.6 Evidence of Title

Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Joint Offerors, to the Joint Offerors, CDP and/or the Registrar, shall be conclusive evidence in favour of the Joint Offerors, UOBKH, CDP and/or the Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

2.7 Loss in Transmission

The Joint Offerors, UOBKH, CDP and/or the Registrar as the case may be, shall not be liable for any loss in transmission of the FAA and/or FAT.

2.8 Acceptances Irrevocable

Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.

2.9 Personal Data Privacy

*By completing and delivering a FAA and/or FAT, each person (a) consents to the collection, use and disclosure of his personal data by the Joint Offerors, UOBKH, CDP, the Registrar, the Company, CPF Board, and the SGX-ST (collectively, "**Indemnified Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Indemnified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, and (c) agrees that he will indemnify the Indemnified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty."*

3.2 PROCEDURES FOR ACCEPTANCE OF THE WARRANTS PROPOSAL

The procedures for acceptance of the Warrants Proposal are set out in Appendix 1 of the Warrants Proposal Letter, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Warrants Proposal Letter.

"1. THE WARRANTS PROPOSAL

1.1 Depositors

(a) Depositors whose Securities Accounts are credited with Warrants

If you hold Warrants standing to the credit of the "Free Balance" of your Securities Account, you should receive the Warrants Notification together

LETTER TO SHAREHOLDERS

with a Warrants FAA. If you do not receive a Warrants FAA, you may obtain a copy of such Warrants FAA, upon production of satisfactory evidence that you are a Warranholder, from CDP by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents.

(b) Acceptance

If you wish to accept the Warrants Proposal, you should:

(i) complete the Warrants FAA in accordance with this letter and the instructions printed on the Warrants FAA. In particular, you must state in Section C of the Warrants FAA or the relevant section in the electronic form of the Warrants FAA, the number of Warrants in respect of which you wish to accept the Warrants Proposal.

(A) If you:

(1) do not specify such number; or

(2) specify a number which exceeds the number of Warrants standing to the credit of the "Free Balance" of your Securities Account on the date of receipt of the Warrants FAA by CDP ("**Date of Receipt**"), or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date),

you shall be deemed to have accepted the Warrants Proposal in respect of all the Warrants already standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the Warrants FAA is received by CDP on the Closing Date).

(B) if paragraph 1.1(b)(i)(A)(2) above applies and at the time of verification by CDP of the Warrants FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Warrants into the "Free Balance" of your Securities Account ("**Unsettled Buy Position (Warrants)**"), and the Unsettled Buy Position (Warrants) settles such that the Warrants in the Unsettled Buy Position (Warrants) are transferred to the "Free Balance" of your Securities Account at any time during the period the Warrants Proposal is open, up to 5.30 p.m. (Singapore time) on the Closing Date ("**Settled Warrants**"), you shall be deemed to have accepted the Warrants Proposal in respect of the balance number of Warrants inserted in Section C of the Warrants FAA or the relevant section of the electronic form of the Warrants FAA which have not yet been accepted pursuant to paragraph 1.1(b)(i)(A)(2), or the number of Settled Warrants, whichever is less;

LETTER TO SHAREHOLDERS

(ii) sign the Warrants FAA in accordance with this Appendix 1 and the instructions printed on the Warrants FAA; and

(iii) deliver the duly completed and signed Warrants FAA:

(A) by **post**, in the enclosed pre-addressed envelope at your own risk, to **Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd.** c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or

(B) in **electronic form**, via SGX's Investor Portal at investors.sgx.com (in respect of individuals and joint-alt account holders only),

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed Warrants FAA is delivered by post to the Joint Offerors, please use the enclosed pre-addressed envelope which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Warrants through CDP, you need not forward this and the accompanying Warrants FAA to the purchaser or transferee, as CDP will arrange for a separate copy of the Warrants Notification and Warrants FAA to be sent to the purchaser or transferee.

If you are a Depository Agent (as the term is defined in Section 81SF of the SFA), you may accept the Warrants Proposal via the SGX Secure File Gateway service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents ("**Electronic Acceptance**"). CDP has been authorised by the Joint Offerors to receive Electronic Acceptances on its behalf and such Electronic Acceptance must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the Warrants FAA and this letter as if the Warrants FAA had been completed and delivered to CDP.

(c) **Depositors whose Securities Accounts will be credited with Warrants**

If you have purchased Warrants on the SGX-ST and such Warrants are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive the Warrants Notification together with the Warrants FAA. If you do not receive the Warrants FAA, you may obtain a copy of such Warrants FAA, upon production of satisfactory evidence that you are a Warrantholder, from CDP by contacting CDP's Customer Service

LETTER TO SHAREHOLDERS

Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents.

(d) Acceptance

If you wish to accept the Warrants Proposal in respect of such Warrants, you should, after the "Free Balance" of your Securities Account has been credited with such number of Warrants purchased:

- (i) complete and sign the Warrants FAA in accordance with the provisions of this letter and the instructions printed on the Warrants FAA; and
- (ii) deliver the completed and signed Warrants FAA:
 - (A) by **post**, in the enclosed pre-addressed envelope at your own risk, to **Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Irelia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd.** c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or
 - (B) in **electronic form**, via SGX's Investor Portal at investors.sgx.com (in respect of individuals and joint-alt account holders only),

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed Warrants FAA is delivered by post to the Joint Offerors, please use the enclosed pre-addressed envelope which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

(e) Rejection

If upon receipt by CDP, on behalf of the Joint Offerors, of the Warrants FAA, it is established that such Warrants have not been or will not be, credited to the "Free Balance" of your Securities Account (as, for example, where you sell or have sold such Warrants), your acceptance is liable to be rejected. None of the Joint Offerors, UOBKH or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

If you purchase Warrants on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Warrants is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Warrants by the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the Warrants FAA is received by CDP on the Closing Date), unless paragraph 1.1(b)(i)(A)(2) read together with paragraph 1.1(b)(i)(B) of this Appendix 1 applies. If the Unsettled Buy Position (Warrants) does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Warrants will be rejected. None of the Joint Offerors, UOBKH or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences for such a rejection.

LETTER TO SHAREHOLDERS

(f) Depositors whose Securities Accounts are and will be credited with Warrants

*If you have Warrants credited to your Securities Account, and have purchased additional Warrants on the SGX-ST which are in the process of being credited to the "Free Balance" of your Securities Account, you may accept the Warrants Proposal in respect of the Warrants standing to the credit of the "Free Balance" of your Securities Account and may accept the Warrants Proposal in respect of the additional Warrants purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Warrants.*

(g) Warrants FAAs received on Saturday, Sunday and public holidays

For the avoidance of doubt, Warrants FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

(h) General

No acknowledgement will be given by CDP for submissions of the Warrants FAA. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address appearing in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Warrants credited to your Securities Account. You can verify the number of Warrants in your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service; or (b) CDP Phone Service using SMS OTP, under the option "To check your securities balance".

(i) Blocked Balance

Upon receipt of the Warrants FAA which is complete and valid in all respects, CDP will transfer the Warrants in respect of which you have accepted the Warrants Proposal from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Warrants will be held in the "Blocked Balance" until the consideration for such Warrants has been despatched to you.

(j) Notification

If you have accepted the Warrants Proposal in accordance with the provisions contained in this letter and the Warrants FAA, CDP will send you a notification letter stating the number of Warrants debited from your Securities Account together with payment of the aggregate Warrants Price in respect of such Warrants debited from your Securities Account together with payment of the aggregate Warrants Price which will be credited directly into your designated bank account for Singapore Dollars via CDP's DCS on

LETTER TO SHAREHOLDERS

the payment date as soon as practicable and in any event within seven (7) Business Days after the receipt of acceptances of the Warrants Proposal which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined herein).

(k) No Securities Account

If you do not have any existing Securities Account in your own name at the time of acceptance of the Warrants Proposal, your acceptance as contained in the Warrants FAA will be rejected.

1.2 Scrip Warrantholders

(a) Warrantholders whose Warrants are not deposited with CDP

If you hold Warrants which are not deposited with CDP (“in scrip form”), you should receive the Warrants Notification together with the Warrants FAT. If you do not receive a Warrants FAT, you may obtain a copy of such Warrants FAT, upon production of satisfactory evidence that you are a Warrantholder, from M & C Services Private Limited, at its office located at 112 Robinson Road #05-01, Singapore 068902.

(b) Acceptance

If you wish to accept the Warrants Proposal, you should:

(i) complete and sign the Warrants FAT in accordance with the provisions of this letter and the instructions printed on the Warrants FAT. In particular, you must state in the Warrants FAT the number of Warrants in respect of which you wish to accept the Warrants Proposal and state in the Warrants FAT the warrant certificate number(s) of the relevant warrant certificate(s). If you:

(A) do not specify such number in the Warrants FAT; or

(B) specify a number in the Warrants FAT which exceeds the number of Warrants represented by the warrant certificate(s) accompanying the Warrants FAT,

you shall be deemed to have accepted the Warrants Proposal in respect of all the Warrants represented by the warrant certificate(s) accompanying the Warrants FAT;

(ii) sign the Warrants FAT in accordance with this letter and the instructions printed on the Warrants FAT; and

LETTER TO SHAREHOLDERS

(iii) *deliver:*

- (A) *the completed and signed Warrants FAT;*
- (B) *the warrant certificate(s), other document(s) of title and/or other relevant document(s) required by the Joint Offerors and/or the Warrant Agent relating to the Warrants in respect of which you wish to accept the Warrants Proposal. If you are recorded as holding Warrants in the register of holders of Warrants as maintained by the Warrant Agent, but do not have the relevant warrant certificate(s) relating to such Warrants, you, at your own risk, are required to procure the Company to issue such warrant certificate(s) in accordance with the constitution of the Company and then deliver such warrant certificate(s) in accordance with the procedures set out in this Appendix 1 and the Warrants FAT;*
- (C) *where such Warrants are not registered in your name, a transfer form, duly executed by the person in whose name such warrant certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Joint Offerors, or any person nominated in writing by the Joint Offerors or a person authorised by either); and*
- (D) *any other relevant document(s),*

either:

- (1) *by **hand**, to **Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd.** c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902; or*
- (2) *by **post**, in the enclosed pre-addressed envelope at your own risk, to **Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Ireliia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd.** c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902,*

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. *If the completed and signed Warrants FAT is delivered by post to the Joint Offerors, please use the enclosed pre-addressed envelope, which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.*

(c) Receipt

LETTER TO SHAREHOLDERS

No acknowledgement of receipt of any Warrants FAT, warrant certificate(s), other document(s) of title, transfer forms or any other relevant document(s) required by the Joint Offerors will be given.

(d) Warrants FATs received on Saturday, Sunday and public holidays

For the avoidance of doubt, Warrants FATs received by the Joint Offerors, UOBKH and/or the Warrant Agent on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

2. GENERAL

2.1 Disclaimer

The Joint Offerors, UOBKH, CDP and/or the Warrant Agent will be authorised and entitled, at their sole and absolute discretion, to reject any acceptance of the Warrants Proposal through the Warrants FAA and/or the Warrants FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this letter and the relevant Warrants Acceptance Forms or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. If you wish to accept the Warrants Proposal, it is your responsibility to ensure that the relevant Warrants Acceptance Forms are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Joint Offerors, UOBKH, CDP or the Warrant Agent accepts any responsibility or liability for such a decision, including the consequences of such a decision.

2.2 Discretion

The Joint Offerors and UOBKH each reserves the right to treat acceptances of the Warrants Proposal as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the Warrants FAA and/or the Warrants FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed on the Warrants FAA and/or the Warrants FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Joint Offerors, UOBKH, CDP and/or the Warrant Agent accepts any responsibility or liability for such a decision, including the consequences of such a decision.

2.3 Scrip and Scripless Warrants

If you hold some Warrants in scrip form and others with CDP, you should complete a Warrants FAT for the former and a Warrants FAA for the latter in accordance with the respective procedures set out in this Appendix 1 and the relevant Warrants Acceptance Forms if you wish to accept the Warrants Proposal in respect of such Warrants.

2.4 Deposit Time

If you hold Warrants in scrip form, the Warrants may not be credited into your Securities Account with CDP in time for you to accept the Warrants Proposal if you were to deposit your warrant certificate(s) with CDP after the date of electronic despatch of this letter. If you wish to accept the Warrants Proposal in respect of such Warrants, you should complete a Warrants FAT and follow the procedures set out in paragraph 1.2 of this Appendix 1.

2.5 Correspondences

All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip Warrantholders, your designated agent or, in the case of joint Accepting Warrantholders who have not designated any agent, to the one first named in the records of CDP or the register of holders of Warrants as maintained by the Warrant Agent, as the case may be) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Warrant Agent, as the case may be, at the risk of the person entitled thereto.

2.6 Evidence of Title

Delivery of the duly completed and signed Warrants FAA and/or Warrants FAT, as the case may be, together with the relevant warrant certificate(s) and/or other documents of title and/or other relevant document(s) required by the Joint Offerors, CDP and/or the Warrant Agent, shall be conclusive evidence in favour of the Joint Offerors, CDP and/or the Warrant Agent of the right and title of the person(s) signing it to deal with the same and with the Warrants to which it relates.

2.7 Loss in Transmission

The Joint Offerors, UOBKH, the Warrant Agent and/or CDP, as the case may be, shall not be liable for any loss in transmission of the Warrants FAA and/or the Warrants FAT.

2.8 Personal Data Privacy

*By completing and delivering a Warrants FAA and/or Warrants FAT, each person (a) consents to the collection, use and disclosure of his personal data by Joint Offerors, UOBKH, CDP, the SGX-ST, Securities Clearing and Computer Services (Pte) Ltd and the Company (collectively, "**Indemnified Persons**") or any persons designated by the Indemnified Persons in connection with the purpose of facilitating his acceptance of the Warrants Proposal, and in order for the Indemnified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (c) agrees that he will indemnify the Indemnified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.*

4. INFORMATION ON THE JOINT OFFERORS AND THEIR SHAREHOLDERS

Paragraph 7 of the Letter to Shareholders in the Offer Document sets out certain information on the Joint Offerors, extracts of which are set out below. Additional information on the Joint Offerors extracted from Appendix C to the Offer Document is set out in Appendix C to this Circular. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“7. INFORMATION ON THE JOINT OFFERORS

Toh is a businessman and details of the other Joint Offerors are set out in the paragraphs below.

Synergy was incorporated on 17 September 2021 for investment and equity holding purposes and is currently a dormant company. It has an issued and paid-up share capital of RM100.00 divided into 100 ordinary shares, wholly owned by Mr. Ong Swee Sin (a businessman), who is also its sole director.

Irelia was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Tan Chiau Wei (a businessman), who is also its sole director.

Tristan was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Ng Boon Chee (a businessman), who is also its sole director.

Subtleway was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Lim Jun Hao (a businessman), who is also its sole director.

*Additional information on the Joint Offerors is set out in **Appendix C** of this Offer Document.”*

5. REASONS AND BENEFITS FOR THE OFFER

The full text of the reasons and benefits for the Offer has been extracted from paragraph 9 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“9. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS’ INTENTIONS FOR THE COMPANY

9.1 Compliance with the Code

The Offer is made solely to comply with the Code arising from the Acquisition.”

LETTER TO SHAREHOLDERS

6. THE JOINT OFFERORS' INTENTIONS FOR THE COMPANY

The full text of the Joint Offerors' intentions for the Company has been extracted from paragraph 9 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the Joint Offerors' future plans for the Company.**

"9. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS' INTENTIONS FOR THE COMPANY

...

9.2 Intention for the Company

There is currently no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Joint Offerors will, on close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the Shareholders for the Group to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the businesses of the Group (including re-deployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group."

7. LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 10 of the Letter to Shareholders in the Offer Document sets out the intentions of the Joint Offerors relating to the listing status of the Company and compulsory acquisition, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the matters relating to compulsory acquisition and listing status and trading suspensions.**

"10. LISTING STATUS AND COMPULSORY ACQUISITION

10.1 Listing Status

Under Rule 1104 of the Catalist Rules, upon the announcement by the Joint Offerors that valid acceptances have been received, pursuant to the Offer, that bring the holdings of the Shares owned by the Joint Offerors and parties acting or deemed to be acting in concert with the Joint Offerors to above 90% of the total number of issued Shares (excluding any treasury Shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury Shares) are held by at least 200 Shareholders

LETTER TO SHAREHOLDERS

who are members of the public.

Under Rule 1303(1) of the Catalist Rules, where the Joint Offerors succeed in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Catalist Rules requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury Shares) is at all times held by the public. In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor and announce that fact, and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Catalist Rules further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

10.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Joint Offerors receive valid acceptances pursuant to the Offer and/or acquires such number of Offer Shares at the close of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury Shares and other than those already held by the Joint Offerors, their related corporations or their respective nominees as at the date of the Offer), the Joint Offerors will be entitled to exercise the right to compulsorily acquire all the Shares of shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Joint Offerors to acquire their Shares at the Offer Price in the event that the Joint Offerors acquire, pursuant to the Offer, such number of Shares which, together with treasury Shares and the Shares held by the Joint Offerors, their related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the close of the Offer. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

It is the current intention of the Joint Offerors to maintain the listing status of the Company on the SGX-ST following completion of the Offer. Accordingly, the Joint Offerors, if and when entitled, do not intend to exercise their rights of compulsory acquisition under Section 215(1) of the Companies Act to acquire those Offer Shares not acquired by the Joint Offerors pursuant to the Offer, or to delist the Company from the SGX-ST pursuant to the Catalist Rules. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1104 of the Catalist Rules, the Joint Offerors intend to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted."

8. FINANCIAL ASPECTS OF THE OFFER

Paragraph 11 of the Letter to Shareholders in the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out below. Unless otherwise defined,

LETTER TO SHAREHOLDERS

all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"11. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following **DISCOUNT TO** the historical transacted prices of the Shares on the SGX-ST:

Description	Benchmark Price (S\$)⁽¹⁾	Discount to the Benchmark Price (%)⁽²⁾
<i>Last transacted price per Share as quoted on the SGX-ST on 17 November 2021 ("Last Trading Date", being the last full day of trading in the Shares prior to the Acquisition on 18 November 2021)</i>	0.076	86.84
<i>VWAP per Share for the one-month period up to and including the Last Trading Date</i>	0.078	87.18
<i>VWAP per Share for the three-month period up to and including the Last Trading Date⁽³⁾</i>	0.113	91.15

Notes:

- (1) *Based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest three (3) decimal places.*
- (2) *Percentage figures have been rounded to the nearest two (2) decimal places.*
- (3) *The trading of the Shares on the SGX-ST was suspended from 14 June 2019 and the trading of the Shares had resumed on 23 August 2021. Accordingly, the date range for the VWAP per Share for the three-month period up to and including the Last Trading Date would be from 23 August 2021 to 17 November 2021."*

9. DISCLOSURE OF HOLDINGS AND DEALINGS

Paragraph 12 of the Letter to Shareholders in the Offer Document and Appendix E to the Offer Document set out certain information relating to disclosure of holdings and dealings, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"12. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS IN RELEVANT SECURITIES

12.1 Holdings and dealings in the Company Securities.

*Save as disclosed in this Offer Document (in particular, but without limitation, in **Appendix E** of this Offer Document), and based on responses received pursuant to*

LETTER TO SHAREHOLDERS

enquiries that the Joint Offerors have made, as at the Latest Practicable Date, none of the Joint Offerors and their directors, their Concert Parties and UOBKH (as financial adviser to the Joint Offerors in connection with the Offer) ("**Relevant Persons**"):

- (a) owns, controls or has agreed to acquire any Company Securities; or
- (b) has dealt for value in any Company Securities during the Reference Period.

12.2 Other Arrangements in respect of the Company Securities

Save as disclosed in this Offer Document (in particular, but without limitation, in **Appendix E** of this Offer Document), and based on responses received pursuant to enquiries that the Joint Offerors have made, as at the Latest Practicable Date, none of the Relevant Persons have:

- (a) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;
- (b) received any irrevocable commitment to accept or reject the Offer in respect of any Company Securities;
- (c) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;
- (d) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or
- (e) lent any Company Securities to another person."

10. CONFIRMATION OF FINANCIAL RESOURCES

Paragraph 13 of the Letter to Shareholders in the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"13. CONFIRMATION OF FINANCIAL RESOURCES

UOBKH, as the financial adviser to the Joint Offerors in connection with the Offer, confirms that sufficient financial resources are available to the Joint Offerors to satisfy full acceptances of (a) the Offer (including any acceptances in respect of new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Warrants) on the basis of the Offer Price, and (b) the Warrants Proposal by the Warrantholders on the basis of the Warrants Price."

11. OVERSEAS SHAREHOLDERS AND WARRANTHOLDERS

- 11.1 Availability of Offer.** The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdiction.

LETTER TO SHAREHOLDERS

Overseas Shareholders should refer to paragraph 15 of the Letter to Shareholders in the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“15. OVERSEAS SHAREHOLDERS

15.1 Overseas Jurisdictions

This Offer Document, the Notification, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document, the Notification, the Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law.

The release, publication or distribution of this Offer Document, the Notification, the Acceptance Forms and/or any related documents in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document, the Notification, the Acceptance Forms and/or any related documents is released, published or distributed should inform themselves about and observe such restrictions.

*Copies of this Offer Document, the Notification, the Acceptance Forms and/or any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer will violate the laws of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Joint Offerors or UOBKH, for and on behalf of the Joint Offerors, and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

15.2 Overseas Shareholders

*The availability of the Offer to Overseas Shareholders and the ability of the Overseas Shareholders to accept the Offer may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions, and exercise caution in relation to the Offer, as this Offer Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending the Notification and/or the relevant Acceptance Forms to any overseas jurisdictions, the Joint Offerors, UOBKH, CDP and the Registrar each reserves the right not to send these documents or any part thereof to Overseas Shareholders in such overseas jurisdictions.***

For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom the Notification and/or the relevant Acceptance Forms have not been, or may not be, sent.

LETTER TO SHAREHOLDERS

It is the responsibility of Overseas Shareholders who wish (a) to request for the Notification and/or the relevant Acceptance Forms; or (b) to accept the Offer, to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Joint Offerors, UOBKH, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Joint Offerors, UOBKH, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (a) requesting for the Notification and the relevant Acceptance Forms; and/or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Joint Offerors, UOBKH, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position, including (without limitation) the ability to accept the Offer, should consult his professional adviser in the relevant jurisdiction.

15.3 Copies of the Notification and the relevant Acceptance Forms

Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, obtain a copy of the Notification, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents or the office of the Registrar, M & C Services Private Limited (if he is a scripholder) at 112 Robinson Road #05-01, Singapore 068902.

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Joint Offerors at (a) Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Irelia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934 (if he is a Depositor), or (b) Mr. Toh Kok Soon, Synergy Supply Chain Management Sdn. Bhd., Irelia Management Sdn. Bhd., Tristan Management Sdn. Bhd. and Subtleway Management Sdn. Bhd. c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 (if he is a scripholder), to request for the Notification, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document and the relevant Acceptance Forms are available on the website of the SGX-ST at <https://www.sgx.com>.

15.4 Notice

The Joint Offerors and UOBKH each reserve the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement."

LETTER TO SHAREHOLDERS

11.2 Availability of Warrants. The availability of the Warrants Proposal to Overseas Warranholders may be affected by the laws of the relevant overseas jurisdiction.

Overseas Warranholders should refer to paragraph 6 of the Warrants Proposal Letter, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Warrants Proposal Letter.

“6. ACCEPTING WARRANTHOLDER

6.4 Overseas Jurisdictions. *This letter, the Warrants Notification, the Warrants Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this letter, the Warrants Notification, the Warrants Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this letter, the Warrants Notification, the Warrants Acceptance Forms and/or any related documents in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this letter, the Warrants Notification, the Warrants Acceptance Forms and/or any related documents is released, published or distributed should inform themselves about and observe such restrictions.

*Copies of this letter, the Warrants Notification, the Warrants Acceptance Forms and/or any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Warrants Proposal will violate the laws of that jurisdiction (“**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Warrants Proposal (unless otherwise determined by the Joint Offerors or UOBKH, for and on behalf of the Joint Offerors, and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Warrants Proposal will not be capable of acceptance by any such use, means, instrumentality or facilities.

6.5 Overseas Warranholders. *The availability of the Warrants Proposal to Warranholders whose addresses are outside Singapore, as shown on the register of holders of Warrants or, as the case may be, in the records of CDP (“**Overseas Warranholders**”, and each, an “**Overseas Warranholder**”) and the ability of the Overseas Warranholders to accept the Warrants Proposal may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Warranholders should inform themselves of, and observe, any applicable requirements in their own jurisdictions, and exercise caution in relation to the Warrants Proposal, as this letter has not been reviewed by any regulatory authority in any overseas jurisdiction. Where there are potential restrictions on sending the Warrants*

LETTER TO SHAREHOLDERS

Notification and/or the relevant Warrants Acceptance Forms to any overseas jurisdictions, the Joint Offerors, UOBKH, CDP and the Warrant Agent each reserves the right not to send these documents or any part thereof to Overseas Warranholders in any such overseas jurisdictions.

For the avoidance of doubt, the Warrants Proposal is made to all Warranholders, including those to whom the Warrants Notification and/or the relevant Warrants Acceptance Forms have not been, or may not be, sent.

It is the responsibility of Overseas Warranholders who wish (a) to request for the Warrants Notification and/or the relevant Warrants Acceptance Forms; or (b) to accept the Warrants Proposal, to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Warranholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Joint Offerors, UOBKH, CDP, the Warrant Agent and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Warranholders for any such taxes, imposts, duties or other requisite payments as the Joint Offerors, UOBKH, CDP, the Warrant Agent and any person acting on their behalf may be required to pay. In (i) requesting for the Warrants Notification and the relevant Warrants Acceptance Forms; and/or (ii) accepting the Warrants Proposal, each Overseas Warranholder represents and warrants to the Joint Offerors, UOBKH, CDP and the Warrant Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Warranholder who is in doubt about his position, including (without limitation) the ability to accept the Warrants Proposal, should consult his professional adviser in the relevant jurisdiction.

6.6 Notice. *The Joint Offerors and UOBKH each reserves the right to notify any matter, including the fact that the Warrants Proposal has been made, to any or all Warranholders (including Overseas Warranholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice(s) shall be deemed to have been sufficiently given notwithstanding any failure by any Warranholder (including Overseas Warranholder) to receive or see such relevant announcement or advertisement."*

11.3 Copies of Circular. This Circular may not be sent to Overseas Shareholders and Overseas Warranholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder and Overseas Warranholder may, nevertheless, download a copy of this Circular from the website of the SGX-ST at www.sgx.com.

12. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Paragraph 16 of the Letter to Shareholders in the Offer Document sets out information relating to CPFIS Investors and SRS Investors, extracts of which are set out below. Unless otherwise

LETTER TO SHAREHOLDERS

defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“16. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price in respect of their Offer Shares, in their respective CPF investment accounts and SRS investment accounts.”

Paragraph 6 of the Warrants Proposal Letter sets out information relating to CPFIS Investors and SRS Investors, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Warrants Proposal Letter.

“6. ACCEPTING WARRANTHOLDER

6.7 Information Relating to CPFIS Investors and SRS Investors. *Investors who have purchased Warrants using their Central Provident Fund (“CPF”) account contributions pursuant to the Central Provident Fund Investment Scheme (“CPFIS”) (“CPFIS Warrants Investors”), and investors who have purchased Warrants pursuant to the Supplementary Retirement Scheme (“SRS”) (“SRS Warrants Investors”) should receive further information on how to accept the Warrants Proposal from their respective agent banks included under the CPFIS (“CPF Agent Banks”) and agent banks included under the SRS (“SRS Agent Banks”). CPFIS Warrants Investors and SRS Warrants Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Warrants Investors and SRS Warrants Investors should seek independent professional advice.*

CPFIS Warrants Investors and SRS Warrants Investors who wish to accept the Warrants Proposal are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Warrants Investors and SRS Warrants Investors who validly accept the Warrants Proposal will receive payment for their Warrants in their respective CPF investment accounts and SRS investment accounts.”

13. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Offeror Securities and Relevant Securities as at the Latest Practicable Date are set out in Appendix B to this Circular.

LETTER TO SHAREHOLDERS

14. ADVICE AND RECOMMENDATIONS

14.1 General. Shareholders and Warranholders should read and carefully consider the recommendations of the Directors and the advice of the IFA to the Directors in respect of the Offer and Warrants Proposal dated 20 December 2021 in their entirety before deciding whether to accept or reject the Offer and Warrants Proposal. The IFA Letter is reproduced in Appendix A to this Circular.

14.2 Independence of Directors.

All of the Directors consider themselves independent for the purposes of making a recommendation on the Offer and Warrants Proposal.

14.3 Advice of the IFA to the Directors

- (a) **IFA.** Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Directors in respect of the Offer and Warrants Proposal. Shareholders and Warranholders should read and consider carefully the recommendation of the Directors and the advice of the IFA to the Directors in respect of the Offer and Warrants Proposal before deciding whether to accept or reject the Offer and Warrants Proposal. The IFA's advice is set out in its letter dated 20 December 2021, which is set out in Appendix A to this Circular.
- (b) **Factors taken into consideration by the IFA.** In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in paragraphs 8 and 9 of the IFA Letter. Shareholders should read paragraph 8 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter. Warranholders should read paragraph 9 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.
- (c) **Advice of the IFA.** After having regard to the considerations set out in the IFA Letter, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Directors as extracted below. Shareholders and Warranholders should read the extracts below in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

“10. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer and the Warrants Proposal. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

10.1 The Offer

The evaluation factors for the Offer are set out in paragraph 8 of this IFA Letter.

LETTER TO SHAREHOLDERS

We set out below a summary of the key factors we have taken into our consideration of the Offer:

- (a) the Offer Price of S\$0.01 per Share is below the range of traded prices of the Shares for the periods between 23 August 2021 and the Latest Practicable Date;
- (b) the Offer Price represents discounts of more than 85% to the VWAPs of the Shares for the periods between 23 August 2021 and the Offer Announcement Date and a discount of 90.04% to the VWAP of the Shares for the period between 19 November 2021 and the Latest Practicable Date;
- (c) the Offer Price is within the range of issue prices of between S\$0.0042 and S\$0.1907 for the Placement Shares and Conversion Shares issued by the Company in August 2021;
- (d) the Group reported operating losses during the Review Period and had negative operating earnings after adding back non-operating gains and expenses during the Review Period;
- (e) the losses of the Group during the Review Period were largely due to impairment losses on goodwill, inventories and trade receivables. As at 30 September 2021, the Group had intangible assets, inventories and trade receivables of S\$0.8 million, S\$2.4 million and S\$2.9 million respectively;
- (f) the Offer Price represents a premium of S\$0.0052 or 108.6% to the unaudited NAV per Share, or a P/NAV ratio of 2.1 times;
- (g) the Offer Price represents a premium of S\$0.0067 or 202.5% to the unaudited NTA per Share, or a P/NTA ratio of 3.0 times;
- (h) ARB 226, if fully recovered, will improve the Group's NAV by S\$93.0 million or S\$0.1693 per Share;
- (i) the P/NAV ratio of the Company as implied by the Offer Price of 2.1 times is within the range and above the mean and median P/NAV ratios of the Comparable Companies;
- (j) the discount implied by the Offer Price over the last transacted price, the 1-month VWAP and 3-month VWAP respectively before the announcement of the Offer are below the range of discounts of the Non-Privatisation Transactions (especially for Non-Privatisation Transactions which were opined as fair and reasonable by the respective independent financial advisers); and
- (k) other considerations as set out in paragraph 8.6 of this IFA Letter.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Directors to recommend Shareholders to REJECT the Offer.

10.2 The Warrants Proposal

The evaluation factors for the Warrants Proposal are set out in paragraph 9 of this IFA Letter.

LETTER TO SHAREHOLDERS

In summary, the Warrants has zero intrinsic value and the Warrants Price of S\$0.01 is the only available channel of sale for Warranholders.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Warrants Proposal, on balance, are fair and reasonable. Accordingly, we advise the Directors to recommend the Warranholders to ACCEPT the Warrants Proposal.

Warranholders should note that they will not receive the Warrants Price of S\$0.01 for each Warrant if they do not take any action and let the Warrants Proposal lapse. Warranholders should take note of the closing date and submit their acceptance of the Warrants Proposal before the closing date.”

Recommendations of the Directors. The Directors, having considered carefully the terms of the Offer and the Warrants Proposal and the advice given by Xandar Capital Pte. Ltd. in the IFA Letter, have set out their recommendation on the Offer and the Warrants Proposal below:

(a) Offer

The Directors CONCUR with the IFA's assessment of the Offer and its recommendation thereon. **Accordingly, the Directors recommend that Shareholders REJECT the Offer.**

(b) Warrants Proposal

The Directors CONCUR with the IFA's assessment of the Warrants Proposal and its recommendation thereon. **Accordingly, the Directors recommend that Warranholders ACCEPT the Warrants Proposal.**

14.4 No regard to specific objectives. Shareholders and Warranholders should note that trading of the Shares and Warrants is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by the IFA to the Directors in respect of the Offer and the Warrants Proposal does not and cannot take into account the future trading activities or patterns or price levels that may be established beyond the Latest Practicable Date.

Shareholders and Warranholders are advised to read the terms and conditions of the Offer Document and Warrants Proposal Letter carefully. Shareholders and Warranholders are advised to read the full text of the IFA Letter set out in Appendix A to this Circular and other relevant information set out in this Circular carefully before deciding whether to accept or reject the Offer and Warrants Proposal. Shareholders and Warranholders should note that the IFA's advice to the Directors and the recommendation of the Directors should not be relied upon by any Shareholder or Warranholder as the sole basis for deciding whether or not to accept the Offer or Warrants Proposal.

LETTER TO SHAREHOLDERS

In rendering the advice and the recommendations above, both the IFA and the Directors have not had regard to the general or specific investment objectives, financial situation, tax status, risk profiles, unique needs and constraints or other particular circumstances of any individual Shareholder or Warrantholder. As different Shareholders and Warrantholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder or Warrantholder who may require specific advice in the context of his Shares or Warrants should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS AND WARRANTHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

15. ACTION TO BE TAKEN BY SHAREHOLDERS AND WARRANTHOLDERS

Shareholders and Warrantholders who **wish to accept the Offer and Warrants Proposal** must do so not later than **5.30 p.m. (Singapore time) on the Closing Date**, abiding by the procedures for the acceptance of the Offer or the Warrants Proposal as set out in respectively Appendix B to the Offer Document and in the accompanying FAA and/or FAT (in the case of the Offer), or in Appendix 1 of the Warrants Proposal Letter and in the accompanying Warrants FAA and/or Warrants FAT (in the case of the Warrants Proposal).

Shareholders and Warrantholders who **do not wish to accept the Offer and Warrants Proposal** need not take any further action in respect of the Offer Document, the FAA and/or the FAT (in the case of the Offer), or in respect of the Warrants Proposal Letter, the Warrants FAA and/or Warrants FAT (in the case of the Warrants Proposal) which have been sent to them.

16. CONSENTS

Xandar Capital Pte. Ltd., named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter as set out in Appendix A to this Circular, and all references to the IFA's name, in the form and context in which they appear in this Circular.

Ernst & Young LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the independent auditor's report in relation to the audited financial statements of the Group for FY2020, and all references to the Auditors' name, in the form and context in which they appear in this Circular.

M & C Services Private Limited, named as the Registrar, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all the references to its name in the form and context in which they appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 21 Kian Teck Road, Singapore 628773, during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution of the Company;

LETTER TO SHAREHOLDERS

- (b) the annual reports of the Company for FY2020, FY2019 and FY2018, which include the audited consolidated financial statements of the Group for FY2020, FY2019 and FY2018;
- (c) the Offer Announcement;
- (d) the Offer Document;
- (e) the Warrants Proposal Letter;
- (f) the IFA Letter as set out in Appendix A to this Circular; and
- (g) the letters of consent referred to in Section 16 of this Circular.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility); (b) the information extracted from the Offer Announcement, the Offer Document and the Warrants Proposal Letter; and (c) the information relating to the Joint Offerors, the Directors (including any who may have delegated detailed supervision of the preparation of this Circular) have taken all reasonable care to ensure that the facts stated in this Circular are fair and accurate and that no material facts have been omitted from this Circular, and they jointly and severally accept responsibility accordingly.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Offer Document and the Warrants Proposal Letter), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

19. ADDITIONAL INFORMATION

The attention of the Shareholders and Warranholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
VIKING OFFSHORE AND MARINE LIMITED

Lee Suan Hiang
Lead Independent Director

**APPENDIX A – LETTER FROM THE IFA TO
THE DIRECTORS IN RESPECT OF THE OFFER**

20 December 2021

VIKING OFFSHORE AND MARINE LIMITED

21 Kian Teck Road
Singapore 628773

Attention: The Board of Directors

MANDATORY UNCONDITIONAL CASH OFFER (THE “OFFER”) BY UOB KAY HIAN PRIVATE LIMITED (“UOB KAY HIAN”) FOR AND ON BEHALF OF MR. TOH KOK SOON, SYNERGY SUPPLY CHAIN MANAGEMENT SDN. BHD., IRELIA MANAGEMENT SDN. BHD., TRISTAN MANAGEMENT SDN. BHD. AND SUBTLEWAY MANAGEMENT SDN. BHD. (COLLECTIVELY, THE “JOINT OFFERORS”) FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF VIKING OFFSHORE AND MARINE LIMITED (THE “SHARES”), EXCLUDING TREASURY SHARES AND THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE JOINT OFFERORS (THE “OFFER SHARES”)

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to shareholders of Viking Offshore and Marine Limited (the “Company”) dated 20 December 2021 issued in connection with the Offer (the “Circular”).

1. INTRODUCTION

On 18 November 2021 (the “**Offer Announcement Date**”), UOB Kay Hian announced for and on behalf of the Joint Offerors that the Joint Offerors had on the same day acquired an aggregate of 477,943,013 Shares from Blue Ocean Capital Partners Pte. Ltd. (“**Blue Ocean**”) and Mr. Ng Yeau Chong (“**Mr. Ng**”) at the purchase consideration of S\$0.01 per Share (the “**Acquisition**”). As a consequence of the Acquisition, as at the Offer Announcement Date, the Joint Offerors owned, controlled or agreed to acquire an aggregate of 477,943,013 Shares, representing approximately 87.00% of the total number of Shares (excluding treasury Shares).

Prior to the Acquisition, the Joint Offerors did not own or control any Shares.

As a consequence of the Acquisition, the Joint Offerors are making the Offer in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) and Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), subject to the terms and conditions set out in the offer document dated 6 December 2021 (the “**Offer Document**”) issued by UOB Kay Hian for and on behalf of the Joint Offerors.

In accordance with Rule 19 of the Code, the Joint Offerors are also making a proposal (the “**Warrants Proposal**”) to the holders (the “**Warrantholders**”) of outstanding warrants (the “**Warrants**”) issued by the Company, subject to the terms and conditions set out in the warrants proposal letter dated 6 December 2021 (the “**Warrants Proposal Letter**”) issued by UOB Kay Hian for and on behalf of the Joint Offerors.

In connection with thereof, the Company has appointed Xandar Capital Pte. Ltd. (“**Xandar Capital**”) as the independent financial adviser (the “**IFA**”) to the board of directors of the

Page 1 of 29

Company (the “**Directors**”) all of whom are considered independent for the purposes of the Offer and the Warrants Proposal, to assess the financial terms of the Offer and the Warrants Proposal, and advise whether the financial terms of the Offer and the Warrants Proposal are fair and reasonable.

This letter sets out, *inter alia*, our evaluation and advice of the terms of the Offer and the Warrants Proposal (this “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer and the Warrants Proposal, as well as the recommendation of the Directors in respect thereof.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Directors on whether the terms of the Offer and the Warrants Proposal are fair and reasonable.

Our evaluation is limited to the financial terms of the Offer and the Warrants Proposal, and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer and the Warrants Proposal. We have not relied on any financial projections or forecasts in respect of the Company and any of its subsidiaries (collectively, the “**Group**”). We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group. We are also not expressing any view herein as to the prices at which the Shares or the Warrants may trade after the close of the Offer and the Warrants Proposal. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer, the Warrants Proposal or any other offers, if any. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares and the Warrants, and therefore are not able to, and will not compare the Offer and the Warrants Proposal to any other alternative transaction. We are also not addressing the relative merits of the Offer and the Warrants Proposal as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future. We have also not conducted any review of the business, operations or financial condition of the Company and the Group.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group and the Company did not commission any independent market valuation on any assets for the purpose of the Offer and the Warrants Proposal.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy and reliability of such information. The Directors have jointly and severally accepted

Page 2 of 29

full responsibility for the accuracy, completeness and adequacy of all such information and representations as provided and made by the aforesaid parties as contained herein.

Save for (a) the IFA Letter (for which the IFA takes responsibility); (b) the information extracted from the offer announcement dated 18 November 2021, the Offer Document and the Warrants Proposal Letter; and (c) the information relating to the Joint Offerors, the Directors (including any who may have delegated detailed supervision of the preparation of the Circular) have taken all reasonable care to ensure that the facts stated in the Circular are fair and accurate and that no material facts have been omitted in the Circular, and they jointly and severally accept responsibility accordingly. In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate. Where information in the Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the offer announcement dated 18 November 2021, the Offer Document and the Warrants Proposal Letter), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in the Circular.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information provided to us as at 13 December 2021 being the Latest Practicable Date (the “**Latest Practicable Date**”) for the Circular. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders of the Company (“**Shareholders**”) and Warranholders should take note of any announcements and/or events relevant to their consideration of the Offer and the Warrants Proposal which may be released or occur after the Latest Practicable Date.

In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or Warranholder, or any specific group of Shareholders or Warranholders. We recommend that Shareholders or Warranholders who may require specific advice in relation to their Shares or Warrants, investment objectives or portfolios to consult their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.

This IFA Letter is for the use and benefit of the Directors in connection with and for the purpose of their consideration of the Offer and the Warrants Proposal, and the recommendation made by the Directors shall remain their responsibility.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our advice in relation to the Offer and the Warrants Proposal should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Directors advise the Shareholders and Warrantheolders to read these pages carefully.

3. THE OFFER

The Offer is a mandatory unconditional cash offer in accordance with Section 139 of the SFA and Rule 14 of the Code.

The detailed terms and conditions of the Offer are set out in Section 2 of, and Appendix A to, the Offer Document. We extract the following for your reference.

3.1 The Offer Price

For each Offer Share: S\$0.01 in cash (the “Offer Price”).

The Offer Price is final.

The Joint Offerors do not intend to revise the terms of the Offer.

3.2 The Offer Shares

The Offer is extended, on the same terms and conditions, to all Offer Shares. For the avoidance of doubt, the Offer will be also extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Warrants prior to the close of the Offer. For the purposes of the Offer, the expression “Offer Shares” will include all such Shares.

3.3 No Encumbrances

The Offer Shares will be acquired:

- (a) validly issued and fully paid;
- (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, encumbrances, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights and the right to receive and retain all dividends, rights, return of capital and/or other distributions (“**Distribution**”) (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Joint Offerors reserve the right to reduce the Offer Price by an amount equivalent to such Distribution.

3.4 The Offer is unconditional in all respects

The Offer is unconditional in all respects.

4. THE WARRANTS PROPOSAL

The Warrants Proposal is a mandatory unconditional cash offer in accordance with Rule 19 of the Code.

The detailed terms and conditions of the Warrants Proposal are set out in the Warrants Proposal Letter. We extract the following for your reference.

4.1 The Warrants Price

For each Warrant: S\$0.01 in cash (the “Warrants Price”).

In accordance with Note 1 to Rule 19 of the Code, the Warrants Price is calculated on a “see-through” basis. In other words, the Warrants Price for a Warrant will be the amount (if positive) of the Offer Price less the exercise price of that Warrant. If the exercise price of the Warrants is equal to or more than the Offer Price, the Warrants Price for each Warrant will be the nominal amount of S\$0.01.

4.2 The Warrants

UOB Kay Hian, for and on behalf of the Joint Offerors, is making the Warrants Proposal to pay to Warrantheholders a cash amount based on the Warrants Price to acquire the Warrants on the terms set out in the Warrants Proposal Letter.

Based on publicly available information, there were 1,949,798 outstanding Warrants as at the Latest Practicable Date.

Each Warrant carries the right to subscribe for one (1) new Share at the exercise price of S\$0.50 for each new Share.

Pursuant to the terms and conditions of the Warrants, the exercise period for the Warrants commenced on 4 July 2017 and will end at 5.00 p.m. (Singapore time) on 1 July 2022.

4.3 Terms

The Warrants Proposal is made subject to the relevant Warrants continuing to be exercisable into new Shares.

A Warrantheholder who tenders his Warrants in acceptance of the Warrants Proposal will be deemed to unconditionally and irrevocably represent and warrant that he sells such Warrants as or on behalf of the beneficial owner(s) thereof:

- (i) validly issued and fully paid;
- (ii) free from all encumbrances; and

- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date for the benefit of a Warrantholder who validly accepts or has validly accepted the Warrants Proposal, depending on the settlement date in respect of the Warrants tendered in acceptance of the Warrants Proposal, the Joint Offerors reserve the right to reduce the Warrants Price by an amount equivalent to such Distribution.

5. INFORMATION ON THE JOINT OFFERORS

Information on the Joint Offerors, as set out below in *italics*, has been extracted from Section 7 of, and Appendix C to, the Offer Document. Capitalised terms not otherwise defined shall have the meaning given to them in the Offer Document.

Toh is a businessman and details of the other Joint Offerors are set out in the paragraphs below.

Synergy was incorporated on 17 September 2021 for investment and equity holding purposes and is currently a dormant company. It has an issued and paid-up share capital of RM100.00 divided into 100 ordinary shares, wholly owned by Mr. Ong Swee Sin (a businessman), who is also its sole director.

Irelia was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Tan Chiau Wei (a businessman), who is also its sole director.

Tristan was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Ng Boon Chee (a businessman), who is also its sole director.

Subtleway was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Lim Jun Hao (a businessman), who is also its sole director.

As set out in Appendix E to the Offer Document, the Joint Offerors hold the following interests in the capital of the Company as at 30 November 2021:

Name of Joint Offerors	Number of Shares	Percentage interest in the capital of the Company
Mr. Toh Kok Soon	75,433,234	13.73
Synergy Supply Chain Management Sdn. Bhd.	16,335,967	2.97
Irelia Management Sdn. Bhd.	100,792,442	18.35
Tristan Management Sdn. Bhd.	141,418,407	25.74

Name of Joint Offerors	Number of Shares	Percentage interest in the capital of the Company
Subtleway Management Sdn. Bhd.	143,962,963	26.21
Total	<u>477,943,013</u>	<u>87.00</u>

6. INFORMATION ON THE COMPANY

Information on the Company, as set out below in *italics*, has been extracted from paragraph 3 of Appendix B to the Circular.

The Company is a limited liability company incorporated in Singapore on 4 November 1993. The Company is listed on the Catalist of the SGX-ST. 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 Company's subsidiaries include the provision of offshore and marine system solutions to yards, vessels owners and oil majors around the world.

7. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS' INTENTIONS FOR THE COMPANY

The rationale for the Offer and the Joint Offerors' intention for the Company are set out in Section 9 of the Offer Document. We extract in *italics* as follows:

7.1 Rationale for the Offer

The Offer is made solely to comply with the Code arising from the Acquisition.

7.2 Joint Offerors' intention for the Company

There is currently no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Joint Offerors will, on close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the Shareholders for the Group to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the businesses of the Group (including re-deployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group.

8. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors:

- (a) the historical market performance of the Shares;
- (b) the historical financial performance of the Group;
- (c) the latest announced financial position of the Group;
- (d) comparison of the valuation ratios of the Company implied by the Offer Price against those of comparable companies;
- (e) comparison of the valuation ratios of the Offer with recently completed non-privatisation transactions for companies listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”);
- (f) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

8.1 HISTORICAL MARKET PERFORMANCE OF THE SHARES

Background

The Company’s Shares were suspended from trading for the period between 14 June 2019 and 22 August 2021. The following is a summary of events relating to the trading suspension.

The Company called for a trading halt of its Shares in the morning of 11 June 2019.

On 13 June 2019, the Company announced that:

- (a) the Company’s independent auditor, Ernst & Young LLP, has issued a disclaimer of opinion in their Independent Auditors’ Report in relation to the Group’s financial statements for the financial year ended 31 December (“**FY**”) 2018;
- (b) there were certain material differences between the audited financial results of the Group for FY2018 and the unaudited financial statements for FY2018;
- (c) the Company had on 13 June 2019 made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company (“**Section 211B Moratorium**”) pursuant to Section 211B of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and its subsidiary Viking Asset Management Pte Ltd (“**VAM**”) had also made an application to the High Court of the Republic of Singapore to seek a moratorium against enforcement actions and legal proceedings by creditors pursuant to Section 211C of the Companies Act; and
- (d) given the disclaimer of opinion, the Section 211B Moratorium and that the Company had net current liabilities of S\$11.1 million as at 31 December 2018 and reported a

Page 8 of 29

loss of approximately S\$1.6 million for the first quarter ended 31 March 2019, the Board has recommended that it is in the best interests of the Company that the trading halt on the Company's shares will be converted into a trading suspension with immediate effect to allow and enable the Company to use the time provided to it by the moratorium to seek a restructuring of its liabilities and to seek potential investment. Trading of the Shares has been suspended with effect from 14 June 2019.

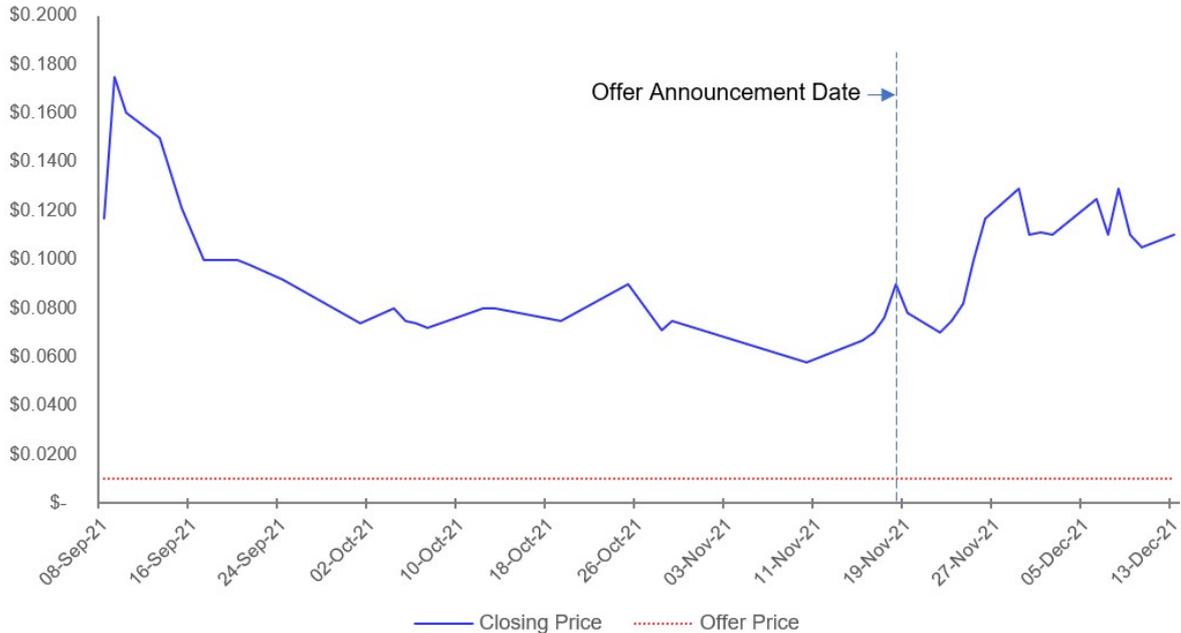
Since then, the Company has undertaken a series of corporate actions including the following:

- (i) on 30 October 2020, the Company announced that it has completed the disposal of the entire issued and paid-up share capital of Viking Facilities Management & Operations Pte. Ltd. ("**VFMO**") held by the Company for a total consideration of S\$12.1 million which was applied towards the release and discharge of all existing liabilities and securities owing to Maybank Singapore Limited ("**Maybank**") by the Group (excluding certain existing securities granted by VFMO, which continue to subsist post-completion, in connection with a revised bank loan to VFMO from Maybank (after the change of shareholder from the Company to the purchaser of VFMO) as well as the discontinuance of Maybank's application against three of the Group entities (including VFMO));
- (ii) on 31 May 2021, the Company announced that it has received the sanction and approval by the Singapore High Court of the Scheme of Arrangement proposed by the Company to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 (the "**Scheme**") and will work towards implementing the Scheme and its provisions as part of its court-supervised restructuring process;
- (iii) on 30 June 2021, the Company announced that it has received Shareholders' approvals for, *inter alia*, (I) the proposed consolidation of every fifty (50) then existing shares held by Shareholders as at the record date into one (1) Share in the manner, fractional entitlements to be disregarded (the "**Share Consolidation**"); (II) the proposed allotment and issue of up to 490,990,951 new Shares (the "**Placement Shares**") to Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong; and (III) the proposed allotment and issue of 49,442,375 new Shares (the "**Conversion Shares**") to valid creditors under the Scheme (the "**Scheme Creditors**");
- (iv) on 12 August 2021, the Company announced that the Share Consolidation (together with relevant adjustments to the outstanding Warrants) has been completed; and
- (v) on 17 August 2021, the Company announced that the completion of the allotment and issue of 477,943,013 Placement Shares and 49,442,375 Conversion Shares, and that the Scheme shall cease and terminate.

On 20 August 2021, the Company announced that the lifting of the trading suspension and resumption of trading of the Company's securities (namely the Shares and Warrants) will take place on 23 August 2021.

8.1.1 Historical closing price of the Shares

Accordingly, for the purposes of our analysis of market performance of the Shares in respect of the Offer, we have compared the Offer Price against the historical closing price of the Shares for period between 23 August 2021, being the date of resumption of trading of the Shares on the SGX-ST and 18 November 2021 (being the Offer Announcement Date), and up to the Latest Practicable Date as follows:



Source: Bloomberg L.P.

As set out the chart above, the Offer Price is substantially lower than the closing prices of the Shares for the period between 23 August 2021 and the Latest Practicable Date.

The closing prices of the Shares for the period between 23 August 2021 and the Offer Announcement Date range from a low of S\$0.058 per Share to a high of S\$0.175 per Share while the closing prices of the Shares for the period between 19 November 2021 and the Latest Practicable Date range from a low of S\$0.07 per Share to a high of S\$0.129 per Share.

The Offer Price represents a discount of 88.89% to the closing price of S\$0.09 per Share on the Offer Announcement Date.

The Offer Price represents a discount of 90.91% to the closing price of S\$0.11 per Share on the Latest Practicable Date.

8.1.2 Historical trading statistics of the Shares

For a more meaningful analysis, we tabulate the following trading statistics information of the Shares for the period between 23 August 2021 and the Latest Practicable Date:

	VWAP ⁽¹⁾⁽²⁾ (S\$)	Discount of Offer Price to VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)	Average daily traded volume ⁽¹⁾⁽³⁾	Average daily traded volume as percentage of free float ⁽⁴⁾ (%)
<u>Periods up to and including the Offer Announcement Date</u>						
From 23 August 2021	0.1115	(91.03)	0.176	0.050	50,308	0.08
Last 1 month	0.0808	(87.62)	0.090	0.058	23,156	0.04
On the Offer Announcement Date	0.0871	(88.52)	0.090	0.086	66,600	0.10
<u>Periods after the Offer Announcement Date</u>						
Up to and including the Latest Practicable Date	0.1004	(90.04)	0.135	0.064	266,844	0.40
The Latest Practicable Date ⁽⁵⁾	0.1067	(90.63)	0.110	0.105	12,800	0.02

Source: Bloomberg L.P.

Notes:

- (1) Excluding the 477,943,013 Shares which are the subject of the Acquisition.
- (2) "VWAP" means volume weighted average price. Rounded to four (4) decimal places.
- (3) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the total days where the Shares were traded ("**Trading Days**") during that period.
- (4) Calculated based on 65,813,599 Shares being the difference between (i) the Company's total share capital of 549,359,674 Shares (excluding treasury Shares); and (ii) the 477,943,013 Shares held by the Joint Offerors and the 5,603,062 Shares held by Directors and their associates. The free float also includes the 49,442,375 Shares held by the Scheme Creditors which can only be disposed, sold or transferred on an off-market basis during a 12-month period commencing 17 August 2021, being the date of allotment and issue of the Conversion Shares.

We note the following with regard to the traded prices of the Shares:

- (a) the Offer Price of S\$0.01 per Share is below the range of traded prices of the Shares for the periods between 23 August 2021 and the Latest Practicable Date;
- (b) the Offer Price represents a discount of 94.32% to the highest traded price of S\$0.175 for each Share for the period between 23 August 2021 and the Offer Announcement Date and a discount of 80.00% to the lowest traded price of S\$0.05 for each Share for the period between 23 August 2021 and the Offer Announcement Date;

- (c) the Offer Price represents discounts of more than 85% to the VWAPs of the Shares for the periods between 23 August 2021 and the Offer Announcement Date;
- (d) the Offer Price represents a discount of 90.04% to the VWAP of the Shares for the period between 19 November 2021 and the Latest Practicable Date; and
- (e) the Offer Price represents a discount of 92.59% to the highest traded price of S\$0.135 for each Share for the period between 19 November 2021 and the Latest Practicable Date and a discount of 84.38% to the lowest traded price of S\$0.064 for each Share for the period between 19 November 2021 and the Latest Practicable Date.

We note the following with regard to the trading liquidity of the Shares:

- (a) the average daily traded volumes of the Shares for the periods prior to and including the Offer Announcement Date represent only 0.1% or lower percentage of the free float. Average daily traded volume for the period between 23 August 2021 and the Offer Announcement Date was only 50,308 Shares while the total traded value of the Shares for the same period amounted to only approximately S\$140,206. Average daily traded volume increased to 266,844 Shares for the period between 19 November 2021 and the Latest Practicable Date with the total traded value of the Shares for the same period amounting to approximately S\$428,467;
- (b) as mentioned in footnote (3) to the table above, the average daily traded volumes of the Shares are calculated based on the total number of Trading Days. The average daily traded volumes of the Shares will be lower if it is calculated based on the number of days which the SGX-ST is open for trading of securities ("**Market Days**") during the relevant periods. We set out the number of Trading Days and Market Days for the periods between 23 August 2021 and the Latest Practicable Date as follows:

	Number of Trading Days	Number of Market Days
<u>Periods up to the Offer Announcement Date</u>		
From 23 August 2021	25	63
Last 1 month	9	22
<u>Period after the Offer Announcement Date</u>		
Up to and including the Latest Practicable Date	16	17

As set out in the table above, the Shares were traded on less than 50.0% of the Market Days for the periods prior to the Offer Announcement Date.

The increase in the average daily traded volume of the Shares and the number of Trading Days after the Offer Announcement Date may be attributed to the Offer. There is no assurance that trading volume and days of the Shares will be maintained at the same level after the close of the Offer.

Based on the above, the historical trading volume of the Shares is thin and the Shares are illiquid.

Shareholders should also note that the historical market performance of the Shares is not indicative of the future price performance of the Shares, which may be affected by factors beyond the scope of our evaluation.

8.1.3 Recent issue price of new Shares of the Company

As mentioned above, the Company allotted and issues 477,943,013 Placement Shares and 49,442,375 Conversion Shares on 17 August 2021.

Based on the gross proceeds of S\$2 million, we calculate the Placement Shares to be issued at an average price of S\$0.0042 for each Placement Share. The Offer Price represents a premium of S\$0.0058 or 139.0% to the issue price of the Placement Shares.

Based on the issue price of S\$0.1907 for each Conversion Share as set out in the Company's circular dated 15 June 2021 (the "**Jun 2021 Circular**"), the Offer Price represents a discount of S\$0.1807 or 94.8% to the issue price of the Conversion Shares.

8.2 HISTORICAL FINANCIAL PERFORMANCE OF THE GROUP

The Group operates in the offshore and marine industry as well as the oil and gas industry which have been badly affected in recent years. As a result, the Group was also affected and reported losses annually from FY2014 to FY2020.

We set out below a summary of the key financial information of the Group for FY2018, FY2019 and FY2020 and the unaudited financial information of the Group for the nine months period ended 30 September 2020 ("**9M2020**") and 30 September 2021 ("**9M2021**") (collectively, the "**Review Period**"):

S\$'000	Audited FY2018	Audited FY2019	Audited FY2020	Unaudited 9M2020	Unaudited 9M2021
Revenue	30,146	21,273 ⁽¹⁾	17,187 ⁽¹⁾	13,228	8,391
Gross profit	11,540	5,979 ⁽¹⁾	4,981 ⁽¹⁾	4,422	2,735
(Loss)/Profit before tax	(28,245)	(31,354) ⁽¹⁾	(25,376) ⁽¹⁾	(3,834)	22,030 ⁽²⁾
(Loss) from discontinued operations ⁽¹⁾	-	(635)	(627)	-	-
(Loss)/Profit for the year/period	(28,048)	(31,989)	(25,461)	(3,790)	22,029 ⁽²⁾

Notes:

- (1) On 30 October 2020, the Group completed the disposal of the entire issued share capital of its wholly-owned subsidiary, VFMO. The entire results from the disposal group (comprising VFMO and its subsidiaries) are presented separately as "discontinued operations" and excluded from the revenue, gross profit and loss before tax of the Group for FY2019 and FY2020.
- (2) The profit before tax and profit for the period of the Group for 9M2021 included a one-off gain of S\$23,334,000 arising from the reversal of liabilities of the Group upon completion of the Scheme. Excluding such gain, the Group would have reported a loss before tax and loss for the period of S\$1,304,000 and S\$1,305,000 respectively for 9M2021.

We note the following with respect to the financial performance of the Group during the Review Period:

- (a) According to the annual reports of the Company, the Group has three business segments, namely the offshore and marine segment, chartering services segment and the corporate segment. We note that the Group generates revenue substantially from external customers for the offshore and marine segment in FY2019, FY2020 and 9M2021. The Group did not generate any revenue from external customers for the chartering services segment in FY2019, FY2020 and 9M2021 due to the termination of contracts because of the charterer's default in FY2018. The Group also did not generate any revenue from external customers for the corporate segment in 9M2021 due to the disposal of the entire issued share capital of its wholly-owned subsidiary on 31 October 2020 which held leasehold buildings.
- (b) The Group's revenue decreased from S\$30.1 million in FY2018 to S\$23.7 million in FY2019 due to lower order book for the offshore and marine services. The Group also recorded no revenue from its chartering services segment in FY2019 as compared to S\$2.5 million in FY2018.

The Group's revenue further decreased to S\$17.2 million for FY2020, affected by the slower and lower trend of newbuild opportunities in the offshore sector and the deferment of projects in the marine sector as a result of the COVID-19 pandemic.

The Group's revenue for 9M2021 amounted to S\$8.4 million as compared to S\$13.2 million for 9M2020 due to lower order book from the offshore and marine services.

- (c) Despite the decrease in revenue, the Group reported gross profit for the financial years and financial periods during the Review Period. The Group registered gross profit margin of 38.28%, 28.10%, 28.98%, 33.43% and 32.59% for FY2018, FY2019, FY2020, 9M2020 and 9M2021 respectively.
- (d) The Group's loss before tax of S\$28.2 million for FY2018 was mainly due to losses of S\$15.4 million from share of results of associates. In FY2018, the two associated companies of the Group which each owned a newbuild contract for an offshore jack-up drilling rig with a shipyard impaired their assets due to the low charter rates and disposable value of the rig assets in FY2018. The Group also had inventories written off of S\$6.8 million due mainly to impairment of a land drilling rig as well as impairment of trade receivables of S\$2.5 million in FY2018.

The Group's loss before tax of S\$31.5 million for FY2019 can be attributed mainly to inventories written down and written off aggregating S\$14.8 million, impairment loss on goodwill of S\$6.3 million and impairment loss on trade receivables of S\$4.3 million.

In FY2020, the Group had inventories written down and written off aggregating S\$9.9 million and impairment loss on goodwill of S\$6.3 million. The Group also had higher interest expense of S\$8.1 million in FY2020 as compared to S\$3.4 million in FY2019. As a result, the Group had loss before tax of S\$25.4 million for FY2020.

For 9M2021, the Group registered a profit before tax of S\$22.0 million. As mentioned in footnote (2) above, this was due mainly to a one-off gain of S\$23.3 million from the

Page 14 of 29

reversal of liabilities of the Group upon completion of the Scheme. Excluding this gain, the Group would have reported a loss before tax and loss for the period of S\$1.3 million for 9M2021.

Historical price-earnings ratio (“P/E”) implied by the Offer Price

P/E illustrates the valuation ratio of the current market value of a company’s shares relative to its consolidated basic earnings per share as stated in its financial statements. The P/E is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical P/E is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

As the Group reported operating losses during the Review Period, the P/E of the Group (which will be negative) is not meaningful for our analysis.

Nevertheless, as set out in the summary analysis above, we note that the losses of the Group during the Review Period were largely due to impairment losses on goodwill, inventories and trade receivables. As at 30 September 2021, the Group had intangible assets, inventories and trade receivables of S\$0.8 million, S\$2.4 million and S\$2.9 million respectively. Please also refer to paragraph 8.3 of this IFA Letter for a summary review of the latest financial position of the Group.

8.2.1 Earnings before interest, tax, depreciation and amortisation (“EBITDA”)

Given the loss of the Group during the Review Period, EBITDA, which represents the operating earnings of the Group may be a better indicator of the operating performance of the Group. In our calculation of the Group’s EBITDA, we have also excluded non-operational gains and expenses.

We calculate the EBITDA of the Group for FY2020 and 9M2021 as follows:

S\$’000	Audited FY2018	Audited FY2019	Audited FY2020	Unaudited 9M2020	Unaudited 9M2021
(Loss)/Profit before tax	(28,245)	(31,354) ⁽¹⁾	(25,376) ⁽¹⁾	(3,834)	22,030 ⁽²⁾
<i>Add back:</i>					
- Amortisation of intangible assets	19	17	10	9	-
- Depreciation of property, plant and equipment	2,102	1,881	1,481	1,403	94
- Depreciation of right-of-use assets	-	119	99	-	-
- Interest expense	3,508	3,420	8,065	2,897	678
<i>Less:</i>					
- Interest income	(13)	(14)	(7)	(4)	(4)
EBITDA	(22,616)	(26,045)	(15,728)	475	22,802

S\$'000	Audited FY2018	Audited FY2019	Audited FY2020	Unaudited 9M2020	Unaudited 9M2021
<i>Adjust for:</i>					
- Loss/(gain) on disposal of plant and equipment	(3)	n.m.	2	-	(3)
- Share of results of associates	15,403	-	-	-	-
- Gain on disposal of subsidiary	-	-	(758)	-	-
- Intangible assets written down	-	-	20	-	-
- Impairment loss on goodwill	-	6,286	6,345	-	-
- Unrealised exchange loss/(gain)	(633)	79	445	(852)	(788)
- Fair value loss/(gain) on quoted equity investment	(44)	10	-	-	-
- Impairment loss on quoted equity investment	-	-	40	-	-
- Gain from the reversal of liabilities upon completion of the Scheme	-	-	-	-	(23,334)
Adjusted EBITDA	<u>(7,894)</u>	<u>(19,670)</u>	<u>(9,635)</u>	<u>(377)</u>	<u>(1,323)</u>

As set out in the above table, the Group had negative operating earnings after adding back non-operating gains and expenses during the Review Period.

As the Group had negative adjusted EBITDA during the Review Period, its EBITDA multiple will be negative and is not meaningful for our analysis.

8.2.2 Latest development of the Group

As mentioned in paragraph 8.1 of this IFA Letter, the Group has completed the Scheme and the allotment and issue of the Placement Shares on 17 August 2021 and its Shares resumed trading on the SGX-ST on 23 August 2021.

In its results announcement for 9M2021, the Company disclosed that the Group's operations in Singapore and its neighbouring countries within the region are still being affected by the COVID-19 pandemic, and that the Group will continue to focus on conserving its cash and liquidity while looking into avenues to monetise its capital assets to strengthen its working capital.

8.3 FINANCIAL POSITION OF THE GROUP

We summarise in the table below the balance sheet of the Group as at 31 December 2020 and 30 September 2021:

S\$'000	Audited 31 December 2020	Unaudited 30 September 2021
Current assets	28,300	9,025
Current liabilities	(49,958)	(6,091)
Net current assets/(liabilities)	(21,658)	2,934
Non-current assets	973	909
Non-current liabilities	(1)	(1,190)
Net asset value (“NAV”)	(20,686)	2,653
Less: Intangible assets	(832)	(818)
Net tangible assets (“NTA”)	(21,518)	(1,835)
NAV attributable to Shareholders (after excluding non-controlling interests)	(20,633)	2,634

The Group’s financial position improved after the completion of the Scheme and the allotment and issue of the Placement Shares on 17 August 2021.

Current assets decreased from S\$28.3 million as at 31 December 2020 to S\$9.0 million as at 30 September 2021 due mainly to collection of trade receivables. Trade receivables decreased from S\$19.1 million as at 31 December 2020 to S\$2.9 million as at 30 September 2021. Trade receivables of S\$2.9 million as at 30 September 2021 represents approximately 34.8% of the Group’s revenue for 8M2021.

Current liabilities decreased from S\$50.0 million as at 31 December 2020 to S\$6.1 million as at 30 September 2021 due mainly to reduction of liabilities (mainly other payables and accruals, term loans and redeemable exchangeable bonds) as a result of the Scheme. Other payables and accruals decreased from S\$30.6 million as at 31 December 2020 to S\$2.7 million as at 30 September 2021. Term loans and redeemable exchangeable bonds which amounted to S\$8.7 million and S\$7.2 million as at 31 December 2020 were fully eliminated as at 30 September 2021.

Non-current liabilities increased from S\$1,000 as at 31 December 2020 to S\$1.2 million as at 30 September 2021 due to an interest-free loan extended by a Shareholder to the Company in 9M2021.

8.3.1 NAV per Share

The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group and the balance proceeds, if any, be distributed to all shareholders.

Shareholders should note that such an analysis provides only an estimate of the value of the Group based on a hypothetical scenario, which does not take into account factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers for the assets, which would have an impact on the realisable value of the NAV.

As mentioned in the paragraphs above, the Company has completed the Scheme in August 2021 as part of the Company's court-supervised debt restructuring process. Accordingly, the negative NAV of the Group as at 31 December 2020 is not meaningful for our analysis.

Based on the NAV attributable to Shareholders as at 30 September 2021 and the Company's issued share capital of 549,359,674 Shares (excluding treasury Shares) as at the Latest Practicable Date, the unaudited NAV per Share as at 30 September 2021 was S\$0.0048. The Offer Price represents a premium of S\$0.0052 or 108.6% to the unaudited NAV per Share, or a price-to-NAV ("**P/NAV**") ratio of 2.1 times.

8.3.2 NTA per Share

Based on the NTA attributable to Shareholders of S\$1.8 million and the Company's issued share capital of 549,359,674 Shares (excluding treasury Shares) as at the Latest Practicable Date, the unaudited NTA per Share as at 30 September 2021 was S\$0.0033. The Offer Price represents a premium of S\$0.0067 or 202.5% to the unaudited NTA per Share, or a price-to-NTA ("**P/NTA**") ratio of 3.0 times.

8.3.3 Potential adjustments to assets and liabilities of the Group

In our evaluation of the financial terms of the Offer, we have also inquired whether there are any assets or liabilities which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 September 2021, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact its unaudited NAV as at 30 September 2021.

We note from the Jun 2021 Circular that in May 2018, the Group obtained a final award in the sum of US\$70,978,979.30 and S\$394,364.28 under SIAC Arb No. 226 of 2017 ("**ARB 226**"), and is presently in the process of enforcement in China for such amounts. Based on the exchange rate of US\$1.00 to S\$1.3615, the aggregate potential amount recoverable under ARB 226 amounted to S\$97.0 million.

These amounts are not reflected in the balance sheet of the Group as at 30 September 2021 as the Group has impaired the relevant balance sheet items in prior years. While the Group received a favourable arbitration award against the defaulted charterer, no contingent asset was recorded in the financial accounts, pending future realisation from actual recoveries. As disclosed in the Company's results announcement for FY2020 made on 1 March 2021, the enforcement procedure in the People's Republic of China to recover the award recognised in the Chinese court against the charterer of the Group's land rigs was put on hold on 29 December 2020 by the Chinese court. Once the Group is able to find enforceable asset(s) of value of the charterer, the Group will reapply to enforce against the charterer since there is no time bar to the recognition of the award in the Chinese court.

Pursuant to the Scheme, the Company shall distribute 15 cents in every dollar of recovery from ARB 226 to all creditors under the Scheme on a *pari passu* basis, up to a maximum of S\$4.0 million.

Accordingly, ARB 226, if fully recovered, will improve the Group's NAV by S\$93.0 million or S\$0.1693 per Share. The revalued NAV ("**RNAV**") per Share will be S\$0.1741 and the Offer Price represents a discount of S\$0.1641 or 94.3% to the RNAV per Share, or a price-to-RNAV ("**P/RNAV**") ratio of 0.1 time.

However, as stated above, ARB 226 has been awarded to the Group in 2018. The Company confirms that no amount has been recovered as at the Latest Practicable Date.

Save as disclosed above, the Directors confirm that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

- (1) there is no event subsequent to 30 September 2021 which would materially affect the NAV of the Group;
- (2) there are no material contingent liabilities, unrecorded earnings or expenses or assets or liabilities that may have a material impact on the NAV of the Group as at 30 September 2021; and
- (3) there is no material change to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 30 September 2021.

8.4 **COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE OFFER PRICE AGAINST ITS COMPARABLE COMPANIES LISTED ON THE SGX-ST**

The Group generates revenue from the provision of offshore and marine services which comprise heating, ventilation, air-conditioning and refrigeration; fire and gas detection; control and instrumentation; marine telecommunication; and winches, power pack and deck machinery. As there are no direct listed comparable companies, comparison is therefore to companies listed on the SGX-ST which provides equipment and services to the offshore and marine industry and/or the oil and gas industry (the "**Comparable Companies**"). For a more meaningful comparison, we have selected Comparable Companies with a market capitalisation of up to S\$100 million.

We wish to highlight that the list of Comparable Companies is not exhaustive and none of the Comparable Companies is identical to the Group in terms of business activities, scale of operations, geographical markets, asset base, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies. Our analysis has not adjusted for such differences. Shareholders should also note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

As mentioned in paragraph 8.2 of this IFA Letter, the Group had losses and negative EBITDA for FY2020 and 9M2021, accordingly, the earnings-related multiples are not meaningful for this analysis and comparison. Hence, the following comparison focuses only on the P/NAV ratio, which illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

The statistics of the Comparable Companies are computed based on the last traded prices as at the Latest Practicable Date and latest publicly available financial results. We set out in the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date.

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'million)	Profit/(Loss) attributable to equity holders ⁽²⁾ (S\$'million)	NAV ⁽²⁾ (S\$'million)	P/NAV ratio (times)
AMOS Group Limited	29.5	(18.7)	104.0	0.3
CH Offshore Ltd	45.8	(25.8)	75.8	0.6
Dyna-Mac Holdings Ltd	95.8	(8.2)	27.4	3.5
Heatec Jietong Holdings Ltd	3.7	(0.2)	13.8	0.3
MTQ Corporation Ltd	54.0	(9.0)	56.1	1.0
Mun Siong Engineering Limited	29.0	0.2	53.8	0.5
Teho International Inc Ltd	10.6	3.2	18.1	0.6
Maximum				3.5
Minimum				0.3
Mean				1.0
Median				0.6
The Company (implied by the Offer Price and the NAV per Share as at 30 September 2021)	5.5	(23.0) ⁽³⁾	2.6	2.1
The Company (implied by the Offer Price and the RNAV per Share as set out in paragraph 8.3.3 of this IFA Letter)	Same as above	Same as above	95.7	0.1

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'million)	Profit/(Loss) attributable to equity holders ⁽²⁾ (S\$'million)	NAV ⁽²⁾ (S\$'million)	P/NAV ratio (times)
The Company (implied by its closing price on the Latest Practicable Date)	60.4	Same as above	2.6	22.9

Source: Bloomberg L.P., annual reports and/or announcements of the respective companies.

Notes:

- (1) Based on last traded prices of the respective companies as at the Latest Practicable Date.
- (2) Based on last twelve months net profit/loss and latest NAV attributable to equity holders as announced by the respective companies.
- (3) Refers to the Group's losses attributable to Shareholders for the last twelve months ended 30 September 2021 after excluding the one-off gain of S\$23.3 million from the reversal of liabilities of the Group upon completion of the Scheme.

As set out in the table above, the P/NAV ratio of the Company as implied by the Offer Price of 2.1 times is within the range and above the mean and median P/NAV ratios of the Comparable Companies. However, the P/NAV ratio of the Company as implied by the Offer Price of 2.1 times is much lower than the P/NAV ratio of the Company as implied by the closing price of the Shares on the Latest Practicable Date. The P/NAV ratio of the Company as implied by the closing price of the Shares on the Latest Practicable Date is also substantially higher than the Comparable Companies.

If the Group manages to recover the amount under ARB 226 as set out in paragraph 8.3.3 of this IFA Letter, the P/RNAV ratio of the Company as implied by the Offer Price of 0.1 time will be below the range of P/NAV ratios of the Comparable Companies. However, ARB 226 has been awarded to the Group in 2018 and no amount has been recovered as at the Latest Practicable Date.

8.5 COMPARISON OF THE VALUATION RATIOS OF THE OFFER WITH RECENTLY COMPLETED NON-PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As disclosed in Section 10.2 of the Offer Document, it is the current intention of the Joint Offerors to maintain the listing status of the Company on the SGX-ST following completion of the Offer. Accordingly, the Joint Offerors, if and when entitled, do not intend to exercise their rights of compulsory acquisition under Section 215(1) of the Companies Act to acquire those Offer Shares not acquired by the Joint Offerors pursuant to the Offer, or to delist the Company from the SGX-ST pursuant to the Catalyst Rules.

Accordingly, we have compared the premium/discount represented by the Offer Price with those of selected mandatory general offers for companies listed on the SGX-ST that were announced since January 2020 and completed as at the Latest Practicable Date, where the offeror(s) has/have triggered mandatory general offers from market acquisition of shares and has/have indicated similar intentions to maintain the listing status of the offeree company ("**Non-Privatisation Transactions**").

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs prior to the announcement of the respective Non-Privatisation Transactions.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in Non-Privatisation Transactions set out in the analysis below are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Non-Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Group.

The statistics are as follows:

Name of companies	Date of announcement	Premium / (Discount) of offer price over/(to):			P/NAV or P/RNAV ratio ⁽¹⁾ (times)
		Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	
Lian Beng Group Limited	14 Jun 2021	6.4	7.1	1.6	0.3
JEP Holdings Limited ⁽²⁾	21 Apr 2021	0.0	0.7	1.3	1.4
Transit-Mixed Concrete Ltd ⁽²⁾	20 Feb 2021	75.0	85.9	88.9	0.9
Tianjin Zhong Xin Pharmaceutical Group Corporation Limited	20 Dec 2020	(5.3)	(0.7)	5.4	0.8
Lum Chang Holdings Limited	17 Nov 2020	8.6	8.6	8.7	0.5
Blumont Group Ltd	16 Nov 2020	(80.0)	(79.4)	(80.6)	1.1
TEE International Limited ⁽²⁾	7 Jul 2020	12.7	13.8	26.6	1.0
Axington Inc. ⁽²⁾	1 Jun 2020	43.4	40.1	41.3	1.3

Name of companies	Date of announcement	Premium / (Discount) of offer price over/(to):			P/NAV or P/RNAV ratio ⁽¹⁾ (times)
		Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	
Darco Water Technologies Limited	5 May 2020	30.8	33.3	30.6	0.4
TEE Land Limited ⁽²⁾	13 Jan 2020	8.0	12.1	19.6	0.6
Maximum		75.0	85.9	88.9	1.4
Minimum		(80.0)	(79.4)	(80.6)	0.3
Mean		10.0	12.2	14.3	0.8
Median		8.3	10.4	14.2	0.9
The Company (Implied by Offer Price)	18 Nov 2021	(88.9)	(87.6)	(91.0)	2.1
The Company (Implied by Offer Price and RNAV) ⁽³⁾					0.1

Notes:

- (1) Based on the NAV per share or adjusted/revalued NAV (“RNAV”) per share, where available, as published in the respective circulars of the companies.
- (2) Out of the 10 Non-Privatisation Transactions listed above, only five (5) of the Non-Privatisation Transactions were opined as fair and reasonable by the respective independent financial advisers. The summary range of statistics for these five (5) Non-Privatisation Transactions are as follows:

	Premium / (Discount) of offer price over/(to):			P/NAV or P/RNAV ratio (times)
	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	
Maximum	75.0	85.9	88.9	1.4
Minimum	0.0	0.7	1.3	0.6
Mean	27.8	30.5	35.5	1.0
Median	12.7	13.8	26.6	1.0

- (3) Based on the RNAV set out in paragraph 8.3.3 of this IFA Letter.

Based on the above, we note that:

- (i) the discount implied by the Offer Price over the last transacted price, the 1-month VWAP and 3-month VWAP respectively before the announcement of the Offer are

below the range of discounts of the Non-Privatisation Transactions (especially for Non-Privatisation Transactions which were opined as fair and reasonable by the respective independent financial advisers); and

- (ii) the P/NAV ratio of 2.1 times implied by the Offer Price is within the range and higher than the mean and median P/NAV (or P/RNAV) ratios of the Non-Privatisation Transactions. However, if the Group manages to recover the amount under ARB 226 as set out in paragraph 8.3.3 of this IFA Letter, the P/RNAV ratio of the Company as implied by the Offer Price of 0.1 time will be below the range of P/NAV (or P/RNAV) ratios of the Non-Privatisation Transactions.

8.6 OTHER CONSIDERATIONS

8.6.1 Control over the Company by the Joint Offerors

As a result of the Acquisition, the Joint Offerors hold 477,943,013 Shares representing 87.00% of the total number of issued Shares. We note that there are five (5) Joint Offerors and only two (2) of the Joint Offerors each holds more than 15% interests in the Company.

Nevertheless, if the Joint Offerors join efforts, they will collectively have statutory control over the Company which allows the Joint Offerors to significantly influence any corporate actions such as mergers and takeover attempts in a manner which may not be in line with the interests of the Shareholders. The Joint Offerors will also have veto power in relation to any Shareholder's action or approval requiring a majority vote except in situations where any of the Joint Offerors is required by rules or authorities to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change of control of the Company which may not benefit the Shareholders.

8.6.2 Likelihood of competing offers

Since the Joint Offerors collectively hold more than 75% interest in the capital of the Company, the likelihood of a competing offer from any third party is remote.

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Joint Offerors, no alternative offer has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

8.6.3 No revision of the Offer Price

We note that the Joint Offerors have given notice that the terms of the Offer will not be revised save that such notice shall not be capable of being enforced in a competitive situation. Shareholders should note that in accordance with Rule 20.2 of the Code, except in a competitive situation, the Joint Offerors will not be allowed to subsequently amend the terms of the Offer, including the Offer Price in any way.

8.6.4 Intention for the Company

As set out in Section 9.2 of the Offer Document, the Joint Offerors currently have no intention to (a) introduce any major changes to the existing businesses of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group,

Page 24 of 29

other than in the ordinary course of business. However, the Joint Offerors will, on close of the Offer, review their strategic options in relation to the existing businesses of the Group to release the value of the existing businesses, and consider possible acquisitions, disposals, joint ventures, business partnerships and business model transformation opportunities which are in the interests of the Group. This includes, among others, seeking approval from the Shareholders for the Group to diversify its businesses. Pending the outcome of such review and subject thereto, the Joint Offerors may make changes to the operations and businesses of the Group. Accordingly, the Joint Offerors retain the flexibility to explore options or opportunities which may present themselves and to consider any options with respect to making any major changes to the businesses of the Group (including re-deployment of fixed assets of the Group) and with respect to the continued employment of the employees of the Group.

8.6.5 Listing status of the Company and suspension risk

Under Rule 1105 of the Listing Manual of the SGX-ST, upon the announcement by the Joint Offerors that valid acceptances have been received pursuant to the Offer that bring the holdings owned by the Joint Offerors and the parties acting in concert with them to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time as it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.

In addition, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury shares) is at all times held by the public. In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

We wish to highlight that the Joint Offerors collectively hold 477,943,013 Shares representing 87.00% of the total number of issued Shares as a result of the Acquisition. Based on the Shares held by the Joint Offerors and the 5,603,062 Shares held by Directors, the percentage of remaining Shares held by the public amounted to only 11.98%. However, we also note that one of the Joint Offerors, namely Synergy Supply Chain Management Sdn. Bhd., only holds 16,335,967 Shares representing 2.97% of the total number of issued Shares as a result of the Acquisition. As Synergy Supply Chain Management Sdn. Bhd. is not a substantial Shareholder of the Company and is also not an associate of any Director or substantial Shareholder of the Company, the Shares held by Synergy Supply Chain Management Sdn. Bhd. will be considered Shares held by public which will help to increase the percentage of Shares held by public for compliance with Rule 723 of the Listing Manual.

Nevertheless, in the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or Rule 1105 of the Listing Manual, the Joint Offerors intend to undertake and/or support any action as may be necessary for any such trading suspension by the SGX-ST to be lifted.

8.6.6 No compulsory acquisition by the Joint Offerors

Pursuant to Section 215(1) of the Companies Act, in the event the Joint Offerors receive valid acceptances pursuant to the Offer or acquires Offer Shares from the date of despatch of the Offer Document otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the issued Shares (excluding treasury Shares), the Joint Offerors would have the right to compulsory acquire all the Shares of the Shareholders who have not accepted the Offer at the Offer Price.

The Joint Offerors do not intend to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that they receive acceptances pursuant to the Offer representing 90% or more of the Offer Shares.

8.6.7 Transaction costs in connection with the disposal of the Shares

Given the low liquidity of the Shares (in terms of volume traded and the number of days which the Shares were traded) for the periods set out in paragraph 8.1.2 of this IFA Letter, the Offer presents an opportunity for Shareholders to dispose of their Shares for cash without incurring any transaction costs as opposed to the sale of the Shares in the open markets which will incur expenses such as brokerage commission and/or other trading costs. In particular, the Offer will allow Shareholders holding small amounts of Shares to dispose the Shares without incurring losses due to minimum brokerage commission charged by brokerage firms.

9. EVALUATION OF THE WARRANTS PROPOSAL

In our evaluation of the Warrants Proposal, we have taken into account the following factors:

- (a) the Warrants are way "out-of-money". The exercise price of each Warrant is of S\$0.50 which represents a premium of S\$0.39 to the closing price of S\$0.11 of the Shares on the Latest Practicable Date;
- (b) given the above, the Warrants Price is a nominal amount of S\$0.01 calculated on a "see-through" basis as set out in Section 3.3 of the Offer Document;
- (c) although the Warrants have been listed on the SGX-ST since July 2017, there has no trades of the Warrants since its listing up to the Latest Practicable Date;
- (d) Warrant holders should note that the Warrants will expire on 1 July 2022. If the Warrants are not exercised prior to the expiry date of the Warrants, the Warrants will lapse and cease to be valid; and
- (e) even if the Group manages to recover the amount under ARB 226 as set out in paragraph 8.3.3 of this IFA Letter, the Group's NAV will only improve by S\$0.1693 per Share, which is still below the exercise price of each Warrant.

In summary, the Warrants has zero intrinsic value.

Given the lack of liquidity of the Warrants, the Warrants Proposal is currently the only available channel of sale for Warrant holders.

10. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer and the Warrants Proposal. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

10.1 The Offer

The evaluation factors for the Offer are set out in paragraph 8 of this IFA Letter.

We set out below a summary of the key factors we have taken into our consideration of the Offer:

- (a) the Offer Price of S\$0.01 per Share is below the range of traded prices of the Shares for the periods between 23 August 2021 and the Latest Practicable Date;
- (b) the Offer Price represents discounts of more than 85% to the VWAPs of the Shares for the periods between 23 August 2021 and the Offer Announcement Date and a discount of 90.04% to the VWAP of the Shares for the period between 19 November 2021 and the Latest Practicable Date;
- (c) the Offer Price is within the range of issue prices of between S\$0.0042 and S\$0.1907 for the Placement Shares and Conversion Shares issued by the Company in August 2021;
- (d) the Group reported operating losses during the Review Period and had negative operating earnings after adding back non-operating gains and expenses during the Review Period;
- (f) the losses of the Group during the Review Period were largely due to impairment losses on goodwill, inventories and trade receivables. As at 30 September 2021, the Group had intangible assets, inventories and trade receivables of S\$0.8 million, S\$2.4 million and S\$2.9 million respectively;
- (f) the Offer Price represents a premium of S\$0.0052 or 108.6% to the unaudited NAV per Share, or a P/NAV ratio of 2.1 times;
- (g) the Offer Price represents a premium of S\$0.0067 or 202.5% to the unaudited NTA per Share, or a P/NTA ratio of 3.0 times;
- (h) ARB 226, if fully recovered, will improve the Group's NAV by S\$93.0 million or S\$0.1693 per Share;

- (i) the P/NAV ratio of the Company as implied by the Offer Price of 2.1 times is within the range and above the mean and median P/NAV ratios of the Comparable Companies;
- (j) the discount implied by the Offer Price over the last transacted price, the 1-month VWAP and 3-month VWAP respectively before the announcement of the Offer are below the range of discounts of the Non-Privatisation Transactions (especially for Non-Privatisation Transactions which were opined as fair and reasonable by the respective independent financial advisers); and
- (k) other considerations as set out in paragraph 8.6 of this IFA Letter.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Directors to recommend Shareholders to REJECT the Offer.

10.2 The Warrants Proposal

The evaluation factors for the Warrants Proposal are set out in paragraph 9 of this IFA Letter.

In summary, the Warrants has zero intrinsic value and the Warrants Price of S\$0.01 is the only available channel of sale for Warranholders.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Warrants Proposal, on balance, are fair and reasonable. Accordingly, we advise the Directors to recommend the Warranholders to ACCEPT the Warrants Proposal.

Warranholders should note that they will not receive the Warrants Price of S\$0.01 for each Warrant if they do not take any action and let the Warrants Proposal lapse. Warranholders should take note of the closing date and submit their acceptance of the Warrants Proposal before the closing date.

This IFA Letter is addressed to the Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer and the Warrants Proposal, and the recommendation made by them to the Shareholders and the Warrantheolders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer and the Warrants Proposal, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.



LOO CHIN KEONG
EXECUTIVE DIRECTOR



PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description
Mr. Andy Lim	c/o 21 Kian Teck Road Singapore 628773	Chairman and Executive Director
Mr. Ng Yeau Chong	c/o 21 Kian Teck Road Singapore 628773	Chief Executive Officer and Executive Director
Mr. Lee Suan Hiang	c/o 21 Kian Teck Road Singapore 628773	Lead Independent Director
Mr. Tan Wee Peng Kelvin	c/o 21 Kian Teck Road Singapore 628773	Independent Director
Ms. Phua Siok Gek Cynthia	c/o 21 Kian Teck Road Singapore 628773	Independent Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 21 Kian Teck Road, Singapore 628773.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is a limited liability company incorporated in Singapore on 4 November 1993. The Company is listed on the Catalist of the SGX-ST. 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 Company's subsidiaries include the provision of offshore and marine system solutions to yards, vessels owners and oil majors around the world.

4. SHARE CAPITAL OF THE COMPANY

4.1. Number and class of Shares

As at the Latest Practicable Date, the Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Catalist of the SGX-ST. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately S\$106,518,144.71 comprising 549,359,674 Shares (excluding treasury Shares). The Company holds 159,230 treasury Shares.

There is no restriction in the Constitution of the Company on the right to transfer any Offer Shares, which has the effect of requiring the Shareholders, before transferring them, to offer them for purchase to members of the Company or to any other person.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

4.2. Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in Appendix E to this Circular. The Constitution is available for inspection at the registered office of the Company at 21 Kian Teck Road, Singapore 628773 during normal business hours for the period during which the Offer remains open for acceptance. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution.

4.3. Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, 527,385,388 Shares have been issued by the Company since 31 December 2020, being the end of the last financial year.

4.4. Convertible instruments

The Company has issued 1,949,798 outstanding Warrants, each warrant carrying the right to subscribe for one (1) new Share at the exercise price of S\$0.50 for each new Share. Pursuant to the terms and conditions of the Warrants, the exercise period for the Warrants commenced on 4 July 2017 and will end at 5.00 p.m. on 1 July 2022.

5. SUMMARY OF FINANCIAL INFORMATION

5.1. Consolidated statements of comprehensive income

A summary of the financial information of the Group for FY2018, FY2019 and FY2020 (based on the audited consolidated statement of profit or loss and other comprehensive income of the Group for FY2018, FY2019 and FY2020) is set out below.

	Audited FY2018	Audited FY2019	Audited FY2020
	S\$'000	S\$'000	S\$'000
Turnover	30,146	21,273	17,187
Exceptional items	-	-	-
Net profit/ (loss) before tax	(28,245)	(31,482)	(25,376)
Net profit/ (loss) after tax	(28,048)	(31,989)	(26,088)
Profit/ (loss) attributable to the owners of the Company	(28,048)	(31,978)	(26,046)
Minority interests	-	(11)	(42)
Net earnings per share	(2.55)	(2.91)	(2.37)
Net dividends per share	-	-	-

The financial information for FY2018, FY2019 and FY2020 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2018, FY2019 and FY2020.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

5.2. Statement of financial position

A summary of the audited consolidated statement of financial position of the Group as at FY2020 (being the date to which the Company's last published audited financial statements were made up) is set out below.

	As at 31 December 2020
	S\$'000
Non-current assets	974
Current assets	28,300
Total assets	<u>29,274</u>
Current Liabilities	49,959
Non-current liabilities	1
Total liabilities	<u>49,960</u>
Net liabilities	<u>(20,686)</u>
Equity attributable to owners of the Company	
Share capital	102,604
Treasury shares	(528)
Statutory reserves	(853)
Accumulated profits / (losses)	(121,857)
Non-controlling interest	(52)
Total Equity	<u>(20,686)</u>

The above summary should be read together with the annual report for FY2020 and the audited consolidated statements of financial position of the Group for FY2020, which are set out in Appendix D to this Circular, and the related notes thereto.

The financial information for FY2020 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2020.

5.3. Consolidated statements of comprehensive income for interim financial statements

A summary of the financial information of the Group for the financial periods ended 31 March 2021, 30 June 2021 and 30 September 2021 (based on the unaudited interim consolidated statement of profit or loss and other comprehensive income of the Group for the financial periods ended 31 March 2021, 30 June 2021 and 30 September 2021) is set out below.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

	Period ended 31 March 2021 (unaudited)	Period ended 30 June 2021 (unaudited)	Period ended 30 September 2021 (unaudited)
	S\$'000	S\$'000	S\$'000
Turnover	2,631	4,674	8,391
Exceptional items	-	-	23,334 ⁽¹⁾
Net profit/ (loss) before tax	(820)	(2,200)	22,030
Net profit/ (loss) after tax	(820)	(2,201)	22,029
Profit/ (loss) attributable to the owners of the Company	(806)	(2,187)	21,957
Minority interests	(14)	(14)	72
Net earnings per share	(0.07)	(0.20)	4.00
Net dividends per share	-	-	-

Notes:

- (1) One-off gain of approximately S\$23,344,000 arising from the reversal of liabilities of the Group upon completion of the Scheme.

The financial information for the financial periods ended 31 March 2021, 30 June 2021 and 30 September 2021 should be read in conjunction with the unaudited interim consolidated financial statements of the Group and the accompanying notes as set out therein.

5.4. Significant accounting policies

A summary of the significant accounting policies of the Group is set out in pages 64 to 80 of the annual report of the Company for FY2020. Copies of the above are available for inspection at the registered office of the Company at 21 Kian Teck Road, Singapore 628773 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2020), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.5. Changes in accounting policies

As detailed in Note 2.2 to the financial statements under the annual report of the Company for FY2020, the accounting policies adopted for FY2020 are consistent with those of the previous financial year, except in FY2020, the Group had adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2020), the Group has applied the same accounting policies and methods of computation as with those in the audited financial statements of the Group for FY2020

APPENDIX B – ADDITIONAL GENERAL INFORMATION

and as at the Latest Practicable Date, there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including without limitation, the announcements released by the Company on the SGXNET), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2020, being the date to which the Company's last published audited accounts were made up.

7. DISCLOSURE OF INTERESTS OF THE COMPANY, THE DIRECTORS AND THE IFA

7.1. Shareholdings and dealings

As at the Latest Practicable Date:

- (a) neither the Company nor its subsidiaries have any direct or deemed interests in any Offeror Securities;
- (b) none of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date;
- (c) each of the Company, its subsidiaries and the Directors have not dealt for value in any Offeror Securities during the Reference Period;
- (d) save as disclosed below and in this Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Relevant Securities:

Name	No. of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Andy Lim	4,862,137	0.89	598,724 ⁽²⁾	0.11	5,460,861	1.00
Mr. Lee Suan Hiang	-	-	71,400 ⁽³⁾	0.01	71,400	0.01
Mr. Ng Yeau Chong	30,800	0.0056	-	-	30,800	0.0056
Mr. Tan Wee Peng Kelvin	40,000	0.0073	-	-	40,000	0.0073

Notes:

- (1) Calculated based on a total of 549,359,674 issued Shares (excluding treasury Shares) as at the Latest Practicable Date and rounded to the nearest two decimal places, save for the interests of Mr. Ng Yeau Chong and Mr. Tan Wee Peng Kelvin, which are rounded to the nearest 4 decimal places.
- (2) Comprising 10,724 Shares held by Philip Securities Pte Ltd on behalf of Mr. Andy Lim, and 588,000 Shares held by Associated Leisure International Pte. Ltd., a company in which Mr. Andy Lim has a controlling interest.
- (3) Held by DBS Nominees Pte. Ltd. on behalf of Mr. Lee Suan Hiang.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Name	No. of Warrants					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
Mr. Andy Lim	568,876	29.18	211,246 ⁽²⁾	10.83	780,122	40.01
Mr. Lee Suan Hiang	400	0.02	9,800 ⁽³⁾	0.50	10,200	0.52
Mr. Ng Yeau Chong	4,400	0.23	-	-	4,400	0.23
Mr. Tan Wee Peng Kelvin	6,500	0.33	-	-	6,500	0.33

Notes:

- (1) Calculated based on a total of 1,949,798 outstanding Warrants as at the Latest Practicable Date and rounded to the nearest two decimal places.
- (2) Comprising 127,246 Warrants held by Philip Securities Pte Ltd on behalf of Mr. Andy Lim, and 84,000 Warrants held by Associated Leisure International Pte. Ltd., a company in which Mr. Andy Lim has a controlling interest.
- (3) Held by DBS Nominees Pte. Ltd. on behalf of Mr. Lee Suan Hiang.

- (e) save as disclosed below and in this Circular, none of the Directors has dealt for value in any Relevant Securities during the Reference Period:

Name	Transaction date	Nature of transaction	No. of Shares	Price per Share	Total price
Mr. Ng Yeau Chong	17 August 2021	Purchase of Shares pursuant to a placement by the Company.	35,845,726	S\$0.004185 ⁽¹⁾	S\$150,000
	18 November 2021	Sale of Shares to the Joint Offerors.	35,845,726	S\$0.01	S\$358,457.26

Notes:

- (1) Rounded up to the nearest six decimal places.
- (f) as at the Latest Practicable Date, none of Xandar Capital Pte. Ltd., its related corporations or any of the funds whose investments are managed by Xandar Capital Pte. Ltd. or its related corporations on a discretionary basis, own or control any Relevant Securities;
- (g) none of Xandar Capital Pte. Ltd., its related corporations or any of the funds whose investments are managed by Xandar Capital Pte. Ltd. or its related corporations on a discretionary basis, has dealt for value in the Relevant Securities during the Reference Period.
- (h) as at the Latest Practicable date, none of Xandar Capital Pte. Ltd., its related corporations or any of the funds whose investments are managed by Xandar Capital Pte. Ltd. or its

APPENDIX B – ADDITIONAL GENERAL INFORMATION

related corporations on a discretionary basis, own or control any Offeror Securities; and

- (i) none of Xandar Capital Pte. Ltd., its related corporations or any of the funds whose investments are managed by Xandar Capital Pte. Ltd. or its related corporations on a discretionary basis, has dealt for value in the Offeror Securities during the Reference Period.

7.2. Directors' intentions in relation to the Offer

As at the Latest Practicable Date, the following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

- (a) Mr. Andy Lim has informed the Company that he intends to reject the Offer in respect of his own Shares;
- (b) Mr. Lee Suan Hiang has informed the Company that he intends to reject the Offer in respect of his own Shares;
- (c) Mr. Ng Yeau Chong has informed the Company that he intends to reject the Offer in respect of his own Shares; and
- (d) Mr. Tan Wee Peng Kelvin has informed the Company that he intends to reject the Offer in respect of his own Shares.

7.3. Directors' Intentions in relation to the Warrants Proposal

As at the Latest Practicable Date, the following Directors who are Warrantholders have informed the Company of their intentions in respect of the Warrants Proposal as follows:

- (a) Mr. Andy Lim has informed the Company that he intends to accept the Warrants Proposal;
- (b) Mr. Lee Suan Hiang has informed the Company that he intends to accept the Warrants Proposal;
- (c) Mr. Ng Yeau Chong has informed the Company that he intends to accept the Warrants Proposal; and
- (d) Mr. Tan Wee Peng Kelvin has informed the Company that he intends to accept the Warrants Proposal.

7.4. Directors' service contracts

As at the Latest Practicable Date, (i) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six (6) months preceding the Announcement Date and the Latest Practicable

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Date.

7.5. Arrangements affecting directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer and
- (c) save as disclosed in Section 7 (Disclosure of Interests of the Company, the Directors and the IFA) of this Appendix B, none of the Directors have a material personal interest, whether direct or indirect, in any material contract entered into by the Joint Offerors.

8. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for the information relating to the Company and the Offer that is publicly available, there has been no material change in the information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in publicly available information on the Company (including but not limited to the annual reports of the Company and other announcements released by the Company), neither the Company nor any of its subsidiaries have entered into any material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business carried on by the Company) during the period commencing three (3) years preceding the Announcement Date, and ending on the Latest Practicable Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) Save for the information relating to the Company that is publicly available, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- (b) the Directors are not aware of any litigation, claim, arbitration or other proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

11. COSTS AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer and Warrants Proposal shall be borne by the Company.

APPENDIX C – ADDITIONAL INFORMATION ON THE JOINT OFFERORS AND THEIR SHAREHOLDERS

The following information on the Joint Offerors has been extracted from Appendix C to the Offer Document, and unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document:

“APPENDIX C – ADDITIONAL INFORMATION ON THE JOINT OFFERORS

1. DIRECTORS

The names, addresses and descriptions of Toh and the directors of the other Joint Offerors as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr. Toh	No. 61-4 Jalan Sungai Abong, 84000 Muar, Johor, Malaysia	Joint Offeror
Mr. Ong Swee Sin	c/o Colony @ KLCC, 1-1 to 1-11 Vipod, 6 Jalan Kia Peng, 50450 Kuala Lumpur, Malaysia	Director of Synergy
Mr. Tan Chiau Wei	c/o Colony @ KLCC, 1-1 to 1-11 Vipod, 6 Jalan Kia Peng, 50450 Kuala Lumpur, Malaysia	Director of Ireliia
Mr. Ng Boon Chee	c/o Colony @ KLCC, 1-1 to 1-11 Vipod, 6 Jalan Kia Peng, 50450 Kuala Lumpur, Malaysia	Director of Tristan
Mr. Lim Jun Hao	c/o Colony @ KLCC, 1-1 to 1-11 Vipod, 6 Jalan Kia Peng, 50450 Kuala Lumpur, Malaysia	Director of Subtleway

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

Toh is a businessman and details of the other Joint Offerors are set out in the paragraphs below.

Synergy was incorporated on 17 September 2021 for investment and equity holding purposes and is currently a dormant company. As at the Latest Practicable Date, it has an issued and paid-up share capital of RM100.00 divided into 100 ordinary shares, wholly owned by Mr. Ong Swee Sin (a businessman), who is also its sole director.

Ireliia was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and as at the Latest Practicable Date, it has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Tan Chiau Wei (a businessman), who is also its sole director. Its principal activities are those of an investment holding company. Ireliia has not carried on any business since its incorporation, except for matters in connection with the making of the Offer.

Tristan was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and as at the Latest Practicable Date, it has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Ng Boon Chee (a businessman),

**APPENDIX C – ADDITIONAL INFORMATION ON THE JOINT OFFERORS AND THEIR
SHAREHOLDERS**

who is also its sole director. Its principal activities are those of an investment holding company. Tristan has not carried on any business since its incorporation, except for matters in connection with the making of the Offer.

Subtleway was incorporated on 12 November 2021 as a special purpose vehicle for the Offer and as at the Latest Practicable Date, it has an issued and paid-up share capital of RM1.00 divided into one (1) ordinary share, wholly owned by Mr. Lim Jun Hao (a businessman), who is also its sole director. Its principal activities are those of an investment holding company. Subtleway has not carried on any business since its incorporation, except for matters in connection with the making of the Offer.

3. FINANCIAL SUMMARY

No audited or unaudited financial statements of each of Synergy, Ireliia, Tristan and Subtleway have been prepared to date, as each of Synergy, Ireliia, Tristan and Subtleway are newly incorporated entities (each of their incorporation dates as stated in the immediately preceding paragraph above).

As no audited or unaudited financial statements of each of Synergy, Ireliia, Tristan and Subtleway have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Offer Document and save for the making and financing of the Offer, there has been no known material change in the financial position of each of Synergy, Ireliia, Tristan and Subtleway since their incorporation.

5. REGISTERED OFFICE

The registered office of Synergy is at No. 43 Jalan SS15/2A 47500 Subang Jaya, Selangor, Malaysia.

The registered office of Ireliia is at No. 43 Jalan SS15/2A 47500 Subang Jaya, Selangor, Malaysia.

The registered office of Tristan is at No. 43 Jalan SS15/2A 47500 Subang Jaya, Selangor, Malaysia.

The registered office of Subtleway is at No. 43 Jalan SS15/2A 47500 Subang Jaya, Selangor, Malaysia .”

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2020**

The audited consolidated financial statements of the Group for FY2020 which are set out below have been reproduced from the Company's annual report for FY2020, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the Notes to the audited consolidated financial statements of the Group for FY2020 set out below shall have the same meanings given to them in the annual report of the Company for FY2020.

A copy of the annual report of the Company for FY2020 is available for inspection at the Company's registered office at 21 Kian Teck Road, Singapore 628773, during normal business hours until the Closing Date.

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 2020.

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 2020 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.

Directors' Statement

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:

Name of director	Direct Interest			Deemed Interest		
	At the beginning of financial year	At the end of financial year	At 21 January 2021	At the beginning of financial year	At the end of financial year	At 21 January 2021
<i>Ordinary shares of the Company</i>						
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	–	–	–
<i>Warrants</i>						
Lim Andy	34,806,160	34,806,160	34,806,160	4,200,000	4,200,000	4,200,000
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.

Directors' Statement

5. Options

At an extraordinary general meeting held on 3 November 2010, the shareholders approved the Viking Offshore and Marine Limited Share Option Scheme (the "VOM Scheme") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible group of employees and directors. 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.

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 1.1.2020	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 31.12.2020	Date of expiration
4.07.2017	97,491,109	–	–	–	97,491,109	3.07.2022

On 4 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Right Shares") at an issue price of \$0.018 for each Right Share and 97,491,109 free detachable warrants ("Warrants") pursuant to a renounceable and non-underwritten right cum warrants issue. Each Warrant carries the right to subscribe for a 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.

Directors' Statement

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.

Directors' Statement

9. Auditor

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

On behalf of the board of directors:

Lim Andy
Director

11 June 2021

Ng Yeau Chong
Director

Independent Auditor's Report

For the financial year ended 31 December 2020

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 2020, 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 of \$26,088,085 during the financial year ended 31 December 2020 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by \$21,659,153 and \$20,645,958 respectively. As at 31 December 2020, the Group's total borrowings amounting to \$15,817,296 were in default and were classified as current liabilities, and exceeded its cash and bank balances of \$2,558,604 as at 31 December 2020. Additionally, as disclosed in Note 2.1 to the financial statements, the finalization of the proposed scheme of arrangement, which have been approved by the High Court, and the conditional share placement of \$2,000,000 in new ordinary shares and loan agreement for an interest-free of \$1,000,000 with two potential investors to the Company are subject to various conditions, amongst others, the approval of shareholders at an extraordinary general meeting and the receipt of the said funding. 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 as the outcome of the proposed Scheme and other mitigation plans are yet to be concluded satisfactorily as at the date of these financial statements and is inherently uncertain.

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2020 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.

Independent Auditor's Report

For the financial year ended 31 December 2020

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the 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

11 June 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Continuing operations			
Revenue	4	17,186,656	21,272,913
Cost of sales		(12,205,644)	(15,294,359)
Gross profit		4,981,012	5,978,554
Other items of income			
Other income	5	1,390,607	185,250
Finance income	8	7,375	14,431
Other items of expense			
Marketing and distribution expenses		(127,431)	(304,949)
Administrative expenses		(7,844,675)	(8,294,192)
Other operating expenses	6(a)	(16,652,185)	(22,306,181)
Impairment losses on financial assets, net	6(c)	(175,278)	(4,305,489)
Finance costs	8	(6,955,530)	(2,449,100)
Loss before tax from continuing operations	6	(25,376,105)	(31,481,676)
Income tax (expense)/credit	10	(84,825)	127,488
Loss for the year from continuing operation		(25,460,930)	(31,354,188)
Discontinued operations			
Loss after tax for the year from discontinued operations	9	(627,155)	(634,788)
Loss for the year		(26,088,085)	(31,988,976)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		553,589	(176,310)
Other comprehensive income for the year, net of tax	29(a)	553,589	(176,310)
Total comprehensive income for the year		(25,534,496)	(32,165,286)
Loss attributable to:			
Owners of the Company, net of tax		(26,046,209)	(31,978,210)
Non-controlling interest		(41,876)	(10,766)
		(26,088,085)	(31,988,976)
Total comprehensive income attributable to:			
Owners of the Company, net of tax		(25,492,918)	(32,154,520)
Non-controlling interest		(41,876)	(10,766)
		(25,534,794)	(32,165,286)
Loss per share (cents per share)			
- Basic	11	(2.37)	(2.91)
- Diluted	11	(2.37)	(2.91)

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

Balance Sheets

As at 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
Non-current assets					
Property, plant and equipment	12	141,237	19,426,840	7,284	947
Intangible assets	13	832,493	7,207,258	–	–
Right-of-use asset	14	–	1,440,772	–	–
Investment in subsidiaries	15	–	–	4,459,572	29,505,120
Investment in associates	16	–	–	–	–
Quoted equity investments	17	4	40,324	4	40,324
		973,734	28,115,194	4,466,860	29,546,391
Current assets					
Inventories	18	2,233,378	13,137,110	–	–
Trade receivables	19	19,142,822	24,116,978	–	–
Prepayments		116,221	39,188	14,950	14,287
Other receivables and deposits	20	1,046,145	1,223,580	168,209	66,660
Contract assets	21	3,202,673	4,835,593	–	–
Due from subsidiaries (non-trade)	25	–	–	–	36,467
Cash and cash equivalents	22	2,558,604	2,364,347	18,192	25,078
		28,299,843	45,716,796	201,351	142,492
Current liabilities					
Trade payables	23	2,562,997	5,666,459	–	–
Contract liabilities	21	937,562	2,899,078	–	–
Other payables and accruals	24	30,634,576	24,908,421	1,489,386	997,332
Tax payable		6,565	11,126	–	–
Due to subsidiaries (non-trade)	25	–	–	19,357,923	27,332,355
Lease liabilities	14	–	61,639	–	–
Loans and borrowings	26	8,661,438	25,922,398	–	–
Redeemable exchangeable bonds	27	7,155,858	7,155,424	–	–
		49,958,996	66,624,545	20,847,309	28,329,687
		(21,659,153)	(20,907,749)	(20,645,958)	(28,187,195)
Net current liabilities					
Non-current liabilities					
Deferred tax liabilities	10	572	885,246	–	–
Lease liabilities	14	–	1,473,694	–	–
		572	2,358,940	–	–
Net (liabilities)/ assets					
		(20,685,991)	4,848,505	(16,179,098)	1,359,196
Equity					
Share capital	28(a)	102,604,532	102,604,532	102,604,532	102,604,532
Treasury shares	28(b)	(527,775)	(527,775)	(527,775)	(527,775)
Reserves		(122,710,106)	(97,217,486)	(118,255,855)	(100,717,561)
Equity attributable to equity holders of the parent					
		(20,633,349)	4,859,271	(16,179,098)	1,359,196
Non-controlling interest		(52,642)	(10,766)	–	–
Total equity		(20,685,991)	4,848,505	(16,179,098)	1,359,196

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 2020

	Note	Attributable to owners of the Company					Equity attributable to owners of the Company, total	Non-controlling interest	Total equity
		Share capital (Note 28(a))	Treasury shares (Note 28(b))	Accumulated profits	Other reserves (Note 29)	Total reserves			
2020 Group		\$	\$	\$	\$	\$	\$	\$	
As at 1 January 2020		102,604,532	(527,775)	(95,811,001)	(1,406,485)	(97,217,486)	4,859,271	(10,766)	4,848,505
Loss for the year			-	(25,419,054)	-	(25,419,054)	(25,419,054)	(41,876)	(25,460,930)
<u>Other comprehensive income</u>									
Foreign currency translation	29	-	-	-	553,589	553,589	553,589	-	553,589
Other comprehensive income for the year, net of tax		-	-	-	553,589	553,589	553,589	-	553,589
Total comprehensive income for the year		-	-	(25,419,054)	553,589	(24,865,465)	(24,865,465)	(41,876)	(24,907,341)
Changes in ownership interests in subsidiary									
Disposal of subsidiary		-	-	(627,155)	-	(627,155)	(627,155)	-	(627,155)
At 31 December 2020		102,604,532	(527,775)	(121,857,210)	(852,896)	(122,710,106)	(20,633,349)	(52,642)	(20,685,991)

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

Statements of Changes in Equity (cont'd)

For the year ended 31 December 2020

2019 Group	Note	Attributable to owners of the Company					Equity attributable to owners of the Company, total	Non- controlling interest	Total equity
		Share capital (Note 28(a))	Treasury shares (Note 28(b))	Accumulated profits	Other reserves (Note 29)	Total reserves			
		\$	\$	\$	\$	\$	\$	\$	
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		-	-	(31,343,422)	-	(31,343,422)	(31,343,422)	(10,766)	(31,354,188)
<u>Other comprehensive income</u>									
Foreign currency translation	29	-	-	-	(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		-	-	(31,343,422)	(176,310)	(31,519,732)	(31,519,732)	(10,766)	(31,530,498)
Changes in ownership interests in subsidiary									
Disposal of subsidiary		-	-	(634,788)	-	(634,788)	(634,788)		(634,788)
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 (cont'd)

For the year ended 31 December 2020

2020 Company	Attributable to owners of the Company					Total equity
	Share capital (Note 28(a))	Treasury shares (Note 28(b))	Accumulated profits	Other reserves (Note 29)	Total reserves	
	\$	\$	\$	\$	\$	\$
At 1 January 2020	102,604,532	(527,775)	(100,831,617)	114,056	(100,717,561)	1,359,196
Loss for the year, representing total comprehensive income for the year	-	-	(17,538,294)	-	(17,538,294)	(17,538,294)
At 31 December 2020	102,604,532	(527,775)	(118,369,911)	114,056	(118,255,855)	(16,179,098)
2019 Company						
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

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Loss before tax from continuing operations		(25,376,105)	(31,481,676)
Loss before tax from discontinued operation	9	(707,728)	(655,046)
Adjustments for:			
Amortisation of intangible assets	6(a)	10,046	16,984
Gain on disposal of subsidiary	9	(758,319)	–
Depreciation of property, plant and equipment		1,481,408	1,881,066
Depreciation of right-of-use assets		99,305	119,167
Impairment loss on contract asset	6(a)	–	160,705
Impairment loss on trade receivables		96,123	4,305,489
Impairment loss on other receivables		36,467	–
Loss/(gain) on disposal of plant and equipment		1,518	(161)
Write back of allowance for doubtful debt	5	–	(99,597)
Interest expense		8,064,780	3,419,771
Interest income	8	(7,375)	(14,431)
Inventories written down	6(a)	9,800,736	13,439,052
Intangible assets written down	6(a)	20,337	–
Inventories written off	6(a)	69,389	1,407,752
Impairment loss on goodwill	6(a)	6,344,574	6,285,774
Unrealised exchange loss		444,648	79,082
Fair value loss on quoted equity investments	6(a)	–	10,085
Impairment loss on quoted equity investment	6(a)	40,320	–
Operating cashflows before working capital changes		(339,876)	(1,125,984)
Changes in working capital:			
Inventories		1,033,606	315,406
Trade receivables		4,809,445	(1,046,393)
Other receivables, deposits and prepayments		(140,073)	(109,618)
Contract assets		1,632,920	1,600,938
Trade payables		(3,107,072)	2,545,260
Other payables and accruals		(913,805)	(2,069,395)
Contract liabilities		(1,794,008)	83,621
Cash flows from operations		1,181,137	193,835
Interest received		7,375	14,431
Income taxes paid		(450)	(11,112)
Net cash flows generated from operating activities		1,188,062	197,154

Consolidated Cash Flow Statement (cont'd)

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(33,754)	(15,514)
Proceeds from disposal of property, plant and equipment		–	43,211
Net cash outflow from disposal of subsidiary		(129,293)	–
Cash flows (used in)/from investing activities		<u>(163,047)</u>	<u>27,697</u>
Cash flows from financing activities			
Interest paid		–	(262,249)
Payment of principal portion of lease liabilities		(264,472)	(301,905)
Repayment of bank borrowings		(540,809)	(844,153)
Cash flows used in financing activities		<u>(805,281)</u>	<u>(1,408,307)</u>
Net decrease in cash and cash equivalents		219,734	(1,183,456)
Effects of exchange rate changes on cash and cash equivalents		(25,477)	(56,141)
Cash and cash equivalents at beginning of year		2,364,347	3,603,944
Cash and cash equivalents at end of year	22	<u>2,558,604</u>	<u>2,364,347</u>

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 15 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 \$26,088,085 (2019: \$31,988,976) during the financial year ended 31 December 2020 and as at that date, the Group’s and the Company’s current liabilities exceeded its current assets by \$21,659,153 and \$20,645,958 respectively (2019: \$20,907,749 and 28,187,195). As at 31 December 2020, the Group’s total borrowings (made up of loans and borrowings and redeemable exchangeable bonds) amounting to \$15,817,296 (2019: \$33,077,822) 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 \$2,558,604 (2019: \$2,364,347) as at 31 December 2020.

Further, in June 2019, the High Court of Singapore had granted a moratorium against enforcement actions and legal proceedings by creditors against the Company and a wholly-owned subsidiary of the Company, Viking Asset Management Pte. Ltd. pursuant to section 211B and section 211C respectively of the Companies Act, Chapter 50.. Since then, the Company and the subsidiary have been undergoing a court-supervised process to reorganise their liabilities. In February 2021, the Company proposed a scheme of arrangement (the “Scheme”) involving the settlement of the amounts owing which was accepted by its creditors and for which the High Court has approved. In addition, the Company entered into a conditional share placement and loan agreement with two potential investors for a placement of \$2,000,000 in new shares and an additional interest-free loan of \$1,000,000 to the Company. Both the finalisation of the proposed Scheme and the proposed placement of shares and loan agreement are subject to various conditions, amongst others, the approval of shareholders at an extraordinary general meeting and the receipt of the said funding.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.1 Basis of preparation (cont'd)

Going concern (cont'd)

The above conditions and events 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 2020 is still appropriate after taking into consideration the following assumptions and measures:

- a. The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme. The finalisation of the Scheme is subjected to shareholder approval at an extraordinary general meeting and the completion of share placement agreement;
- b. The Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the "Investors") in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 ("Proposed Placement") and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders' loan of total \$1,000,000 repayable 12 months from the loan drawdown (the "Loan")

The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme. The Proposed Placement is subject to, amongst others, approval from the shareholders at an extraordinary general meeting as well as the finalisation of the Scheme;

- c. The Group is taking active steps in containing costs and continue to explore its assets divestment plan to pare down its liabilities; and
- d. The Group expects that it will generate adequate cash flows from operations and secure sufficient financing from potential investors to meet its obligations as and when they fall due.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.1 Basis of preparation (cont'd)

Going concern (cont'd)

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2020 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.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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
Amendment to SFRS(I) 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 June 2020
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts, SFRS(I) 16 Leases: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3: Business Combination: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1- 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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;
- 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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)

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 acquiree (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.

2.5 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.5 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

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.

2.7 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.7 Intangible assets (cont'd)

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 nil year (2019: 1 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 14 years (2019: 15 years).

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.8 Impairment of non-financial assets (cont'd)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

2.11 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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.

(c) Offsetting of financial instruments

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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).

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

(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 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 contract 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 36, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 21 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 \$2,755,010 (2019: \$1,509,510) lower and \$3,693,060 (2019: \$1,942,689) higher respectively.

(ii) Impairment of goodwill and investment in subsidiaries

As disclosed in Notes 13 and 15 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 13 and 15 to the financial statements.

The carrying amounts of the goodwill and investment in subsidiaries as at 31 December 2020 are \$817,948 (2019: \$7,162,522) and \$4,459,572 (2019: \$29,505,120) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 19 and 21.

The carrying amount of trade receivables and contract assets as at 31 December 2020 are \$19,142,822 and \$3,202,673 (2019: \$24,116,978 and \$4,835,593) 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 18 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

4. Revenue

(a) Disaggregation of revenue

Segments	Offshore and marine	
	2020	2019
	\$	\$
Group		
Primary geographical markets		
Australia	317,806	6,676
Europe	333,023	1,763,203
Indonesia	2,916,468	1,846,075
Malaysia	723,927	1,682,847
Middle East	1,036,059	1,120,386
People's Republic of China	1,401,782	1,693,716
Singapore	10,304,323	12,395,586
Vietnam	25,095	202,036
Others	128,173	562,388
	<u>17,186,656</u>	<u>21,272,913</u>
Major service lines		
Sale of goods	6,548,579	4,741,054
Project revenue	8,020,558	13,631,332
Rendering services	2,617,519	2,900,527
	<u>17,186,656</u>	<u>21,272,913</u>
Timing of transfer of goods or services		
At a point in time	6,548,579	4,741,054
Over time	10,638,077	16,531,859
	<u>17,186,656</u>	<u>21,272,913</u>

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

5. Other income

	Group	
	2020	2019
	\$	\$
Government grants	776,565	15,882
Gain on disposal of plant and equipment	–	161
Rental income	9,463	16,600
Sale of scrap material	26,028	4,652
Recharge of utilities	–	14,379
Slow moving stock recovery	15,370	–
Write back of allowance for doubtful debts	–	99,597
Gain from final settlement from legal dispute	470,766	–
Others	92,415	28,979
	1,390,607	180,250

6. Loss before tax from continuing operations

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

	Group	
	2020	2019
	\$	\$
(a) <i>Other operating expenses include:</i>		
Depreciation of property, plant and equipment	152,586	236,416
Amortisation of intangible assets	10,046	16,984
Intangible assets written down	20,337	–
Inventories written down	9,800,736	13,439,052
Inventories written off	69,389	1,407,752
Fair value loss on quoted equity investments	–	10,085
Impairment loss on contract asset	–	160,705
Impairment loss on goodwill	6,344,574	6,285,774
Foreign exchange loss, net	528,863	68,923
Impairment loss on quoted equity investment	40,320	–
Write-off of advances to suppliers	–	337,024
	–	337,024

Notes to the Financial Statements

For the financial year ended 31 December 2020

6. Loss before tax from continuing operations (cont'd)

	Group	
	2020	2019
	\$	\$
(b) <i>Other disclosure items:</i>		
Audit fees paid to:		
- Auditors of the Company	142,250	142,250
- Other auditors	10,772	13,255
Employee benefits expense (Note 7)	5,257,281	5,470,894
Operating lease expenses relating to short-term leases (Note 14)	245,313	267,393
	<hr/>	<hr/>
(c) <i>Impairment loss on financial assets, net:</i>		
Impairment loss on trade and other receivables, net	132,590	4,305,489
	<hr/>	<hr/>

7. Employee benefits

	Group	
	2020	2019
	\$	\$
Salaries and bonuses	4,463,483	4,385,406
Central Provident Fund contributions	543,849	683,273
Other short-term benefits	249,949	402,559
	<hr/>	<hr/>
	5,257,281	5,471,238
	<hr/>	<hr/>

These include the amount shown as key management personnel compensation in Note 30(b).

8. Finance income/(costs)

	Group	
	2020	2019
	\$	\$
Finance income:		
Interest income on:		
- fixed deposits	7,375	14,431
	<hr/>	<hr/>

Notes to the Financial Statements

For the financial year ended 31 December 2020

8. Finance income/(costs) (cont'd)

	Group	
	2020	2019
	\$	\$
Finance costs:		
Interest expense on:		
- loans and borrowings	3,399,766	1,592,236
- redeemable exchangeable bonds	3,555,764	856,864
	6,955,530	2,449,100

9. Discontinued operations

On 30 October 2020, the Group completed the disposal of the entire issued share capital of its wholly owned subsidiary, Viking Facilities Management and Operation Pte Ltd (“VFMO”). The entire results from the disposal group are presented separately on the consolidated statement of comprehensive income as “discontinued operations”.

The summarised financial information of the discontinued operations are as follows:

	2020	2019
	\$	\$
Revenue	1,540,360	2,420,931
Other income	252,132	200,735
Administrative expenses	(608,095)	(892,572)
Other operating expenses	(1,039,451)	(1,297,404)
Impairment losses on financial assets	(115,449)	(116,065)
Finance costs	(1,109,250)	(970,671)
Unrealised exchange gain	2,383	-
Fair value adjustments on depreciation	(388,677)	-
Gain on disposal of subsidiary	758,319	-
	(707,728)	(655,046)
Loss before tax from discontinued operations		
Income tax credit	80,573	20,258
	(627,155)	(634,788)
Loss from discontinued operations, net of tax		

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. Discontinued operations (cont'd)

The book value of assets and liabilities as at date of disposal on 30 October 2020 are as follows:

	\$
Assets	
Property, plant and equipment	17,838,567
Right-of-use assets	1,341,467
Trade and other receivables	126,498
Cash and cash equivalents	129,293
	<u>19,435,825</u>
Liabilities	
Borrowings	(16,103,458)
Other payables and accruals	(451,591)
Lease liabilities	(1,503,390)
Deferred tax liability	(892,038)
	<u>(18,950,477)</u>
Net assets disposed	485,348
Discharge of liabilities in related companies	(1,143,667)
Proceeds from disposal	(100,000)
	<u>(758,319)</u>

Cash flow statement disclosures

The cash flows attributable to the discontinued operations for the year ended 31 December are as follows:

	2020	2019
	\$	\$
Operating cash flows	14,204	1,502,386
Investing cash flows	–	(719,095)
Financing cash flows	79,886	(808,989)
Net cash flows	<u>94,090</u>	<u>(25,698)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. Discontinued operations (cont'd)

Loss per share disclosures

	Group	
	2020	2019
	\$	\$
Loss per share from discontinued operations attributable to the owners of the Company (cents per share)		
Basic	(0.11)	(0.11)
Diluted	(0.11)	(0.11)

10. Taxation

The major components of income tax credit for the years ended 31 December 2020 and 2019 are:

	Group	
	2020	2019
	\$	\$
Current income (credit)/tax – continuing operations	(3,112)	16,856
Deferred income tax – continuing operations		
- movement of temporary differences	87,937	(128,081)
- over provision in respect of previous years	–	(16,263)
Income tax expense/(credit) attributable to continued operation	84,825	(127,488)
Deferred income tax – discontinued operations		
- movement of temporary differences	(80,573)	(20,258)
Income tax expense/(credit) attributable to discontinued operation	(80,573)	(20,258)
Total income tax expenses/(credit) recognised in profit or loss	4,252	(147,746)

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. 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 2020 and 2019 are as follows:

	Group	
	2020	2019
	\$	\$
Accounting loss before tax from continuing operations	(25,376,105)	(31,481,676)
Accounting loss before tax from discontinued operation	(707,728)	(655,046)
Tax at 17% (2019: 17%)	(4,434,252)	(5,463,243)
Adjustments:		
Non-deductible expenses	3,995,446	4,704,631
Income not subject to tax	(1,455,791)	(15,152)
Deferred tax assets not recognised	1,901,961	903,109
Utilisation of previously unrecognised tax assets	–	(273,689)
Tax effect of fair value adjustments	–	(128,081)
Over provision of deferred income tax in respect of previous years	–	(16,263)
Effect of different tax rates in different countries	–	109,428
Others	(3,112)	31,514
Income tax expense/(credit) recognised in profit or loss	4,252	(147,746)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$32,468,500 (2019: \$20,806,560) 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 (2019: \$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 \$Nil (2019: \$670,000). The deferred tax liability is estimated to be approximately \$Nil (2019: \$110,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. Taxation (cont'd)

Deferred taxation

Deferred taxation relates to the following:

Group	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deferred tax asset				
Provisions	-	-	-	5,531
<i>Total deferred tax asset</i>	<u>-</u>	<u>-</u>		
Deferred tax liabilities				
Differences in depreciation	(592)	(15,095)	-	(35,928)
Fair value adjustments on acquisition of subsidiaries	-	(870,151)	7,364	(128,081)
Exchange differences	20	-	-	(6,124)
<i>Total deferred tax liabilities</i>	<u>(572)</u>	<u>(885,246)</u>		
Deferred income tax			<u>7,364</u>	<u>(164,602)</u>

Included in movement of deferred tax liabilities as at 31 December 2020 relates to discontinued operation amounting to \$892,038 (Note 9).

11. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

11. Loss per share (cont'd)

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	
	2020	2019
	\$	\$
Net loss attributable to owners of the Company	(26,046,209)	(31,978,210)
	Number of shares	
	2020	2019
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.

As at year end, there is Nil (2019: Nil) share options granted to employees under the existing employee share option plans and warrants of 97,491,109 (2019: 97,491,109), have not been included in the calculation of diluted loss per share because they are anti-dilutive.

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. Property, plant and equipment

Group	Leasehold buildings	Computers and office equipment	Renovation, furniture and fixtures	Motor vehicles	Machinery	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1.1.2019	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
Additions	–	33,754	–	–	–	33,754
Disposals	–	(28,059)	–	–	–	(28,059)
Written off	–	(1,720)	–	–	–	(1,720)
Attributable to discontinued operation (Note 9)	(29,628,946)	(199,751)	(1,219,707)	–	(37,500)	(31,085,904)
Exchange difference	–	8,873	3,444	6,666	9,230	28,213
At 31.12.2020	–	1,925,581	665,696	413,380	1,974,653	4,979,310
Accumulated depreciation and impairment loss						
At 1.1.2019	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
Charge for the year	–	37,284	17,336	11,684	86,282	152,586
Disposals	–	(28,059)	–	–	–	(28,059)
Written off	–	(1,720)	–	–	–	(1,720)
Attributable to discontinued operation (Note 9)	(10,511,147)	(184,026)	(1,198,730)	–	(24,608)	(11,918,511)
Exchange difference	–	8,956	3,495	6,594	8,546	27,591
At 31.12.2020	–	1,872,991	659,139	397,736	1,908,207	4,838,073
Net carrying amount						
At 31.12.2020	–	52,590	6,557	15,644	66,446	141,237
At 31.12.2019	19,117,799	71,928	44,921	27,256	164,936	19,426,840

Notes to the Financial Statements

For the financial year ended 31 December 2020

12. Property, plant and equipment (cont'd)

Company	Computers and office equipment	Renovation, furniture and fixtures	Total
	\$	\$	\$
Cost			
At 1.1.2019	223,695	11,238	234,933
Additions	2,268	–	2,268
At 31.12.2019	225,963	11,238	237,201
Additions	7,740	–	7,740
At 31.12.2020	233,703	11,238	244,941
Accumulated depreciation			
At 1.1.2019	223,636	11,238	234,874
Charge for the year	1,380	–	1,380
At 31.12.2019	225,016	11,238	236,254
Charge for the year	1,403	–	1,403
At 31.12.2020	226,419	11,238	237,657
Net carrying amount			
At 31.12.2020	7,284	–	7,284
At 31.12.2019	947	–	947

Cash payments of \$33,754 (2019: \$15,514) 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 2020 was \$Nil (2019: \$15,724).

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 \$Nil (2019: \$19,117,799) are mortgaged to secure the Group's loans and borrowings (Note 26). As disclosed in Note 9 to the financial statement, the Group's leasehold properties were disposed during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Intangible assets

	Goodwill	Customer relationships	Software	Club membership	Total
	\$	\$	\$	\$	\$
Group					
Cost					
At 1.1.2019	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
Exchange differences	–	–	7,457	–	7,457
At 31.12.2020	29,721,296	9,648,000	159,915	70,000	39,599,211
Accumulated amortisation and impairment					
At 1.1.2019	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
Amortisation	–	–	7,554	2,492	10,046
Impairment	6,344,574	–	–	–	6,344,574
Written off	–	–	–	20,337	20,337
Exchange differences	–	–	7,265	–	7,265
At 31.12.2020	28,903,348	9,648,000	159,906	55,464	38,766,718
Net carrying amount					
At 31.12.2020	817,948	–	9	14,536	832,493
At 31.12.2019	7,162,522	–	7,371	37,365	7,207,258

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Intangible assets (cont'd)

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")

The carrying amounts of goodwill allocated to each CGU are as follows:

	O&M HVAC \$	O&M Tele \$	Total \$
31.12.2020			
Goodwill	–	817,948	817,948
31.12.2019			
Goodwill	3,173,574	3,988,948	7,162,522

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:

	2020		2019	
	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	11.0%	10.5%	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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

13. Intangible assets (cont'd)

Sensitivity to changes in assumptions

a. O&M HVAC

Based on discounted cashflow prepared, goodwill has been fully impaired during the year for the O&M HVAC CGU. Other than the change in pre-tax discount rates, there has been a change in estimates such as forecasted sales for the next year and short-term growth rate in the discounted cashflow from prior year reflecting the current outlook for the CGU. In 2019, the carrying amount exceeds the estimated recoverable amount by approximately \$1,430,344 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 – For 2019, management recognises that the growth rates could yield a reasonably possible alternative to the estimated long-term growth rate of 1.0%. A reduction of 0.5% in the long-term growth rate would result in further impairment of approximately \$310,000 in 2019.

Pre-tax discount rates – For 2019, management recognises that the pre-tax discount rates at 9.5%. An increase of 1% in the pre-tax discount rates would result in further impairment of approximately \$880,000 in 2019.

b. O&M Tele CGU

Based on discounted cashflow prepared, impairment on goodwill amounting to \$3,171,000 has been recognised during the year for the O&M Tele CGU. Other than the change in pre-tax discount rates, there has been a change in estimates such as forecasted sales for the next year and short-term growth rate in the discounted cashflow from prior year reflecting the current outlook for the CGU. There has been a change in estimates from prior year reflecting the current outlook for the CGU. The carrying amount exceeds the estimated recoverable amount by approximately \$3,171,000 (2019: \$4,855,430) 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% (2019: 1.0%). A reduction of 0.5% (2019: 0.5%) in the long-term growth rate would result in further impairment of approximately \$130,000 (2019: \$240,000).

Pre-tax discount rates - Management recognises that the pre-tax discount rates at 10.5% (2019: 9.5%). An increase of 1% (2019: 1%) in the pre-tax discount rates would result in further impairment of approximately \$382,000 (2019: \$670,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. Leases

As a lessee

In prior year, 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.

a. Right-of-use assets

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
Attributable to discontinued operations (Note 9)	(1,559,939)
At 31 December 2020	–
Accumulated depreciation:	
At 1 January 2019	–
Charge for the year	119,167
At 31 December 2019	119,167
Attributable to discontinued operations (Note 9)	(119,167)
At 31 December 2020	–
Net book value:	
At 31 December 2020	–
At 31 December 2019	1,440,772

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. Leases (cont'd)

As a lessee (cont'd)

b. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020	2019
	\$	\$
Group		
Present value:		
Amounts due for settlement within 12 months	–	61,639
Amounts due for settlement after 12 months	–	1,473,694
	–	<u>1,535,333</u>
	2020	2019
	\$	\$
Maturity analysis (gross amount):		
Not later than 1 year	–	291,759
Later than 1 year and not later than 5 years	–	1,380,170
Later than 5 years	–	1,679,207
	–	<u>3,351,136</u>

The following are the amounts recognised in profit or loss:

	2020	2019
	\$	\$
Group		
Expenses relating to short-term leases	<u>245,313</u>	<u>267,393</u>

The Group does not have any non-cash additions to right-of-use assets and lease liabilities in 2020 and 2019.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As disclosed in Note 9 to the financial statement, the right of use assets and lease liabilities were disposed during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2020

14. 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 Nil year (2019: 9 months to 1 year).

Minimum rental receivables recognised as an income in profit or loss for the financial year ended 31 December 2020 amounted to \$Nil (2019: \$1,265,315).

Future minimum rental receivables under non-cancellable operating leases are as follows:

	Group	
	2020	2019
	\$	\$
- Not later than 1 year	–	1,056,330
- 1 year through 5 years	–	263,640
	–	<u>1,319,970</u>

15. Investment in subsidiaries

	Company	
	2020	2019
	\$	\$
Shares, at cost	91,744,965	101,824,965
Less: Impairment losses	(87,285,393)	(72,319,845)
	<u>4,459,572</u>	<u>29,505,120</u>

The Group and the Company has the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020	2019
			%	%
<i>Held by the Company</i>				
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

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020 %	2019 %
<i>Held by the Company</i>				
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
Viking Asset Management Pte. Ltd.*	Singapore	Investment holding	100	100
<i>Held through Viking Asset Management Pte. Ltd.</i>				
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

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. Investment in subsidiaries (cont'd)

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020 %	2019 %
<i>Held through Viking Airtech Pte Ltd</i>				
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
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	49
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.

*** The Group disposed of its 100% ownership interest in Viking Facilities Management & Operations Pte. Ltd. on 30 October 2020 (Note 9).

In 2019, the Company disposed 51% of its shareholding in Viking Airtech (Shanghai) Co., Ltd to a third party. As at 31 December 2020 and 2019, the Group has continued to consolidate Viking Airtech (Shanghai) Co., Ltd. as management has assessed that it still has control over the entity.

Notes to the Financial Statements

For the financial year ended 31 December 2020

15. Investment in subsidiaries (cont'd)

Impairment testing of investment in subsidiaries

During the financial year, the Company recognised an impairment loss of \$14,965,548 (2019: \$24,605,965) 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. Other than the change in pre-tax discount rates, there has been a change in estimates such as forecasted sales for the next year and short-term growth rate in the discounted cashflow from prior year reflecting the current outlook for the subsidiaries. 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:

	2020	2019
Long-term growth rates	1.0%	1.0%
Pre-tax discount rates	11.5%	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 \$14,965,548 (2019: \$24,605,965) 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% (2019: 0.5%) in the long-term growth rate would result in a further impairment of approximately \$Nil (2019: \$599,000).

Pre-tax discount rates – An increase of 1.0% (2019: 1.0%) in the pre-tax discount rate would result in a further impairment of approximately \$Nil (2019: \$1,724,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. Investment in associates

	Group	
	2020	2019
	\$	\$
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	
			2020	2019
			%	%
<u>Held through a subsidiary</u>				
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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

17. Quoted equity investments

Financial instruments

	Group	
	2020	2019
	\$	\$
<i>At fair value through profit or loss</i>		
Equity shares (quoted)	4	40,324
	<hr/>	<hr/>
Net carrying amount		
Non-current	4	40,324
	<hr/>	<hr/>

During the year, the Group has recognised impairment loss on quoted shares amounting to \$40,320 (2019: \$ Nil).

18. Inventories

	Group	
	2020	2019
	\$	\$
Balance sheets:		
Raw materials	525,149	1,158,064
Work-in-progress	1,708,229	1,716,026
Finished goods	–	10,263,020
	<hr/>	<hr/>
	2,233,378	13,137,110
	<hr/>	<hr/>
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	7,112,107	9,768,654
Inclusive of the following charge:		
- Inventories written down	9,800,736	13,439,052
- Inventories written off	69,389	1,407,752
	<hr/>	<hr/>

Included in finished goods as at 31 December 2020 are two land rigs (2019: two) amounting to \$Nil (2019: \$9,016,056), held by the Group for resale, following the termination of the Bareboat Charter Agreements in 2017 and 2018. The Group has fully written down the two land rigs in current year and prior year by recognising \$8,925,050 (2019: 12,514,824) in the statement of comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. Trade receivables

	Group	
	2020	2019
	\$	\$
Trade receivables	19,142,822	24,116,978

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.

Included in trade receivables are amounts due from customers pertaining to the past charter of the land rigs. As at 31 December 2020, the carrying amounts of these trade receivables, net of allowance for expected credit losses, was \$16,305,701 (2019: \$16,604,744). Further, as at 31 December 2020, the Group has other payables and deposits due to these customers amounting to \$16,305,701 (2019: \$16,567,171) (Note 24). The Group has the legally enforceable right to set off the amounts due to or from each other but the arrangement to offset on a net basis has not been communicated by the Group to these customers.

Trade receivables denominated in foreign currencies are as follows:

	Group	
	2020	2019
	\$	\$
United States Dollar	17,046,705	18,939,364
Chinese Renminbi	32,593	42,977
Malaysian Ringgit	108,213	316,661
Indonesian Rupiah	350,616	507,914

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. Trade receivables (cont'd)

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:

	Trade receivables \$	2020 Other receivables and deposits \$	Contract assets \$	Trade receivables \$	2019 Other receivables and deposits \$	Contract asset \$
Group						
At 1 January	17,426,551	75,780	160,705	13,615,991	75,780	–
Charge for the year	96,123	36,467	–	4,305,489	–	160,705
Exchange differences	(619,236)	–	–	(194,295)	–	–
Written off	(68,348)	–	–	(201,037)	–	–
Written back	–	–	–	(99,597)	–	–
At 31 December	16,835,090	112,247	160,705	17,426,551	75,780	160,705
Company						
At 1 January	–	70,000	–	–	70,000	–
Charge for the year	–	36,467	–	–	–	–
At 31 December	–	106,467	–	–	70,000	–

20. Other receivables and deposits

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Deposits	110,857	539,266	60,100	50,000
Advances to employees	54,562	29,929	–	–
Advances to suppliers	142,515	183,183	–	–
Other receivables	850,458	546,982	214,576	86,660
Less: Allowance for expected credit loss	(112,247)	(75,780)	(106,467)	(70,000)
	1,046,145	1,223,580	168,209	66,660

Other receivables are non-interest bearing and are generally on 30 to 90 days' terms.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. Contract assets and contract liabilities

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020	2019
	\$	\$
Contract assets	3,202,673	4,835,593
Contract liabilities	(937,562)	(2,899,078)
	2,265,111	1,936,515

Included in contract liabilities are advances from customers amounting to \$843,375 as at 31 December 2020 (2019: \$441,577).

The Group has recognised impairment losses on receivables amounting to \$Nil (2019: \$160,705) 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	
	2020	2019
	\$	\$
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Project revenue	5,034,489	1,985,851

Notes to the Financial Statements

For the financial year ended 31 December 2020

22. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash and bank balances	2,341,568	2,147,732	18,192	25,078
Short term deposit	217,036	216,615	–	–
	<u>2,558,604</u>	<u>2,364,347</u>	<u>18,192</u>	<u>25,078</u>

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 2020 for the Group were 2.12% to 2.76% (2019: 2.10% to 3.6%).

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

	Group	
	2020	2019
	\$	\$
United States Dollar	1,030,702	593,413
Chinese Renminbi	223,490	66,308
Malaysian Ringgit	103,099	186,046
Euro	2,232	2,068
Indonesian Rupiah	<u>69,570</u>	<u>181,690</u>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2020	2019
	\$	\$
Cash and bank balances	2,341,568	2,147,732
Short term deposit	217,036	216,615
Cash and cash equivalents	<u>2,558,604</u>	<u>2,364,347</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

23. 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	
	2020	2019
	\$	\$
United States Dollar	391,332	846,502
Euro	27,409	435,434
Chinese Renminbi	297,162	801,161
Malaysia Ringgit	176,289	209,638
Indonesia Rupiah	97,622	306,912

24. Other payables and accruals

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accrued operating expenses	2,635,016	3,065,237	1,005,407	482,538
Accrued interest	9,445,466	2,847,043	–	–
Customers' deposits	5,462,945	5,562,099	–	–
Other payables	13,091,149	13,293,142	483,979	514,794
Rental deposits received	–	140,900	–	–
	30,634,576	24,908,421	1,489,386	997,332

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 \$5,286,764 (2019: \$5,382,720) pertaining to the past charters of the land rigs.

Included in other payables are amounts of \$11,018,937 (2019: \$11,184,451) and \$Nil (2019: \$865,009) due respectively to a customer mainly in relation to the purchase of a land rig sales and leaseback arrangement, and a loan from Chairman which carried interest at 12.0% per annum. The loan from Chairman has been fully settled during the year.

25. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Current liabilities				
Revolving loans	–	6,486,974	–	–
Current portion of long-term loans				
- Term loans	–	9,099,757	–	–
Related party loan	6,501,438	6,501,044	–	–
Third party loans	2,160,000	2,160,000	–	–
Bridging loan	–	1,674,623	–	–
	<u>8,661,438</u>	<u>25,922,398</u>	<u>–</u>	<u>–</u>

- (i) Revolving loans carry interest at rates ranging from Nil % (2019: 3.80% to 10.25%) per annum and are repayable on demand. The loans are secured by a first legal mortgage on subsidiaries leasehold property (Note 12) and corporate guarantees from the Company. The loans had been fully discharged during the year.
- (ii) Term loans carry interest at rates ranging from Nil % (2019: 3.50% to 5.83%) 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 12) and by corporate guarantees from the Company. The loans had been fully discharged during the year.
- (iii) Related party loan (Tembusu) carries interest at 20.00% (2019: 15.00%) per annum. The loan has been in default since 2018. The loan is secured by a corporate guarantee from the Company.
- (iv) Third party loans carry interest at rates ranging from 8.00% to 8.50% (2019: 8.00% to 8.50%) per annum. The loan has been in default since 2019. The loans are secured by corporate guarantees from the Company.
- (v) Bridging loans carry interest at Nil% (2019: 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 12) and by corporate guarantees from the Company. The loans had been fully discharged during the year.

The carrying amount of loans and borrowings and redeemable exchange bonds (Note 26), in default at the end of the reporting period is \$15,817,296.

Defaults and breach of loan covenant

As at 31 December 2020, the Group's related party loan and third party loan amounting to \$8,661,438 were in default.

As at 31 December 2019, the Group's revolving loans, term loans, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. Loans and borrowings (cont'd)

Settlement of loan

As disclosed in Note 9 of the financial statements, the Group had disposed entire issued share capital of its wholly owned subsidiary, Viking Facilities Management and Operations Pte Ltd ("VFMO") during the year. Of which, a consideration of \$12,000,000 was applied towards the release and discharge of all the liabilities and securities owing to Maybank Singapore by the Group.

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

	31.12.2019	Cash flows	Non-cash changes	31.12.2020
	\$	\$	\$	\$
Loans				
- Current	25,922,398	(540,809)	(16,720,151)	8,661,438
Lease liabilities				
- Current	61,639	(61,639)	-	-
- Non-current	1,473,694	(202,833)	(1,270,861)	-
Redeemable exchangeable bonds				
- Current	7,155,424	-	434	7,155,858
	<u>34,613,155</u>	<u>(805,281)</u>	<u>(17,990,578)</u>	<u>15,817,296</u>
	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(l) 16)	65,488	(286,532)	282,683	61,639
- Non-current (include effects of adoption of SFRS(l) 16)	1,535,514	(15,373)	(46,447)	1,473,694
Redeemable exchangeable bonds				
- Current	7,080,834	-	74,590	7,155,424
	<u>35,448,387</u>	<u>(1,146,058)</u>	<u>310,826</u>	<u>34,613,155</u>

Included in the 'non-cash changes' column for loans and lease liabilities for the year ended 31 December 2020 are attributable to the discontinued operation (Note 9). Other than the above, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

27. 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 internal rate of return of 20% per annum on the principal amount, together with any accrued and unpaid interest. The Group has accrued interest amounting to \$3,555,764 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.

Both bond 1 and 2 are in default since 31 December 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2020

27. 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			
2020			
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	4,796,509	691,342	5,487,851
- Accumulated interest	434	–	434
- Closing balance at 31 December	4,796,943	691,342	5,488,285
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	3,464,516	3,691,342	7,155,858
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

Notes to the Financial Statements

For the financial year ended 31 December 2020

28. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2020		2019	
	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			
	2020		2019	
	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.

29. Other reserves

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Foreign currency translation reserve (a)	(966,952)	(1,520,541)	-	-
Capital reserve (b)	114,056	114,056	114,056	114,056
Total other reserves	(852,896)	(1,406,485)	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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

29. Other reserves (cont'd)

(a) Foreign currency translation reserve (cont'd)

	Group	
	2020	2019
	\$	\$
At 1 January	(1,520,541)	(1,344,231)
Net effect of exchange differences	553,589	(176,310)
At 31 December	<u>(966,952)</u>	<u>(1,520,541)</u>

(b) Capital reserve

Capital reserve relates to the gain on reissuance of treasury shares.

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
At 1 January and 31 December	<u>114,056</u>	<u>114,056</u>	<u>114,056</u>	<u>114,056</u>

30. 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Income/(Expenses)				
Management fee income from subsidiaries	–	–	992,000	570,000
Rental of office premise from a subsidiary	–	–	–	(73,164)
Finance cost from a related party	(3,070,296)	(1,082,452)	–	–
Finance cost from Chairman	–	(81,416)	–	–
Loan from a related party (Note 26)	<u>6,501,438</u>	<u>6,501,044</u>	<u>–</u>	<u>–</u>
Loan from Chairman (Note 24)	<u>–</u>	<u>865,009</u>	<u>–</u>	<u>–</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

30. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2020	2019
	\$	\$
Short-term employee benefits	596,897	496,760
Central Provident Fund contributions	36,367	46,540
Total compensation paid to key management personnel	633,264	543,300
Comprise amounts paid to:		
- Directors of the Company	395,640	292,260
- Other key management personnel	237,624	251,040
	633,264	543,300

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

31. Commitments and contingencies

Guarantees

As at 31 December 2020, the Company has provided corporate guarantees totalling \$15,816,468 (2019: \$21,943,448) to financial institutions in respect of credit facilities utilised by the subsidiaries.

32. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

32. 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				
2020				
Assets measured at fair value				
Financial assets:				
Equity securities through profit or loss				
- Quoted equity instruments (Note 17)	4	-	-	4
Financial assets as at 31 December 2020	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
2019				
Assets measured at fair value				
Financial assets:				
Equity securities through profit or loss				
- Quoted equity instruments (Note 17)	40,324	-	-	40,324
Financial assets as at 31 December 2019	<u>40,324</u>	<u>-</u>	<u>-</u>	<u>40,324</u>

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. Classification of financial assets and liabilities

Financial assets

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Fair value through profit or loss				
Quoted equity investments	4	40,324	4	40,324
Amortised cost				
Trade receivables	19,142,822	24,116,978	–	–
Other receivables and deposits	849,068	1,010,468	168,209	66,660
Due from subsidiaries (non-trade)	–	–	–	36,467
Cash and cash equivalents	2,558,604	2,364,347	18,192	25,078
	<u>22,550,494</u>	<u>27,491,793</u>	<u>186,401</u>	<u>128,205</u>

Financial liabilities

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Financial liabilities at amortised cost				
Trade payables	2,562,997	5,666,459	–	–
Other payables and accruals	30,634,576	24,908,421	1,489,386	997,332
Loans and borrowings	8,661,438	25,922,398	–	–
Due to subsidiaries (non-trade)	–	–	19,357,923	27,332,355
Redeemable exchangeable bonds	7,155,858	7,155,424	–	–
Lease liabilities	–	1,535,333	–	–
	<u>49,014,869</u>	<u>65,188,035</u>	<u>20,847,309</u>	<u>28,329,687</u>

34. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(a) Credit risk (cont'd)

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

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 19 and Note 21 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(a) Credit risk (Cont'd)

[Excessive risk concentration](#)

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.

[Exposure to credit risk](#)

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 \$15,816,468 (2019: \$21,943,448) relating to corporate guarantees provided by the Group to financial institutions in respect of credit facilities utilised by the subsidiaries.

[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 19 and 20.

Notes to the Financial Statements

For the financial year ended 31 December 2020

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

(a) Credit risk (cont'd)

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:

	2020		2019	
	\$	% of total	\$	% of total
Group				
Trade receivables				
By country:				
Singapore	1,522,620	8%	4,462,993	19%
People's Republic of China	4,593,502	24%	5,258,326	22%
United Kingdom	11,685,736	60%	12,433,074	52%
Indonesia	496,917	3%	915,556	4%
Malaysia	156,845	1%	691,245	2%
Others	687,202	4%	355,784	1%
	<u>19,142,822</u>	<u>100%</u>	<u>24,116,978</u>	<u>100%</u>
Group				
Trade receivables				
By industry sectors:				
Corporate	–	*	337,977	1%
Offshore and marine	2,959,040	15%	7,174,257	30%
Chartering services	16,183,782	85%	16,604,744	69%
	<u>19,142,822</u>	<u>100%</u>	<u>24,116,978</u>	<u>100%</u>

* denotes less than 1%

At the end of the reporting period, approximately 4% (2019: 75%) of the Group's trade receivables were due from five (2019: five) major customers.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. 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 (2019: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been \$79,086 lower/higher (2019: \$165,389 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.

At the end of the reporting period, 100% (2019: 100%) of the Group's loans and borrowings (Note 26) are in default. The Group's loans and borrowings are included in moratorium as disclosed in Note 2.1 of the financial statements.

The Board of Directors manage this risk by taking into consideration the following assumptions and measures as disclosed in Note 2.1 of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. 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				
2020				
Financial assets:				
Quoted equity investments	–	–	4	4
Trade receivables	19,142,822	–	–	19,142,822
Other receivables and deposits	849,068	–	–	849,068
Cash and cash equivalents	2,558,604	–	–	2,558,604
Total undiscounted financial assets	<u>22,550,494</u>	–	4	<u>22,550,498</u>
Financial liabilities:				
Trade payables	2,562,997	–	–	2,562,997
Other payables and accruals	30,634,576	–	–	30,634,576
Loans and borrowings	8,661,438	–	–	8,661,438
Redeemable exchangeable bonds	7,155,858	–	–	7,155,858
Total undiscounted financial liabilities	<u>49,014,869</u>	–	–	<u>49,014,869</u>
Total net undiscounted financial liabilities	<u>(26,464,375)</u>	–	4	<u>(26,464,371)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. 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				
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)

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. 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				
2020				
Financial assets:				
Quoted equity investments	–	–	4	4
Other receivables and deposits	168,209	–	–	168,209
Cash and cash equivalents	18,192	–	–	18,192
Total undiscounted financial assets	<u>186,401</u>	<u>–</u>	<u>4</u>	<u>186,405</u>
Financial liabilities:				
Other payables and accruals	1,489,386	–	–	1,489,386
Due to subsidiaries (non-trade)	19,357,923	–	–	19,357,923
Total undiscounted financial liabilities	<u>20,847,309</u>	<u>–</u>	<u>–</u>	<u>20,847,309</u>
Total net undiscounted financial (liabilities)/ assets	<u>(20,660,908)</u>	<u>–</u>	<u>4</u>	<u>(20,660,904)</u>
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	<u>128,205</u>	<u>–</u>	<u>40,324</u>	<u>168,529</u>
Financial liabilities:				
Other payables and accruals	997,332	–	–	997,332
Due to subsidiaries (non-trade)	27,332,355	–	–	27,332,355
Total undiscounted financial liabilities	<u>28,329,687</u>	<u>–</u>	<u>–</u>	<u>28,329,687</u>
Total net undiscounted financial (liabilities)/ assets	<u>(28,201,482)</u>	<u>–</u>	<u>40,324</u>	<u>(28,161,158)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. 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 40% (2019: 37%) of the Group's sales are denominated in foreign currencies whilst almost 42% (2019: 46%) 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	
	2020	2019
	\$	\$
SGD - strengthened 5% (2019: 5%)	(1,174,197)	(863,327)
- weakened 5% (2019: 5%)	1,174,197	863,327
USD - strengthened 5% (2019: 5%)	74,352	101,731
- weakened 5% (2019: 5%)	(74,352)	(101,731)
RMB - strengthened 5% (2019: 5%)	22,444	(21,386)
- weakened 5% (2019: 5%)	(22,444)	21,386
Euro - strengthened 5% (2019: 5%)	(1,259)	(21,668)
- weakened 5% (2019: 5%)	1,259	21,668
MYR - strengthened 5% (2019: 5%)	(4,138)	14,724
- weakened 5% (2019: 5%)	4,138	(14,724)

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. 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% (2019: 5%) higher/lower with all other variables held constant, the Group's loss before tax would have been approximately \$Nil (2019: \$2,000) 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.

35. Capital management

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019. The Group is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

35. 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	
	2020	2019
	\$	\$
Total debt	49,014,869	63,652,702
Less: Cash and cash equivalents (Note 22)	(2,558,604)	(2,364,347)
Net debt	<u>46,456,265</u>	<u>61,288,355</u>
Equity attributable to the owners of the Company	(20,633,349)	4,859,271
Total capital	<u>(20,633,349)</u>	<u>4,859,271</u>
Capital and net debt	<u>25,822,916</u>	<u>66,147,626</u>
Gearing ratio	<u>180%</u>	<u>93%</u>

36. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. Segmental information (cont'd)

	Offshore and Marine		Chartering Services		Corporate		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2020	2019	2020	2019	2020	2019	2020	2019		2020	2019
Revenue:	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
External customers	17,186,656	21,272,913	-	-	-	-	-	-		17,186,656	21,272,913
Inter-segment	654,978	2,520,529	-	-	992,000	570,000	(1,646,978)	(3,090,529)	A	-	-
Total revenue	17,841,634	23,793,442	-	-	992,000	570,000	(1,646,978)	(3,090,529)		17,186,656	21,272,913
Results:											
Interest income	7,348	14,399	27	32	-	-	-	-		7,375	14,431
Depreciation and amortisation	149,263	244,330	-	-	1,401	1,381	1,922	7,689		152,586	253,400
Impairment of non-financial assets	613,111	2,328,416	8,925,050	12,514,824	-	-	6,413,963	6,289,338		15,952,124	21,132,578
Other non-cash expenses	1,260,494	282,308	(300,611)	4,023,181	107,225	-	-	-	B	1,067,108	4,305,489
Segment (loss)/profit	(2,506,130)	(9,887,507)	(15,092,524)	(19,434,103)	(17,541,086)	(41,730,982)	9,763,635	39,570,916)		(25,376,105)	(31,481,676)
Assets:											
Additions to non-current assets	26,014	15,514	-	-	7,740	-	-	-	C	33,754	15,514
Segment assets	15,449,339	26,081,557	46,920,753	57,419,120	4,668,211	47,748,364	(37,764,726)	(57,417,051)	D	29,273,577	73,831,990
Segment liabilities	(11,417,820)	(17,580,128)	(102,533,566)	(89,876,544)	(20,858,878)	(34,601,779)	84,850,696	99,893,736	E	(49,959,566)	(42,164,715)

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. 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 deducted from segment assets to arrive at total assets reported in the consolidated balance sheets:

	2020	2019
	\$	\$
Inter-segment assets	(37,764,726)	(57,417,051)

- E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheets:

	2020	2019
	\$	\$
Deferred tax liabilities	572	885,246
Tax payable	6,565	11,126
Loans and borrowings	8,661,438	25,922,398
Inter-segment liabilities	(84,850,696)	(99,893,736)

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. 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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Australia	317,806	6,676	–	–
Europe	333,023	1,763,203	–	–
Indonesia	2,916,468	1,846,075	1,949	3,535
Malaysia	723,927	1,682,847	5,446	6,447
Middle East	1,036,059	1,120,386	–	–
People's Republic of China	1,401,782	1,693,716	3,729	26,649
Singapore	10,304,323	12,395,586	962,606	28,038,239
Vietnam	25,095	202,036	–	–
Others	128,173	562,388	–	–
	<u>17,186,656</u>	<u>21,272,913</u>	<u>973,730</u>	<u>28,074,870</u>

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 (2019: three) customers amounting to \$5,564,095 (2019: \$7,376,603) arise from project revenue by the offshore and marine segment (2019: offshore and marine segment).

Notes to the Financial Statements

For the financial year ended 31 December 2020

37. Comparative figures

The restatement of the comparative figures in the financial statements are a result of the disposal of subsidiary during the current year (Note 9). The results of these operations have been reclassified as discontinued operations.

	Group	
	2019 As reclassified \$	2019 As previously reported \$
<u>Continuing operations</u>		
Revenue	21,272,913	23,693,844
Cost of sales	(15,294,359)	(15,294,359)
Other income	185,250	385,985
Finance income	14,431	14,431
Marketing and distribution expenses	(304,949)	(304,949)
Administrative expenses	(8,294,192)	(9,186,764)
Other operating expenses	(22,306,181)	(23,719,650)
Impairment losses on financial assets, net	(4,305,489)	(4,305,489)
Finance costs	(2,449,100)	(3,419,771)
Income tax credit	127,488	147,746
Loss from continuing operations, net of tax	(31,354,188)	(31,988,976)
<u>Discontinued operations</u>		
Loss from discontinued operations, net of tax	(634,788)	-
Loss for the year	(31,988,976)	(31,988,976)

Notes to the Financial Statements

For the financial year ended 31 December 2020

38. Events occurring after reporting period

- (a) The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme.
- (b) Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the “Investors”) in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 (“Proposed Placement”) and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders’ loan of total \$1,000,000 repayable 12 months from the loan drawdown (the “Loans”). The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme. The Proposed Placement is subject to, amongst others, approval from the shareholders at an extraordinary general meeting as well as the finalisation of the Scheme.

39. Authorisation of financial statements

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 11 June 2021.

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

The provisions in the Constitution relating to rights of Shareholders in respect of capital, dividends and voting are reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at Company's registered office at 21 Kian Teck Road, Singapore 628773, during normal business hours until the Closing Date.

(i) RIGHTS IN RESPECT OF CAPITAL

ISSUE OF SHARES	
3.	<p>Subject to the Statutes and the provisions of these presents, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, PROVIDED THAT:</p> <p>(a) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and</p> <p>(b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of these presents.</p>
4.	<p>(A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any securities exchange upon which shares in the Company are listed, including that the total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six Months in arrear.</p> <p>(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.</p>
VARIATION OF RIGHTS	
5.	<p>(A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going</p>

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	<p>concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall <i>mutatis mutandis</i> apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.</p> <p>(B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.</p> <p>(C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects <i>pari passu</i> therewith but in no respect in priority thereto.</p>
	ALTERATION OF SHARE CAPITAL
6.	The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.
7.	<p>(A) Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 7(A).</p> <p>(B) Except so far as otherwise provided by the conditions of issue or by the provisions of these presents, all new shares shall be subject to the Statutes and the provisions of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.</p>
8.	The Company may by Ordinary Resolution:

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	<p>(a) consolidate and divide all or any of its shares;</p> <p>(b) cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;</p> <p>(c) sub-divide its shares, or any of them in accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or</p> <p>(d) subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares.</p>
9.	<p>(A) The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.</p> <p>(B) Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.</p>
10.	Shares that the Company purchases or otherwise acquires may be held as treasury shares in accordance with the provisions of these presents and the Act.
11.	Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the member holding the treasury shares.
12.	The Company shall not exercise any right in respect of the treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.
	SHARES
13.	Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of these presents) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.
14.	Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions (as regards dividend, return of capital, voting or otherwise) as the Company may from time to time by

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the Statutes, the Company may issue preference shares which are, or at the option of the Company, are liable to be redeemed.
15.	Subject to the Statutes and the provisions of these presents relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
16.	The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly shares or partly in one way and partly in the other.
17.	Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
	SHARE CERTIFICATES
18.	Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.
19.	(A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member. (B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate thereof and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
20.	Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, the Company shall despatch to every person whose name is entered as a member in the Register of Members and who is entitled to receive such certificate, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred, within ten Market Days of the closing date of any application for shares' (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) or within ten Market Days after the date of lodgement of a registrable transfer (or such other period as may be approved by the securities exchange upon which shares in the Company are listed). Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate or certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 for each new certificate (or such other fee as the Directors may from time to time determine having regard to any

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	limitation thereof as may be prescribed by the securities exchange upon which shares in the Company are listed).
21.	<p>(A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.</p> <p>(B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the securities exchange upon which shares in the Company are listed.</p> <p>(C) In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.</p>
22.	Subject to the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the securities exchange upon which shares in the Company are listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.
	CALLS ON SHARES
23.	The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
24.	Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company, the amount called on his shares, at the time or times and place of payment specified by the Company. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
25.	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
26.	Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of the provisions of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	become payable by virtue of a call duly made and notified.
27.	The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
28.	The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish <i>pro Canto</i> the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.
	FORFEITURE AND LIEN
29.	If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
30.	The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.
31.	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
32.	A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.
33.	A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.
34.	The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

35.	The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
36.	The residue of the proceeds of such sale pursuant to Article 35 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.
37.	A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee, as the case may be) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.
TRANSFER OF SHARES	
38.	All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the securities exchange upon which shares in the Company are listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, PROVIDED THAT an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
39.	The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, PROVIDED THAT such Register shall not be closed for more than thirty days in any Year. The Company shall give prior notice of such closure as may be required to the securities exchange upon which shares in the Company are listed, stating the period and purpose or purposes for which the closure is made.
40.	(A) Subject to the provisions of these presents, there shall be no restriction on the transfer of fully paid up shares (except where required by law, the Statutes or the bye-laws or listing rules of any securities exchange upon which shares in the Company are listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (except where such refusal to register contravenes the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed).

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	<p>(B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:</p> <p>(a) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as Directors may from time to time require in accordance with provisions of these presents, is paid to the Company in respect thereof;</p> <p>(b) the instrument of transfer is deposited at the registered office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;</p> <p>(c) the instrument of transfer is in respect of only one class of shares; and</p> <p>(d) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.</p>
41.	<p>If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed), send to the transferor and to the transferee, written notice of the refusal stating reasons for the refusal as required by the Statutes.</p>
42.	<p>All instruments of transfer which are registered may be retained by the Company.</p>
43.	<p>There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members, affecting the title to any shares such fee not exceeding \$2 as the Directors may from time to time require or prescribe.</p>
44.	<p>The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six Years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six Years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six Years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, PROVIDED THAT:</p> <p>(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;</p> <p>(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and</p>

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	(c) references herein to the destruction of any document include references to the disposal thereof in any manner.
	TRANSMISSION OF SHARES
45.	<p>(A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.</p> <p>(B) In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.</p> <p>(C) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.</p>
46.	Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.
47.	Save as otherwise provided by or in accordance with the provisions of these presents, a person becoming entitled to a share pursuant to Article 45(A) or (B) or Article 46 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.
	STOCK
48.	The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.
49.	The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
50.	The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
	CAPITALISATION OF PROFITS AND RESERVES
135.	Subject to Article 3 and Article 7, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter into an agreement with the Company on behalf of all the members interested, providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
135A.	In addition and without prejudice to the power to capitalise profits and other moneys provided for by Article 135, the Directors shall have power to issue shares for which no consideration is payable and/or capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

(ii) RIGHTS IN RESPECT OF DIVIDENDS

	RESERVES
122.	The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the Statutes.
	DIVIDENDS
123.	The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

124.	If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
125.	<p>Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:</p> <p>a. all dividends in respect of shares shall be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and</p> <p>b. all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.</p> <p>For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.</p>
126.	No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.
127.	No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
128.	<p>(A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.</p> <p>(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.</p> <p>(C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.</p> <p>(D) A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.</p>
129.	The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	acted upon by the Company.
130.	The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
131.	<p>(A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:</p> <p>(a) the basis of any such allotment shall be determined by the Directors;</p> <p>(b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked shall be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;</p> <p>(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded PROVIDED THAT the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and</p> <p>(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 135, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.</p>

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	<p>(B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank <i>par passu</i> in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.</p> <p>(b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the members).</p> <p>(C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.</p> <p>(D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.</p> <p>(E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.</p>
132.	<p>Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 134, the payment by</p>

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
133.	If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
134.	Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

(iii) RIGHTS IN RESPECT OF VOTING

	GENERAL MEETINGS
51.	Subject to the Statutes, an Annual General Meeting shall be held once in every Year and not more than fifteen Months after the holding of the last preceding Annual General Meeting, at such time and place as may be determined by the Directors. All other General Meetings shall be Extraordinary General Meetings.
52.	The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.
	NOTICE OF GENERAL MEETINGS
53.	<p>(A) Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. Subject to the foregoing, an Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than those who are not under the provisions of these presents entitled to receive such notices from the Company, PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:</p> <p>(a) in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and</p> <p>(b) in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,</p> <p>except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.</p> <p>(B) Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any</p>

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	<p>General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.</p> <p>(C) At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.</p>
54.	<p>(A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.</p> <p>(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.</p> <p>(C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.</p>
55.	<p>Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:</p> <ul style="list-style-type: none"> (a) declaring dividends; (b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts; (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise; (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting); (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and (f) fixing the fees of the Directors proposed to be passed under Article 81.
56.	<p>Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.</p>
	PROCEEDINGS AT GENERAL MEETINGS
57.	<p>The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.</p>
58.	<p>No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy, PROVIDED THAT where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.</p>

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

59.	If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.
60.	The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or <i>sine die</i>) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned <i>sine die</i> , the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or <i>sine die</i> , not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
61.	Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
62.	If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
63.	<p>At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:</p> <ul style="list-style-type: none"> (a) the chairman of the meeting (b) not less than five members having the right to vote at the meeting; (c) a member having the right to vote at the meeting representing not less than ten per cent. of the total voting rights of all the members having the right to vote at the meeting; or (d) a member having the right to vote at the meeting and holding shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares), <p>PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.</p>
64.	A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
65.	In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
66.	A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.
	VOTES OF MEMBERS
67.	Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 12, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote PROVIDED THAT in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.
68.	In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.
69.	Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
70.	Any member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid, and shall be entitled to exercise any other right conferred by membership in relation to meetings of the Company.
71.	No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

72.	On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
73.	<p>(A) A member may appoint not more than two proxies to attend and vote at the same General Meeting, PROVIDED THAT if the member is a Depositor, the Company shall be entitled and bound:</p> <p style="padding-left: 40px;">(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and</p> <p style="padding-left: 40px;">(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.</p> <p>(B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.</p> <p>(C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.</p> <p>(D) A proxy need not be a member of the Company.</p>
74.	<p>(A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:</p> <p style="padding-left: 40px;">(a) in the case of an individual, shall be signed by the appointor or his attorney; and</p> <p style="padding-left: 40px;">(b) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.</p> <p>(B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 75, failing which the instrument may be treated as invalid.</p>
75.	An instrument appointing a proxy shall be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than forty- eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes

APPENDIX E – RELEVANT PROVISIONS OF THE CONSTITUTION

	of any subsequent meeting to which it relates.
76.	An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
77.	A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made PROVIDED THAT no intimation in writing of such death, insanity or revocation shall have been received by the Company at the registered office of the Company at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
77A.	Subject to these presents and the Statutes, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.
CORPORATIONS ACTING BY REPRESENTATIVES	
78.	Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the provisions of these presents, be deemed to be present in person at any such meeting if a person so authorised is present thereat.