SYNERGIZING OUR CORE BUSINESS

ASL Marine Holdings Ltd. Annual Report 2021

CONTENTS

CORPORATE PROFILE

ASL Marine Holdings Ltd. is a vertically-integrated marine services group principally engaged in shipbuilding, shiprepair and conversion, shipchartering, dredge engineering and other marine related services, catering to customers from Asia Pacific, South Asia, Europe, Australia and the Middle East.

Listed on Singapore Stock Exchange since 2003, ASL Marine has over the years grown into one of the region's key players in the marine services sector.

Today, ASL Marine owns four shipyards in Singapore and Indonesia (Batam), providing a comprehensive range of shipbuilding, shiprepair and conversion services spanning myriad sectors and industries. As at 30 June 2021, it has a vessel fleet of 235, providing shipchartering services to various industries, including marine infrastructure and construction, dredging, land reclamation and cargoes transportation. ASL Marine added engineering segment to its business model with its acquisition of VOSTA LMG International B.V. and its subsidiaries (the "VOSTA LMG group") in 2012. The VOSTA LMG group designs and manages the construction of dredgers, makes and supplies specialised dredging components, and owns several important patents.

FOUNDER'S **MESSAGE**

ANG SIN LIU
Founder and Advisor

DEAR SHAREHOLDERS,

With the challenges of COVID-19 pandemic carried over to the current year, ASL continues to remain steadfast, with resilience, unwavering commitment and focus on strengthening its core capabilities. In times of uncertainties, the faithful support from our staff, management, directors, business partners, banks and stakeholders become extremely valuable. Thank you for putting your trust and support on ASL. We will strive to overcome the challenges and believe that the years to come will get better.

ANG SIN LIU
Founder and Advisor

CHAIRMAN'S MESSAGE

ANG KOK TIAN
Chairman,
Managing Director and CEO

DEAR SHAREHOLDERS,

The COVID-19 pandemic has severely disrupted global economic activity. It is foreseeable that the ongoing impact of COVID-19 pandemic (including new virus variants), global economic uncertainty and geopolitical tensions will continue to exist in the coming years. This unprecedented economic landscape presents challenges to the Group as our core businesses are primarily reliant on the market conditions in the infrastructure, shipbuilding and shiprepair, shipping and offshore & marine industries.

The Group registered a decline of 20.8% in total revenue to $193.0 million in FY2021 as the business environment remained tough during the financial year. Except for shiprepair, conversion & engineering services segment, the shipbuilding and shipchartering segments recorded relatively lower revenue for FY2021. The Group recorded a gross loss of $1.2 million at gross loss margin of 0.6% in FY2021 as compared with a gross profit of $12.7 million at gross profit margin of 5.2% in FY2020. This was mainly attributed to negative contribution derived from its shipchartering segment, affected by the COVID-19 pandemic. A net loss of $36.9 million was recorded by the Group in FY2021, which included impairment losses on financial and non-financial assets amounting to $4.1 million. The Group recorded earnings before interest, tax, depreciation, amortization, impairments and other non-cashflow items of $48.2 million in FY2021, decreased by $20.8 million (30.1%) as compared to FY2020. Notwithstanding the challenges amid the COVID-19 situation, the Group continues to generate positive cash flow from its operating activities with focused management efforts in trade debt collection, tightening cost control and streamlining work processes.

A REVIEW OF BUSINESS SEGMENTS

Shipbuilding

The low level of exploration, development and production activities in the oil and gas industry continued to result in low utilization of offshore support vessels ("OSVs"), and hence low shipbuilding demand for such vessels. Due to lower order book in the financial year, revenue from shipbuilding operations declined by 32.2%

to $24.6 million in FY2021. New shipbuilding remained subdued in the industry, however owing to our capability and track record in building non-OSV vessels such as tugs and barges, the Group delivered a total of 4 tugs and 10 barges in FY2021. The market has been highly competitive, which weighed on margins.

As at 30 June 2021, the Group had an outstanding shipbuilding order book from external customers of approximately $28.0 million for 5 vessels with progressive deliveries up to 1Q FY2023. We continue to focus on securing orders for standardized vessels like tugs, barges, tankers and dredgers which have shorter delivery cycles and are less capital intensive and to exercise caution with our selection of customers based on their creditworthiness.

Shiprepair, conversion and engineering services

Our shipyard facilities and resources, strong capabilities, track record and stable client network in the shiprepair and conversion business offers us a silver lining in a difficult business environment. Revenue of shiprepair, conversion and engineering services increased by $8.0 million (10.7%) from FY2020, to $83.1 million in FY2021 mainly attributed to recognition of prior year projects from certain customers upon finalization during the financial year.

The Group expanded its dry-docking capacity in Singapore yard with a floating dock to capture the local shiprepair market for bunkering vessels and cargo ships. The Group is actively expanding its marketing network and engaging international customers. Seaborne transport is essential for international trade and an upswing of shipping activities which will spur the demand for maintenance and shiprepairs.

Our engineering segment (VOSTA LMG group) engages primarily in the land reclamation, dredging and marine infrastructure industry. The demand is supported by a) the fundamental demand from land reclamation and coastal protection projects; and b) port expansion projects.

The Group will continue to improve its operational efficiency, tighten cost control to ensure our competitiveness in this segment.

Shipchartering

Revenue of shipchartering decreased by 35.5% to $85.3 million in FY2021, compared to that of FY2020, mainly due to lower fleet utilisation, early termination of charter contracts of an OSV and two chemical tankers, coupled with delay of certain major local infrastructure projects being affected by COVID-19 pandemic in Singapore and completion of certain major overseas infrastructure projects during the current financial year, partially offset by an additional long term overseas charter contract which commenced in December 2020.

CHAIRMAN'S **MESSAGE**

Approximately 31% of shipchartering revenue in FY2021 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 June 2021, the Group had an outstanding shipchartering order book of approximately $55.0 million with respect to long-term contracts.

The diversified vessel types in our fleet are expected to lend support to our chartering business. The Group expects continued inflow of business from customers in the marine infrastructure industry (such as land reclamation and dredging, port and bridge construction) and cargo transportation sectors (such as carriage of aggregates and nickel) in South Asia and South East Asia.

OUTLOOK AND STRATEGIES

While it is difficult to prognosticate when normality will return or when we will adjust to a new normal, the management, with the support of various stakeholders, will continue to navigate and manage foreseeable risks and long-run disruptions that the current political, social, and economic environment presents.

We will continue to focus on our core business, strengthen our foothold in supporting the marine infrastructure work in Singapore and abroad, seek cash-flow-positive business opportunities across our business segments and improve assets utilisation rates.

With the continuing support of the Group's Principal Lenders, the project financing and trade line facilities activated in August 2019 provides a strong base in sustaining the businesses of the Group. The Group received an eight months deferment of principal repayment for the period from May 2020 to December 2020 on certain loans to its respective maturity dates. In addition, pursuant to the Government's relief and support measures on the COVID-19 pandemic, the Group received (a) the Jobs Support Scheme and its related enhancements, (b) waiver of monthly foreign worker levy and levy rebates, and (c) enhanced financing support under the Temporary Bridging Loan Programme and Enterprise Financing Scheme as announced in the various Singapore Budgets 2020. All these supports have helped to alleviate and sustain the Group's operating cash flows amid this challenging period.

Nonetheless, the management will continue to focus on the Group's main core business and work towards improving its competitiveness and strengthen its revenue base, with cost management continuing as a priority.

APPRECIATION

In unpredictable times like this, I would like to express my sincere gratitude to our shareholders, noteholders, bankers, business partners, staff and management for your continual trust and support, and thank our Board of Directors for their valuable advice and guidance. We have overcome one challenge after another and remained resilient. We believe our core competencies and resilience demonstrated by our team will continue to position us well to weather the current market volatility and emerge stronger when the marine industry returns to normalcy.

ANG KOK TIAN
Chairman, Managing Director and CEO

BUSINESS OVERVIEW

SHIPYARD DIVISION

Shipbuilding

The Group has a proven track record of building specialised and niche vessels ranging from dredgers, tugs, barges and tankers for customers globally. Currently, the Group owns a total of four shipyards, with three in Indonesia (Batam) and one in Singapore, on a combined land areas of approximately 77 hectares.

Capitalising on Singapore's strengths in infrastructure, telecommunications and distribution channels, the Group's Singapore yard also acts as a headquarter to provide technical, engineering, logistics and procurement support to our other yards with respect to the sourcing of materials, equipment and parts required for the construction of vessels and its operations.

The Group's established client network and track record in shipbuilding are backed by its strong expertise in project handling, time management and quality control. Over the last three years, the Group has built a diverse range of flagship vessels such as, ASD Tug, Terminal Escort Tug, tanker, and barges.

Shiprepair, Conversion and Engineering Services

The Group provides a comprehensive range of repair and conversion services in its shipyards. The shipyard in Batam is situated on a fully developed land parcel of 46 hectares, with a berthing space of 4,000 metres, three graving docks (of combined dry-docking capacity of more than 300,000 tonne deadweight), finger piers, multi-purpose workshops and a wide range of material handling and processing equipment.

We provide full scope of shiprepair and ship conversion services to customers all over the world. The services include retrofitting and conversion, steel renewal, blasting and painting, electrical and electronic works and mechanical works, for the repair and life-extension of various types of vessels. Our customers are mainly from Singapore, Indonesia, Malaysia, Australia and Europe. Approximately 51% of the customers are our regular group of customers that have had a business relationship with the Group over the last three years.

BUSINESS OVERVIEW

Shiprepair, Conversion and Engineering Services (Cont'd)..

VOSTA LMG group is an established market leader in dredging technology, product development, engineering and contracting, dedicated to serving the worldwide dredging industry. In addition to designing and building complete dredgers, VOSTA LMG group is specialized in developing and manufacturing dredging components as well as providing complete dredging engineering solutions. VOSTA LMG group's global presence and 140-year history confirm the company's position as a dedicated supplier of dredging equipment.

Shipchartering

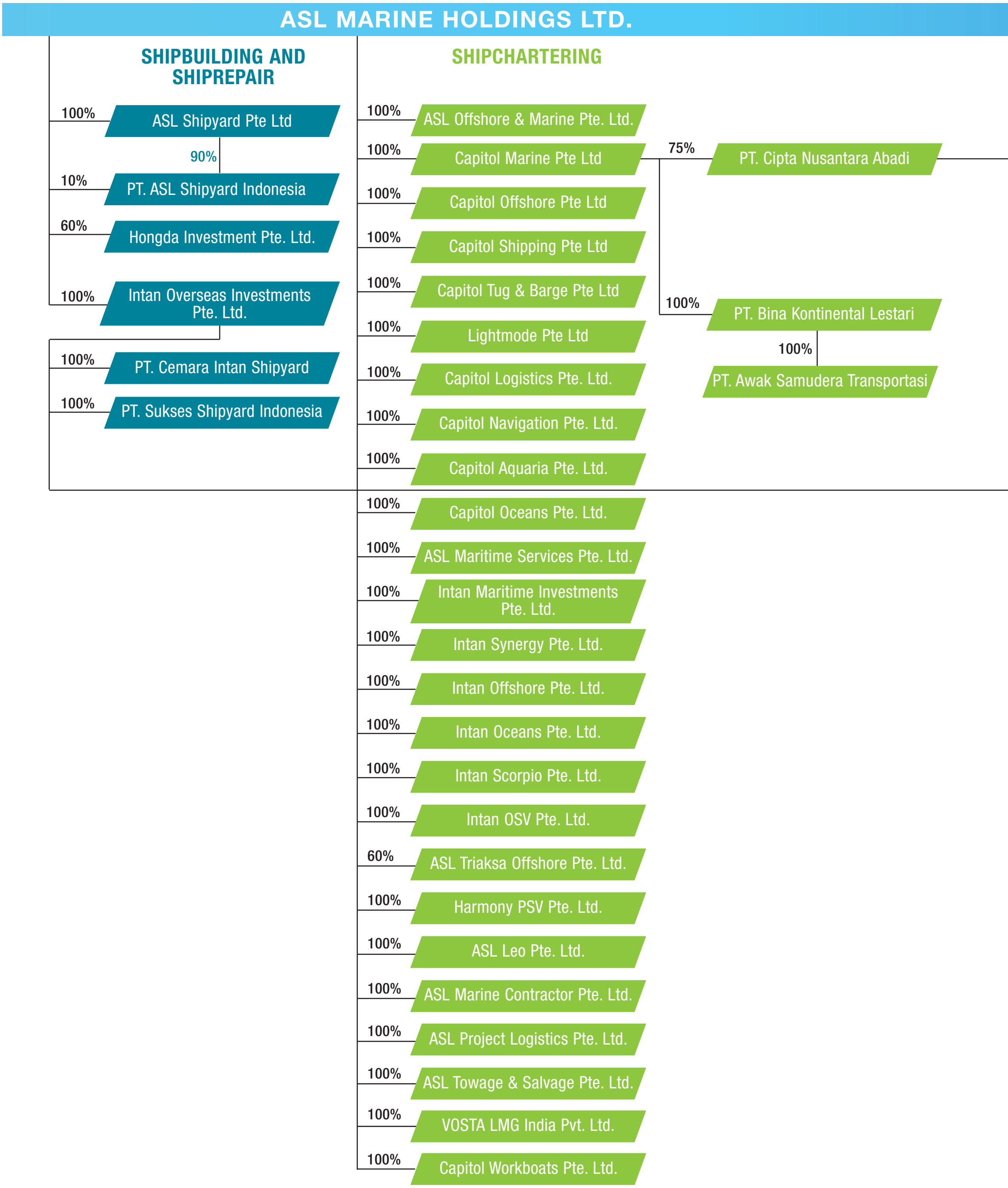
We own and operate a fleet of vessels consisting mainly of tugs, cargo barges, crane barges, split hopper barges, workboats, grab dredgers, landing crafts ("LCT"), tankers, anchor handling tugs ("AHT") and anchor handling towing/supply vessels ("AHTS"). Our customers are mainly marine contractors who are in the marine infrastructure and construction, cargoes and equipment transportation, dredging and land reclamation industries.

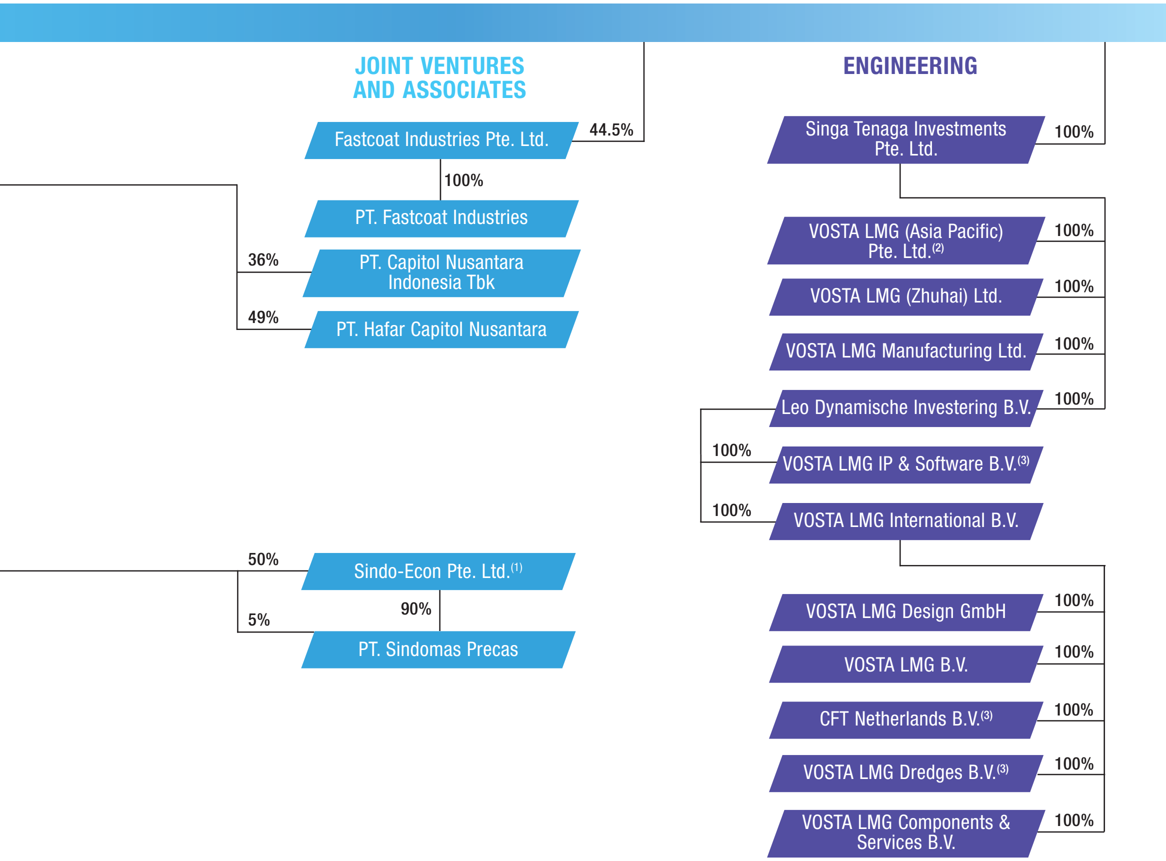
Our diversified fleet structure allows us the flexibility to better respond to market changes and customers' needs. Majority of the vessels are deployed in Singapore, Indonesia and Asia Pacific regions.

Type of vessel	No. of vessels	Average useful life (year)
Tugs	67	10
Flat Top Barges	109	9
Split Hopper Barges	25	6
Grab Dredgers	7	11
Workboats	10	9
Landing Crafts	3	7
Chemical Tankers	2	11
AHT/AHTS	12	8
Overall	235	9

GROUP STRUCTURE

As at 30 June 2021





Notes:

(1) Commenced creditors' voluntary winding up on 21 July 2020 and has since been dormant.

(2) The striking off application to the Accounting and Corporate Regulatory Authority of Singapore was approved on 17 August 2021.

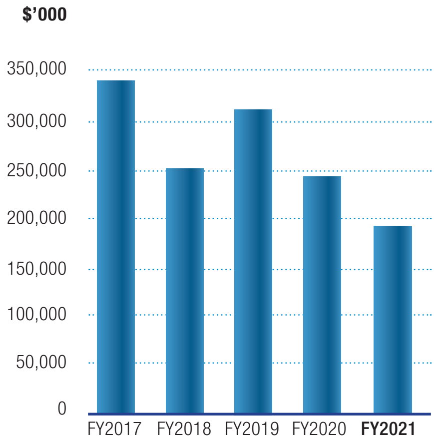
(3) Dissolved on 1 July 2021.

FINANCIAL **SUMMARY**

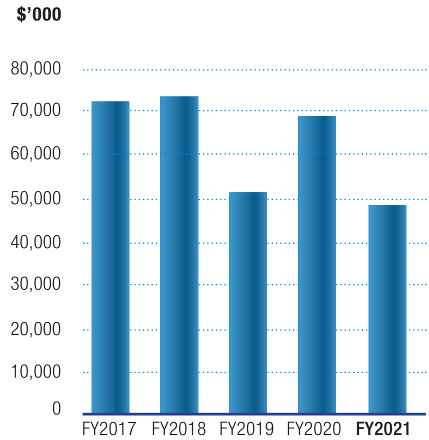
	FY2021	FY2020	FY2019	FY2018	FY2017
For The Year ($'000)					
Revenue	**192,960**	243,637	312,882	252,988	342,261
Gross profit/(loss)	**(1,214)**	12,668	14,359	15,650	33,624
Earnings before interest, tax, depreciation, amortisation and other items* ("EBITDA")	**48,173**	68,954	51,541	73,437	72,461
Loss before tax	**(40,609)**	(21,259)	(141,679)	(69,582)	(71,273)
Loss attributable to owners of the Company	**(35,015)**	(23,633)	(141,027)	(71,361)	(71,659)
Operating cash flow	**45,828**	41,037	63,361	87,019	85,919
At Year End ($'000)					
Total assets	**608,479**	681,093	746,065	1,046,039	1,145,012
Total liabilities	**511,108**	547,714	592,273	742,369	766,234
Total equity	**97,371**	133,379	153,792	303,670	378,778
Property, plant & equipment	**395,623**	443,928	490,244	577,087	611,887
Cash and bank balances	**26,533**	35,165	15,395	28,609	36,141
Borrowings	**328,625**	359,620	363,135	502,108	549,499
Shareholders' funds	**98,168**	132,427	156,956	302,004	375,531
Per Share (cents)					
Basic earnings per share	**(5.56)**	(3.76)	(22.41)	(11.34)	(13.44)
Net assets per share	**15.57**	21.04	24.94	47.99	59.68
Dividend per share	**–**	–	–	–	–
Financial Ratios					
Gross Margin (%)	**(0.63)**	5.20	4.59	6.19	9.82
Net loss margin (%)	**(18.1)**	(9.7)	(45.1)	(28.2)	(20.9)
Return on equity (%)	**(36.0)**	(17.7)	(91.7)	(23.5)	(18.9)
Net gearing ratio (times)	**3.08**	2.45	2.22	1.57	1.37
Number of Vessels	**235**	232	252	248	242

* *Other items represent impairments and write-offs of financial and non-financial assets and any other non-cash flow items.*

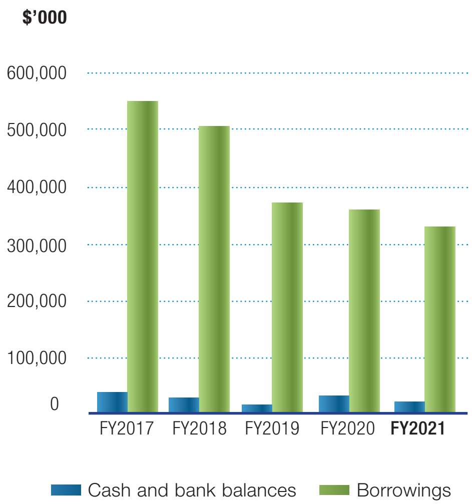
Revenue



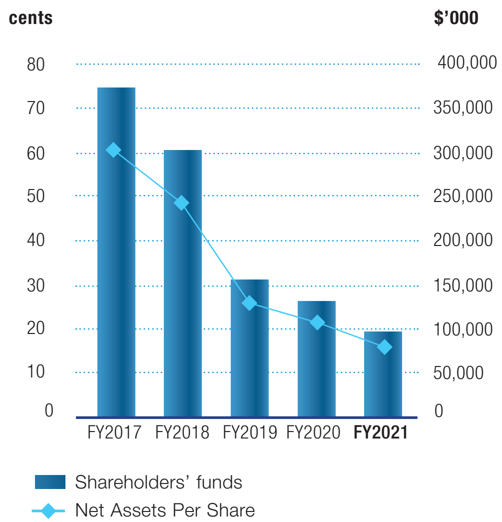
EBITDA



Cash and Bank Balances vs Total Debts



Net Assets Per Share vs Shareholders' Funds



FINANCIAL YEAR **REVIEW**

CONSOLIDATED INCOME STATEMENT

		FY2021 $'000	FY2020 $'000	%
1	**Revenue**	**192,960**	**243,637**	**(20.8)**
	Cost of sales	(194,174)	(230,969)	(15.9)
2	**Gross (loss)/profit**	**(1,214)**	**12,668**	**(109.6)**
3	Other operating income	12,102	12,953	(6.6)
4	Administrative expenses	(17,031)	(16,131)	5.6
5	Other operating expenses	(12,795)	(14,388)	(11.1)
	Finance costs	(24,519)	(25,707)	(4.6)
6	Fair value adjustments arising from debt refinancing exercise	–	15,233	(100.0)
7	Reversal of/(impairment losses) on financial assets	4,625	(4,765)	(197.1)
8	Share of results of joint ventures and associates	(1,777)	(1,122)	58.4
	Loss before tax	**(40,609)**	**(21,259)**	**91.0**
9	Income tax credit	3,710	2,876	29.0
	Loss for the year	**(36,899)**	**(18,383)**	**100.7**
	Attributable to:			
	Owners of the Company	(35,015)	(23,633)	48.2
	Non-controlling interests	(1,884)	5,250	(135.9)
		(36,899)	**(18,383)**	**100.7**

1 Decrease in revenue

Lower revenue from shipbuilding ("SB") and ship chartering ("SC") segments were partially offset by higher revenue from shiprepair, conversion & engineering services ("SR") segment. The decrease in SB revenue by $11.7 million was due to lower order book. Whereas, the decrease in SC revenue by $47.1 million was mainly due to lower utilisation of vessels, early termination of charter contracts of an offshore supply vessel and two chemical tankers, coupled with delay in certain major local infrastructure projects being affected by COVID-19 pandemic. Revenue from SR increased by $8.0 million was mainly due to recognition of prior year projects from certain customers upon finalization.

2 Gross loss

Gross loss incurred by SC segment as the lower revenue generated was insufficient to cover the fixed operating costs of the chartering fleet.

3 Decrease in other operating income

Mainly due to the absence of foreign exchange gain (net) and disposal of a subsidiary, partially offset by higher government grants, gain on disposal of property, plant and equipment and gain on remeasurement of lease liabilities in FY2021.

4 Increase in administrative expenses

Mainly attributed to higher legal and professional fee.

5 Decrease in other operating expenses

Lower impairment losses on non-financial assets, partially offset by foreign exchange loss (net) and contract-related settlements.

6 Fair value adjustments arising from debt refinancing exercise

FY2020 fair value gain resulted from the re-measurement of fair value of certain long term loans that were subject to re-financing.

7 Reversal of impairment losses on financial assets

Pertained to reversal of allowances on amount due from joint ventures and associates which resulted from progressive settlement of the debts and reversal of prior year's impairment made in view of certainty of recoverability.

8 Share of results of joint ventures and associates

Share of losses recorded by one of associates in FY2021 due to lower generation of charter income insufficient to cover its fixed operating costs and foreign exchange loss.

9 Income tax credit

Tax credit arose from utilization of deferred tax assets previously not recognised and utilization of tax losses by certain subsidiaries under group tax relief.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		FY2021 $'000	FY2020 $'000	%
	Non-current assets			
1	Property, plant and equipment	395,623	443,928	(10.9)
	Right-of-use assets	10,780	12,375	(12.9)
2	Investment in joint ventures and associates	2,083	4,298	(51.5)
	Intangible assets	1,991	2,256	(11.7)
	Finance lease receivables	6,441	4,952	30.1
	Total non-current assets	**416,918**	**467,809**	**(10.9)**
	Current assets			
3	Inventories	82,668	86,977	(5.0)
4	Contract assets	20,636	22,678	(9.0)
5	Trade and other receivables	55,744	63,182	(11.8)
	Prepayments	3,779	3,490	8.3
	Finance lease receivables	2,201	745	195.4
6	Cash and bank balances	26,533	35,165	(24.5)
	Assets classified as held for sale	–	1,047	(100)
	Total current assets	**191,561**	**213,284**	**(10.2)**
	Current liabilities			
7	Trade and other payables	124,338	148,823	(16.5)
4	Contract liabilities	15,701	7,324	114.4
8	Trust receipts	5,991	19,137	(68.7)
8	Interest-bearing loans and borrowings	37,620	26,972	39.5
	Lease liabilities	2,069	2,052	0.8
	Income tax payables	6,451	6,129	5.3
	Total current liabilities	**192,170**	**210,437**	**(8.7)**
	Net current (liabilities)/assets	**(609)**	**2,847**	**(121.4)**
	Non-current liabilities			
	Amount due to joint ventures and associates	1,280	893	43.3
4	Contract liabilities	15,246	56	Nm
	Other liabilities	3,381	3,633	(6.9)
8	Interest-bearing loans and borrowings	285,014	313,511	(9.1)
	Lease liabilities	5,387	5,921	(9.0)
	Deferred tax liabilities	8,630	13,263	(34.9)
	Total non-current liabilities	**318,938**	**337,277**	**(5.4)**
	Net assets	**97,371**	**133,379**	**(27.0)**
	Equity attributable to owners of the Company			
	Share capital	108,133	108,056	0.1
	Treasury shares	(923)	(923)	–
	Reserves	(9,042)	25,294	(135.7)
		98,168	**132,427**	**(25.9)**
	Non-controlling interests	(797)	952	(183.7)
	Total equity	**97,371**	**133,379**	**(27.0)**

1 **Decrease in property, plant & equipment**
Mainly due to depreciation charge during the financial year.

2 **Decrease in investment in joint ventures and associates**
Due to share of loss recorded in FY2021.

3 **Decrease in inventories**
Due to impairment on the three platform supply vessels which the Group holds as inventories (Finished Goods) based on net realisable value, partially offset by more steel plates purchased.

4 Contract assets mainly comprised construction work-in-progress and accrued revenue from SB and SR projects whereas contract liabilities pertained to progress billings in excess of construction work-in-progress, deferred income and deposits received from customers.

Decrease in net contract assets and liabilities
Due to completion of SB projects during the current year under review and advance receipts from shipchartering customers on new long-term overseas charter contracts.

5 **Decrease in trade and other receivables**
Partly due to debt settlement-in-kind entered with certain customers.

6 **Decrease in cash and bank balances**
Mainly due to net repayment of interest-bearing loans and borrowings and trust receipts, partially offset by higher net cash inflow from operating activities and restricted cash being released upon completion of SB projects.

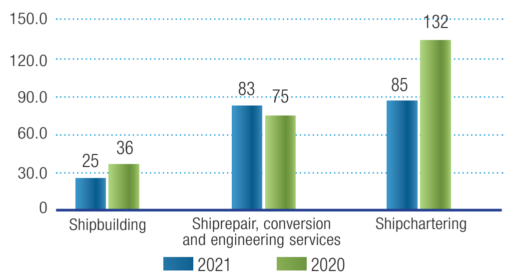
7 **Decrease in trade and other payables**
Mainly due to progressive payments with creditors during the year.

8 **Decrease in interest-bearing loans and borrowings**
Total borrowings decreased by $31.0 million (8.6%) mainly due to net repayment of interest-bearing loans and borrowings and trust receipts, partially offset by the accretion of interests on bank loans and bonds measured at fair value.

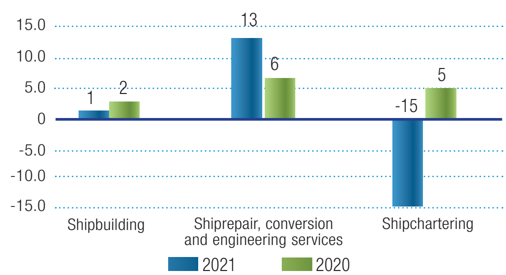
OPERATIONS AND **FINANCIAL REVIEW**

The Group's revenue decreased by 20.8% year-on-year ("yoy") to $193.0 million in FY2021 as compared to that of FY2020. Affected by the COVID-19 pandemic, the Group registered a gross loss of $1.2 million, compared to a gross profit of $12.7 million in FY2020. The gross loss was mainly attributable to lower contribution from its shipchartering operation.

Revenue ($'million)



Gross Profit ($'million)



Shipbuilding

The Group's shipbuilding revenue decreased by 32.2% yoy to $24.6 million in FY2021 mainly attributable to completion and delivery of fewer units of barges.

Shipbuilding operations registered a gross profit of $0.8 million and gross profit margin of 3.3% in FY2021, as compared to gross profit of $2.1 million and gross profit margin of 5.8% in FY2020. The lower gross profit and gross margins in FY2021 were attributed to the construction of tugs which were completed and delivered with slight cost overruns.

Shiprepair, Conversion and Engineering Services

Revenue increased by 10.7% yoy to $83.1 million in FY2021, mainly due to recognition of prior year projects from certain customers upon finalization. In line with the increase in revenue, gross profit increased by $7.3 million to $12.9 million and gross profit margin was higher at 15.6% in FY2021.

Shipchartering

The Group's shipchartering revenue declined by 35.5% yoy to $85.3 million in FY2021, mainly due to (i) lower utilisation rate of offshore support vessels ("OSV"), as well as early termination of charter contracts of one OSV in 2Q FY2020 and two chemical tankers in 4Q FY2020; (ii) certain major local infrastructure projects were being affected by COVID-19 pandemic in Singapore, resumed only in February 2021; and (iii) completion of two major overseas infrastructure projects in 3Q FY2020 and 1Q FY2021, partially offset by an additional long term overseas charter contract which commenced in December 2020.

The segment reported higher gross loss of $14.9 million (FY2020: gross profit of $4.9 million) mainly due to lower revenue generated which was insufficient to cover the fixed operating costs of the chartering fleet which included depreciation charge of $41.6 million in FY2021.

Administrative Expenses

The Group's administrative expenses increased 5.6% yoy to $17.0 million in FY2021 mainly attributed to higher legal and professional fee.

Other Operating Income

Other income decreased by $0.9 million to $12.1 million in FY2021, mainly due to the absence of gain on foreign exchange and disposal of a subsidiary in FY2020, partially offset by higher government grants, gain on disposal of property, plant and equipment and gain on remeasurement of lease liabilities in FY2021.

Other Operating Expenses

Other operating expenses decreased by 11.1% to $12.8 million in FY2021 primarily due to lower impairment losses on non-financial assets, partially offset by loss on foreign exchange and contract-related settlements incurred.

In FY2021, impairment losses on non-financial assets comprised impairment on (1) inventories (finished goods) of $6.6 million on three platform supply vessels, which the Group holds as inventories, impaired based on fair market value assessed by independent professional valuers; and (2) property, plant and equipment of $2.2 million on the Group's chartering fleet of vessels, impaired based on fair market value assessed by independent professional valuers.

Reversal of/(Impairment Losses) on Financial Assets

The Group recorded a net reversal of impairment losses on financial assets of $4.6 million in FY2021 (FY2020: impairment losses of $4.8 million), which comprised (1) reversal of impairment losses on amount due from joint ventures and associates of $5.4 million, partially offset by impairment on trade and other receivables, impaired based on expected credit loss model and specific impairment made on certain debts where recovery is uncertain. The reversal of impairment loss on amount due from joint ventures and associates resulted from progressive settlement of the debts and reversal of prior year's impairment made in view of certainty of recoverability.

Finance Costs

Finance costs of $24.5 million were 4.6% lower in FY2021 mainly due to lower interest expense incurred on floating rate bank loans, partially offset by higher amortisation of fair value adjustments on bank loans and bonds which resulted from re-measurement in prior years.

Fair Value Adjustments arising from Debt Refinancing Exercise

The fair value gain of $15.2 million in FY2020 resulted from the re-measurement of fair value of certain long term loans that were subject to re-financing.

Share of Results of Joint Ventures and Associates

The Group's share of results of joint venture and associates comprised the Group's share of $2.0 million loss (FY2020: $1.3 million) from one of its associates, PT Hafar Capitol Nusantara ("PT Hafar"). The charter income generated by PT Hafar was insufficient to cover its fixed operating costs and foreign exchange loss incurred during the financial year under review.

Loss before Tax

The Group reported a higher loss before tax of $40.6 million in FY2021 as compared to $21.3 million in FY2020 mainly due to gross loss resulted from lower contribution from its shipchartering operation and absence of fair value adjustments arising from debt refinancing exercise recorded in FY2020, partially offset by lower impairment losses on financial and non-financial assets.

OPERATIONS AND FINANCIAL REVIEW

Financing Arrangements

Continuing Support from Principal Lenders
The project financing and trade line facilities activated in August 2019 provides a strong base in sustaining the businesses of the Group. The Group received an eight months deferment of principal repayment for the period from May 2020 to December 2020 on certain loans to its respective maturity dates.

Support Measures in response to the COVID-19 Pandemic
Pursuant to the Government's relief and support measures on the COVID-19 pandemic, the Group received (a) the Jobs Support Scheme and its related enhancements, (b) waiver of monthly foreign worker levy and levy rebates, and (c) enhanced financing support under the Temporary Bridging Loan Programme and Enterprise Financing Scheme as announced in the various Singapore Budgets 2020.

The above helped to alleviate and sustain the Group's operating cash flows amid this challenging period.

As at 30 June 2021, the Group's carrying value of total borrowings of $328.6 million (30 June 2020: $359.6 million) were as follows:

Group ($ Million)	Carrying Value		Face Value	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Current				
Bonds	**1.5**	**1.5**	**1.5**	**1.5**
Trust receipts				
– shipbuilding related	–	10.5	–	10.5
– general	6.0	8.6	6.0	8.6
	6.0	**19.1**	**6.0**	**19.1**
Term loans				
– vessels loan	9.2	8.2	11.6	9.0
– assets financing	7.9	3.4	9.1	4.7
– working capital	18.7	12.2	19.2	12.8
	35.8	**23.8**	**39.9**	**26.5**
Finance lease liabilities	**0.3**	**1.7**	**0.3**	**1.7**
	43.6	**46.1**	**47.7**	**48.8**
Non-current				
Bonds	**95.7**	**89.5**	**133.5**	**135.0**
Term loans				
– vessels loan	59.4	66.8	67.3	79.0
– assets financing	57.2	70.9	60.5	75.7
– working capital	72.2	84.6	72.9	85.7
	188.8	**222.3**	**200.7**	**240.4**
Finance lease liabilities	**0.5**	**1.7**	**0.5**	**1.7**
	285.0	**313.5**	**334.7**	**377.1**
Total Borrowings	**328.6**	**359.6**	**382.4**	**425.9**

BOARD OF DIRECTORS

ANG KOK TIAN
Chairman, Managing Director and CEO

Mr KT Ang was appointed an Executive Director of the Company in October 2000, and Chairman of the Board, Managing Director and CEO since January 2003.

Mr KT Ang has been with the Group for more than 20 years and has extensive knowledge and experience in the industry. Mr KT Ang is responsible for the Group's business strategies and direction, corporate plans and policies as well as the overall management of the Group. He oversees the overall development, operations, finance and treasury functions of the Group. In particular, he is in charge of the shipbuilding division, including estimations, negotiations and contract finalisation. Mr KT Ang began his career at Ang Sin Liu Hardware, handling administration, purchasing and marketing for the company. He graduated from the National University of Singapore in 1986 with a Bachelor's Degree in Science.

ANG AH NUI
Deputy Managing Director

Mr AN Ang was appointed an Executive Director of the Company since October 2000 and Deputy Managing Director in January 2003.

Mr AN Ang, having been with the Group for more than 20 years, has extensive industry knowledge and experience. Mr AN Ang is instrumental in developing and managing the shiprepair and conversion and shipchartering businesses, including building on customer relations and connections and seeking potential markets for the growth of the Group. Mr AN Ang is also jointly responsible for the Group's business strategies and direction, corporate plans and policies, oversees the operations of the 4 shipyards (3 in Indonesia and 1 in Singapore).

BOARD OF **DIRECTORS**

ANG KOK LEONG
Executive Director

Mr KL Ang was appointed an Executive Director of the Company in October 2002.

Mr KL Ang is responsible for developing marketing strategies, identifying new businesses and markets and customers for Europe, Middle East, Australia, South America and East Malaysia. He also oversees the engineering and research development division of the Group. Mr KL Ang joined the Group on 1 January 1995 as a Marketing Executive in the shipbuilding division. He graduated from Carnegie Mellon University in 1994 with a Bachelor of Science Degree in Industrial Management.

ANDRE YEAP POH LEONG
Independent Director

Mr Yeap joined the Board in January 2003.

Mr Yeap is a Senior Counsel at Rajah & Tann LLP where as its Senior Partner, he oversees its disputes practice and also directly heads its International Arbitration Practice. He is also a Director of Energy Market Authority, a statutory board under the Ministry of Trade and Industry of Singapore. Prior to joining Rajah & Tann LLP in 2004, he ran his own practice under the name "Andre Yeap & Co". Mr Yeap had worked in various law firms in Singapore. He was a Senior Litigation Partner at Allen & Gledhill (now known as Allen and Gledhill LLP) where he had worked from 1987 to 2000, before joining the partnership of Lee & Lee in 2001. Apart from International Arbitration Work, his practice focuses on banking, commercial and corporate litigation with special emphasis on securities and stockbroking-related litigation as well as construction litigation, including ship and oil-rig matters. He was appointed Senior Counsel on 4 January 2003. He graduated from the National University of Singapore with a Bachelor's Degree in Law and is a Fellow of the Singapore Institute of Arbitrators.

TAN HUAY LIM
Independent Director

Mr Tan Huay Lim joined the Board in August 2019.

Mr Tan has more than 30 years of experience in audit, accounting and finance. He served as a partner at KPMG Singapore for 23 years until his retirement in September 2015. Mr Tan was an Audit Banking Partner involved in the audit of financial institutions during his tenure in KPMG and was the Singapore Head of KPMG Global China Practice from September 2010 to September 2015.

Mr Tan has been serving as an independent non-executive director and the chairman of the audit committee of six other companies listed on the Singapore Stock Exchange or the Hong Kong Stock Exchange, namely (i) Zheneng Jinjiang Environment Holding Company Limited since July 2016; (ii) Dasin Retail Trust Management Pte Ltd, the manager of Dasin Retail Trust since December 2016; (iii) Koufu Group Limited since June 2018; (iv) Elite Commercial REIT Management Pte Ltd, the manager of Elite Commercial REIT since January 2020; (v) Linklogis Inc. since March 2021; and (vi) SF REIT Asset Management Limited, the manager of SF Real Estate Investment Trust since April 2021.

Mr Tan is an Honorary Council Member of Singapore Chinese Chamber of Commerce and Industry and Singapore Hokkien Huay Kuan.

Mr Tan received his Bachelor's degree in Commerce (Accountancy) from Nanyang University in Singapore in August 1978. He is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants (United Kingdom), and the Certified Practising Accountants (Australia).

TAN SEK KHEE
Independent Director

Mr Tan Sek Khee joined the Board in January 2014.

Mr Tan is currently an Independent Director of SGX listed Ying Li International Real Estate Limited. Mr Tan is also currently hold directorship in several private companies in Singapore, Indonesia, Thailand and China. Mr Tan brings to the Group extensive experience in general management, business strategy formulation, business development & marketing, procurement and logistics. He has more than 40 years of corporate and business experience in Singapore, Indonesia, Thailand and China.

Mr Tan graduated with a Bachelor of Commerce from Nanyang University in 1979. He is also a registered member of Singapore Institute of Directors.

SENIOR MANAGEMENT

TAY KES SIONG
General Manager (Shipchartering)

Capt. Tay joined the Group in October 2002 and is responsible for managing the shipping operations of the Group, including marketing, overall fleet scheduling, maintenance, crew management, insurance, shipping agencies and freight forwarding.

Capt. Tay has more than 40 years of experience in the shipping and marine industry. Prior to joining the Group, Capt. Tay was a Marine Surveyor and a Director of Marine Management Surveyors and Services Pte Ltd which engaged in marine and cargo surveys, consultancy, sea trials, compass adjustments, pre-purchase inspections, shipping agencies, forwarding and crew management.

KOH KAI KHENG IRENE
Group Financial Controller and Company Secretary

Irene joined the Group in April 2016 and is responsible for financial, accounting and corporate secretarial functions of the Group. Irene holds a professional qualification from the Association of Chartered Certified Accountants (ACCA) and is a fellow member of the ACCA and Institute of Singapore Chartered Accountants.

Irene first joined the Group as Accountant in July 2002 culminating to her last position as Senior Group Finance Manager in April 2014. She worked as external auditor in public accounting firms prior to joining the Group in 2002.

GOVERNANCE

FINANCIAL STATEMENTS AND OTHER INFORMATION

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of ASL Marine Holdings Ltd. (the "**Company**") recognises the importance of corporate governance and is committed to maintaining a high standard of corporate governance which is essential to the long-term sustainability of the business and performance of the Company and its subsidiaries (the "**Group**").

In compliance with Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), this report describes the Group's corporate governance practices that were in place for the financial year ended 30 June 2021 ("**FY2021**") with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**2018 Code**").

The Board is pleased to confirm that the Group has complied in all material aspects with the principles and provisions set out in the 2018 Code, and where the Company's practices vary from the provisions under the 2018 Code, the Company's position and reasons in respect of the variations are explained in this report.

I. BOARD MATTERS

The Board's Conduct of Affairs

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

PROVISION 1.1

The primary functions of the Board

The primary function of the Board is to protect the assets and to enhance the long-term value and returns for shareholders. Besides carrying out its statutory responsibilities, the Board oversees the businesses and affairs of the Group. It reviews and advises on overall strategies, sets broad policies and objectives, supervises management and monitors business performance of the Group, and ensures that necessary resources are in place for the Company to meet its strategic objectives. The Board also oversees the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance and assumes responsibility for overall corporate governance of the Group. The Board also sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group.

Directors' objective discharge of duties and declaration of interests

All directors, being fiduciaries, are required to act objectively in the best interests of the Company and hold management accountable for performance. Each director is expected, in the course of carrying out his duties, to exercise due diligence, independent judgment in dealing with the business affairs of the Group and act in good faith and to make objective decisions in the best interests of the Group.

Where a director is directly or indirectly interested in a transaction or proposed transaction, or has an actual or potential conflict of interest, he should immediately declare his interest when the issue of conflict is discussed and recuse himself from discussions unless his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he is required to abstain from voting in relation to the issue of conflict. On an annual basis, each director is also required to submit details of his associates for the purpose of monitoring interested person transactions.

PROVISION 1.2

Board orientation and training

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors, in particular independent directors, are encouraged to read and to engage in informal discussions on subjects which are relevant to the Group.

No new director was appointed to the Board during FY2021. For new appointments to the Board, the newly-appointed directors are given a formal letter setting out a director's roles, duties and obligations. The newly appointed directors will be briefed by the Managing Director and Chief Executive Officer ("**CEO**") of the Company and provided with a director's folder containing materials relating to the Group's businesses and governance practices, including information such as organisation structure, contact details of senior management, Company's Constitution, respective Board Committees' terms of reference and financial and corporate policies and procedures. All newly-appointed and existing directors are also invited to visit the Company's shipyards and meet with middle management to gain a better understanding of the Group's business operations.

A first-time director with no prior experience as a director of a listed company will be required to attend certain specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**") in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Listing Rules of the SGX-ST. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first-time director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST and the 2018 Code.

Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. To keep pace with regulatory changes including changes in legislation and financial reporting standards, government policies and regulations and guidelines from SGX-ST that affect the Group and/or the directors in discharging their duties, the directors' own initiatives to keep themselves up-to-date are supplemented from time to time with information, updates and sponsored seminars conducted by external professionals. The Company Secretary informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The Company will bear the costs for all directors to attend appropriate courses, conferences and seminars conducted by external professionals.

During FY2021, besides briefings on developments in financial reporting standards presented by the Group's external auditors at Audit Committee meetings, the directors attended, among others, briefings/seminars/networking events organized and/or hosted by various bodies including the SID, accounting bodies and professional firms.

In addition to the training courses/programs and briefing updates, directors are also at liberty to approach management should they require any further information or clarification concerning the Company's operations.

PROVISION 1.3

Board approval

The Board decides on matters that require its approval and clearly communicates this to the management in writing.

The matters which require the Board's approval include the Group's business plan and annual budget, corporate/financial restructurings and corporate exercises, acceptance of bank facilities, major investment and divestment proposals, material acquisitions and disposal of assets, interested person transactions of a material nature and any other matters as prescribed under the relevant legislations and regulations as well as the provisions of the Company's Constitution. All releases of the Group's quarterly, full year financial results and annual report, including decisions with regard to the Company's dividend payouts, require the approval of the Board.

Apart from the matters specifically described above, in accordance with applicable financial authority limits, the Board's approval is also required for transactions exceeding certain threshold limits and the Board delegates authority for transactions below those limits to management so as to optimise operational efficiency. For example, the Board's approval is required for the Group to enter into any proposed contracts secured with value of more than $10 million.

PROVISION 1.4

Delegation by the Board

To assist the Board in the execution of its responsibilities and to provide independent oversight of management, various Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), have been constituted with written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board.

These Board Committees are made up solely of independent directors and the effectiveness of each Board Committee is constantly monitored by the Board. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering each Board Committee to decide, review, examine and make recommendations to the Board on particular issues within their respective written terms of reference and/or limits of delegated authority, without abdicating the Board's overall responsibility. The ultimate responsibility for the final decision on all matters lies with the Board, which will take into consideration the overall interests of the Company.

Please refer to the sections on Principles 4, 5, 6, 7 and 10 in this report for further information on the names of the Board Committee members, their terms of reference, delegation of the Board's authority to make decisions and a summary of activities of the respective Board Committees.

PROVISION 1.5

Board and Board Committee Meetings

The Board conducts regular scheduled meetings and ad hoc meetings are convened when warranted by circumstances relating to matters that are material to the Group. The schedule of all Board and Board Committee meetings for the financial year is usually provided in advance before a new financial year commences. The Board meets at least four times a year on a quarterly basis to review and approve the release of the Company's quarterly results and to deliberate on any key activities and business strategies, including major acquisitions and disposals. The Company's Constitution permits participation of directors at Board meetings via telephone or video conferencing if directors are unable to attend in person. Decisions made by the Board and Board Committees may be obtained at meetings or via circular resolutions.

Directors attend and actively participate in Board and Board Committee meetings. If a director is unable to attend a Board or Board Committee meeting, he will still receive all the papers and materials for discussion at that meeting. He will review them and advise the Chairman of the Board or the respective Board Committees of his views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting. Nonetheless, the Board is of the view that the contribution of each director should not be focused solely on his attendance at meetings of the Board and/or the Board Committees. A director's contribution should also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

The number of meetings held and the attendance of each director at Board meetings, Board Committee meetings and annual general meeting ("**AGM**") of the Company during FY2021 are as follows:

Attendance at Board, Board Committee and general meetings	Board	AC	NC	RC	AGM
Total number of meetings held	**5**	**5**	**2**	**3**	**1**
Number of meetings attended					
Executive directors					
Ang Kok Tian	5	5*	2*	3*	1
Ang Ah Nui	3	3*	2*	2*	1
Ang Kok Leong	5	–	–	–	1
Independent directors					
Andre Yeap Poh Leong (Chairman of NC)	5	5	2	3	1
Tan Huay Lim (Chairman of AC)	5	5	2	3	1
Tan Sek Khee (Chairman of RC)	5	5	2	3	1

* Attendance by invitation of the respective committee

The Board does not prescribe a maximum number of listed company board representations that each director may hold. The NC has reviewed, and is satisfied that directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company. For more information, please refer to the section on Provision 4.5 on directors' multiple board representations in this report.

PROVISION 1.6

Access to information

All directors have unrestricted access to the Company's records and information. The Board members receive detailed quarterly management reports of all major divisions of the Group, periodic cash flow projections and annual budget and explanation of material forecasts variances to enable them to oversee the Group's financial and operational performance. The Board members also receive relevant information including reports from internal and external auditors and significant developments or matters relating to the Group's business operations to be brought before the Board for discussion and decision. The independent directors, on an ad hoc basis, speak directly and privately to the Group Financial Controller ("**GFC**") of the Company concerning financial matters of the Group. The independent directors also, on an ad hoc basis, speak directly and privately to other executives concerning other matters of the Group.

The Board and the Board Committees are provided with complete, adequate and timely information prior to meetings and on an on-going basis to enable full deliberation on the issues to be considered at the respective meetings, enable directors to make informed decisions, and discharge their duties and responsibilities. Board papers with sufficient background and explanatory information are circulated at least three days before each meeting. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. From time to time, managerial staff, lawyers, the Company's auditors or external consultants engaged on specific projects are invited to attend the Board and Board Committee meetings so as to provide additional insight into the matters for discussions.

PROVISION 1.7

Access to management, Company Secretary and external independent professional advisers

The Board has separate and independent access to the management and Company Secretary at all times through email, telephone and face to face meetings in carrying out its duties. The directors, in furtherance of their duties and responsibilities, are entitled to take independent professional advice at the expense of the Company when necessary. The Company Secretary assists the Chairman to ensure good information flow within the Board and Board Committees as well as between the management and the independent directors. The Company Secretary also assists the Board on compliance with regulatory requirements as well as professional development as required.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committee meetings. The Company Secretary attends all Board and Board Committee meetings and prepares minutes of meetings. She ensures that Board procedures are followed and that applicable statutory and regulatory rules and regulations are complied with. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board Composition and Guidance

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

PROVISIONS 2.1, 2.2 AND 2.3

Board independence

The Board currently comprises six directors, three of whom are independent directors, making up 50% of the Board.

Provision 2.2 of the 2018 Code states that independent directors make up a majority of the Board where the Chairman is not independent. Further, Provision 2.3 of the 2018 Code states that non-executive directors make up a majority of the Board. Principle 2 provides, *inter alia*, that the Board has an appropriate level of independence to enable it to make decisions in the best interests of the company. The independent (and non-executive) directors currently make up 50% of the Board, and the Chairman and the CEO is the same person, which constitutes a variation from Provisions 2.2 and 2.3 of the 2018 Code. Nevertheless, the Company is of the view that the intent of Principle 2 is met, as at least half of the Board comprises independent directors and there is a lead independent director. The Board is able to exercise independent judgment on corporate affairs, as all directors debate vigorously on subject matters tabled at the Board meetings, regardless of whether they are independent or not. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process. Nevertheless, the Board will seek to identify suitable candidates to comply with the requirement for independent and non-executive directors to make up a majority of the Board.

The NC assesses and reviews, on an annual basis, the independence of each independent director based on the definition of "independence" as set out in the 2018 Code to ensure that there is a strong element of independence and autonomy on the Board. Pursuant to Provision 2.1 of the 2018 Code, an "independent" director is one who is independent in conduct, character and judgment, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the company. There is no relationship as stated in the 2018 Code that would otherwise deem any of the independent directors of the Company to be non-independent.

The NC's assessment and review of directors' independence are detailed under the section on Provision 4.4 of this report.

PROVISION 2.4

Board composition and Board diversity

Taking into account the nature and scope of the Group's operations, business requirements and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, is satisfied that the current Board size of six directors, aged between 53 and 66, and composition including the diversity of skills, experience, competences and industry knowledge of directors, is appropriate in facilitating effective decision-making, fostering constructive debate, and avoiding groupthink.

The Board will continue to review its Board size and composition to ensure that (1) the Board will comprise directors who as a group provide an appropriate balance and diversity and taking into consideration core competencies such as accounting, financial, legal, business, industry knowledge, management, strategic planning and customer-based experiences; and (2) each director should bring to the Board independent and objective perspectives so as to foster constructive debate and avoid groupthink.

Our Board members include business leaders, financial and legal professionals who possess the relevant expertise and skill sets for effective decision-making. Our lead independent director was a partner of KPMG Singapore for 23 years and has more than 30 years of experience in audit, accounting and finance. The profiles of the directors are set out on pages 17 to 19 of this annual report. The combined business, financial, legal, management, strategic planning and professional experience, knowledge and expertise of the directors provide the necessary core competencies for the Board to effectively lead and manage the Group's businesses and operations.

The size and composition of the Board are reviewed by the NC periodically to ensure that the Board is of an adequate size with the right mix of expertise, skills and attributes of directors for meeting the business and governance needs of the Group.

The Company has adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board. The NC is responsible for setting the relevant objectives to promote and achieve diversity on the Board. The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company. Under the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of directors and succession planning, consider a number of aspects, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. The ultimate decision on the selection of director(s) to be appointed on the Board will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity and needs on the Board. The NC was satisfied that the objectives of the Board Diversity Policy continue to be met.

PROVISION 2.5

<u>Meeting of independent directors without management</u>

The independent directors participate actively during Board meetings. In addition to providing constructive advice and constructively challenge to management on pertinent issues affecting the affairs and businesses of the Group, they also review management's performance in meeting goals and objectives of the Group's business segments. The Company has benefited from management's access to its directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees.

The independent directors communicate among themselves and with the Company's auditors and senior managers. The independent directors, led by the lead independent director, meet and/or communicate without the presence of the executive directors and/or management. The lead independent director, as chairman of such meetings, will provide feedback to the Chairman after such discussions.

Chairman and CEO

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

PROVISIONS 3.1 AND 3.2

Separation of the role of Chairman and the CEO

Mr Ang Kok Tian is the Chairman of the Board, Managing Director and CEO of the Company. As the Chairman, Managing Director and CEO of the Company, Mr Ang Kok Tian is involved in the day-to-day running of the Group. He leads management in setting marketing strategies and objectives and ensures accurate, adequate and timely flow of information between the Board, management and shareholders of the Company. As the Chairman of the Board, he facilitates constructive discussions between the Board and management and encourages their effective contributions. Whilst the independent directors of the Company possess the relevant expertise and experience in their respective professional fields, none have had significant hands-on experience in the marine industry. Consequently, and given the volatility and challenges of the marine industry, the Board is of the view that it is in the best interests of the Group to have Mr Ang Kok Tian as Chairman and CEO of the Board so as to facilitate the decision-making process of the Group and have the benefit of a Chairman who is knowledgeable about the marine industry and the businesses of the Group and is thereby better able to guide discussions and ensures that the Board is properly briefed in a timely manner on pertinent issues and developments. The Chairman takes a leading role in ensuring the Company's compliance with corporate governance guidelines with the full support of the directors, Company Secretary and management.

Provisions 3.1 and 3.2 of the 2018 Code provide that the Chairman and CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making, and that the Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO. Principle 3 states that there is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making. The Chairman and the CEO are the same person, which constitutes a variation from Provision 3.1 of the 2018 Code. Consequently, the Board has not established and set out in writing the division of responsibilities between the Chairman and CEO, which constitutes a variation from Provision 3.2 of the 2018 Code. Nevertheless, the Company is of the view that the intent of Principle 3 is met, as the Board has implemented safeguards to ensure separate leadership of the operations of the Company, and to ensure that Mr Ang Kok Tian does not have unfettered powers of decision-making.

Mr Ang Ah Nui is the Deputy Managing Director and is involved in the day-to-day running of the Group and is in charge of operations. To limit the concentration of power in the hands of Mr Ang Kok Tian, the Board has granted exclusive powers to Mr Ang Ah Nui with respect to operations. In the area of operations, Mr Ang Ah Nui discusses matters with Mr Ang Kok Tian but is directly responsible to the Board. In the absence of Mr Ang Kok Tian, Mr Ang Ah Nui would stand in as the acting Managing Director to ensure continuity of the business operations of the Company.

All major decisions made by Mr Ang Kok Tian are subject to majority approval of the Board and are reviewed by the Board Committees, whose members comprise only independent directors. Mr Ang Kok Tian's performance and remuneration are reviewed by the NC and RC respectively, whose members comprise only independent directors. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance and that no one individual has unfettered powers of decision-making.

The Board will take into consideration the separation of the role of the Chairman and the CEO as part of the on-going succession planning and Board renewal process.

PROVISION 3.3

Appointment of lead independent director

Taking cognisance that the Chairman of the Board is also the CEO and thus not independent, the Board appointed a lead independent director, Mr Tan Huay Lim, to lead and coordinate the activities of the independent directors and act as principal liaison between the independent directors and the CEO and Deputy Managing Director on sensitive Board issues. To empower the lead independent director and the independent directors, the Company pays for advisors appointed by and solely responsible to the lead independent director or the independent directors. These advisors may include legal, accounting, finance, treasury or persons familiar with the industry. This is a right the independent directors have availed themselves to from time to time. The lead independent director is also available to shareholders where they have concerns, for which contact through the normal channels of the executive Chairman, Managing Director and CEO or the management are inappropriate or inadequate. There was no query or request on any matters which required the lead independent director’s attention received in FY2021.

Board Membership

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

PROVISIONS 4.1 AND 4.2

NC composition and role

The Board established the NC in March 2003 which consists of three directors, namely, Mr Andre Yeap Poh Leong (Chairman of the NC), Mr Tan Sek Khee and Mr Tan Huay Lim (lead independent director), all of whom are independent.

The operations of the NC are regulated by its terms of reference, which were approved and are subject to periodic review by the Board. Amongst them, the NC is responsible for:

- making recommendations to the Board on new appointments to the Board and review of succession plans for all directors, particularly the Chairman, the CEO and the key management personnel;
- assessing the independence of the directors and reviewing the size and composition of the Board annually ensuring that the Board and Board Committees comprise directors who as a group provide an appropriate balance, mix and diversity of skills, expertise, gender, age, knowledge and core competencies;
- making recommendations to the Board on its review of orientation, training and professional development programs for the Board;
- carrying out at least annually, a formal assessment of the performance and effectiveness of the Board and each of the Board Committees to the effectiveness of the Board, and recommending objective performance criteria to the Board;
- making recommendations to the Board on all appointments and re-appointments of directors taking into consideration the mix of expertise, skills and attributes of the directors for meeting the business and governance needs of the Group;
- ascertaining whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company;
- reporting to the Board on its activities and proposals; and
- performing such other functions as the Board may determine.

PROVISION 4.3

Criteria and process for selection and appointment of new directors

The Company has in place a process for selecting and appointing new directors to the Board. If and when a vacancy arises, the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The selection criterion includes integrity, diversity of competencies, expertise and experience (if any) as directors of listed companies, as well as financial literacy. The NC's selection process involves evaluating the existing strength and capabilities of the Board and determining the desirable competencies for a particular appointment, seeking suitably qualified candidates widely, reviewing and undertaking background checks on the resumes received, short-listing and interviewing potential candidates including briefing candidates of the duties expected to ensure that there are no expectation gaps and the level of commitment required. The NC will seek candidates widely and beyond persons directly known to the directors and is empowered to engage external search firms and also give due consideration to candidates identified by any person. The NC will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

The Company has not appointed any alternate directors.

Re-election of directors

The NC is responsible for making recommendations to the Board on the re-election of directors. In recommending a director for re-election to the Board, the NC considers, among other things, his contributions to the Board (including attendance and participation at meetings, preparedness, time and effort accorded to the Group's business and affairs), the director's integrity and independence. The recommendation of the NC on the annual nomination of the directors for re-election is submitted to the Board for decision and thereafter tabled at the AGM of the Company for consideration and approval by shareholders.

Pursuant to Regulation 91 of the Company's Constitution, subject to the Listing Manual of the SGX-ST, every director (other than director holding office as CEO or Managing or Joint Managing Director) shall retire from office once every three years and for this purpose, one-third of the directors are to retire from office by rotation and be subject to re-election at the Company's AGM. With effect from 1 January 2019, pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, all directors, including executive directors, must submit themselves for re-nomination and re-appointment at least once every three years. Mr Ang Kok Tian was last re-elected to the Board on 12 November 2002. Under the Transitional Practice Note 3 *(Transitional Arrangements Regarding Code of Corporate Governance 2018)* issued by SGX-ST on 28 November 2018 and in pursuance of Regulation 91 of the Company's Constitution, Mr Ang Kok Tian, the Managing Director and CEO of the Company, will be due for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Regulation 97 of the Company's Constitution provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to re-election at least once in every three years.

The Board recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of the directors as necessary.

At the forthcoming AGM, Mr Ang Kok Tian, Mr Ang Ah Nui and Mr Tan Sek Khee will be retiring pursuant to Regulation 91 of the Company's Constitution. All of them, being eligible for re-election, have offered themselves for re-election.

Save as disclosed in the section on Provision 4.4 below, Mr Tan Sek Khee does not have any relationship, including any immediate family relationship, with the Company, its related corporations, its substantial shareholders or its officers, while Mr Ang Kok Tian and Mr Ang Ah Nui, and the other executive director, Mr Ang Kok Leong, are brothers. The NC has considered the contribution and performance of the directors standing for re-election and recommended to the Board to nominate their re-election at the forthcoming AGM.

Key information on directors

Please refer to the sections on "Board of Directors" and "Additional Information on Directors Seeking Re-election" of this annual report. The dates of first appointment and last re-election of each director, together with their existing directorships in listed companies as well as past directorships in other listed companies in the last three years are set out below:

Name of director	**Date of first appointment/ last re-election**	**Current directorships in listed companies**	**Past directorships in other listed companies (from 1 July 2018 to 30 June 2021)**
Ang Kok Tian *(Chairman, Managing Director and CEO)*	4 October 2000/ 12 November 2002	ASL Marine Holdings Ltd.	Nil
Ang Ah Nui *(Deputy Managing Director)*	4 October 2000/ 30 October 2019	ASL Marine Holdings Ltd. Koon Holdings Limited[1]	Nil
Ang Kok Leong *(Executive Director)*	18 October 2002/ 26 November 2020	ASL Marine Holdings Ltd.	Nil

Name of director	Date of first appointment/ last re-election	Current directorships in listed companies	Past directorships in other listed companies (from 1 July 2018 to 30 June 2021)
Andre Yeap Poh Leong *(Independent Director)*	17 January 2003/ 26 November 2020	ASL Marine Holdings Ltd.	Nil
Tan Huay Lim *(Lead Independent Director)*	13 August 2019/ 30 October 2019	ASL Marine Holdings Ltd. Zheneng Jinjiang Environment Holding Company Limited Dasin Retail Trust Management Pte. Ltd., the Trustee-Manager of Dasin Retail Trust Koufu Group Limited Elite Commercial REIT Management Pte. Ltd., the Manager of Elite Commercial REIT Linklogis Inc.[2] SF REIT Asset Management Limited, the REIT Manager of SF Real Estate Investment Trust[2]	Nil
Tan Sek Khee *(Independent Director)*	1 January 2014/ 30 October 2019	ASL Marine Holdings Ltd. Ying Li International Real Estate Limited	Europtronic Group Ltd

1 Delisted from the Australian Stock Exchange on 6 September 2021 and SGX-ST on 22 September 2021
2 Listed on the Stock Exchange of Hong Kong Limited

PROVISION 4.4

Annual review of director's independence

The NC is charged with determining the independence of the directors annually, having regard to the circumstances as set out under Provision 2.1 of the 2018 Code. Every year, the NC reviews and affirms the independence of the Company's independent directors.

Each independent director is required to confirm his independence on an annual basis. The Confirmation of Independence (the "**Confirmation**") is drawn up based on the guidelines provided in the 2018 Code and requires each director to assess whether he considers himself independent even if he does not have any of the relationships described in Provision 2.1 of the 2018 Code. The Confirmation requires each director to disclose any relationship which would interfere or be reasonably perceived to interfere with the exercise of the director's independent business judgment in the best interests of the Company.

Among the items included in the Confirmation are disclosure pertaining to (i) any employment including compensation received from the Company or any of its related corporations in the current or any of the past three financial years, (ii) any relationship with the Company, its related corporations, its substantial shareholders or its officers, (iii) immediate family members employed by the Company or any of its related corporations and whose remuneration is determined by the RC, (iv) any shareholding or partnership or directorship (including those held by immediate family members) in an organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services, (v) any significant payments or material services provided to or received from the company to the director or his immediate family members, and (vi) any direct association with a substantial shareholder of the Company in the current or immediate past financial year. The NC will then review the Confirmation completed by each director to determine whether the director is independent.

Guideline 2.4 of the Code of Corporate Governance 2012 ("**2012 Code**") continues to apply prior to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST coming into effect on 1 January 2022. Guideline 2.4 of the 2012 Code requires the independence of any director who has served on the Board beyond 9 years to be subject to particularly rigorous review.

The Board recognises the valuable contributions of independent directors who have over time developed in-depth knowledge of the Group's businesses and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form, such as the number of years which they have served on the Board. The independent directors do not exercise management functions in the Group. They ensure that key issues and decisions made are constructively challenged and thoroughly reviewed and monitor the performance of management in meeting agreed goals and objectives. For this reason, the Board has not set a fixed term of office for the independent directors as the Board believes that their tenure would not materially interfere with their ability to exercise independent judgment in the best interests of the Group and its shareholders.

The NC conducts particularly rigorous review on the independence of independent directors whose terms exceed 9 years to determine if there is any impairment with respect to their independence. A formal review was undertaken, led and conducted by the lead independent director Mr Tan Huay Lim on independent director Mr Andre Yeap Poh Leong who has served on the Board for more than 18 years.

The rigorous review and the factors taken into consideration by the NC and the Board to assess and determine Mr Yeap's independence include:

(a) his contribution in terms of professionalism, integrity, objectivity and ability to exercise independent judgement in his deliberation of matters in the interest of the Company;

(b) he has no personal and business relationship with the Company's substantial shareholders, executive directors or management that could impair his fair judgement;

(c) he is non-executive and he does not interfere with the day to day management of the business operations or participate in any operational or management meetings;

(d) his attendance in Board Committee meetings and time commitment to the affairs of the Group;

(e) he did not receive any gift or financial assistance from the Group; and

(f) he is not financially dependent on fees received from the Company and his fees are not linked to the performance of the Group.

Based on the above assessments and with the concurrence of the NC, the Board is of the view that Mr Yeap is considered independent notwithstanding that he has served on the Board for more than 9 years. He has demonstrated strong independence in character and judgement as there were no circumstances which have affected or appeared to have affected his judgement. He has expressed individual viewpoints and exercised objective and constructive skepticism to act in the best interests of the Company and its shareholders. He has sought clarification and amplification on matters discussed during Board Committee meetings. In the current difficult conditions faced by the Company and the industry, he provides important guidance to management and liaison with the auditors and his presence gives comfort to the capital providers to the Company. There has been no increase in directors' fees since FY2014 and the level of remuneration paid to Mr Yeap would not compromise his independence.

Mr Yeap, a Senior Counsel with considerable experience in construction, insolvency and arbitration matters possesses specialist knowledge and experience which are directly relevant to various aspects of the industry the Group is in, and his in-depth knowledge and experience cannot be easily or readily found in other potential candidates.

Mr Yeap is a Senior Partner of Rajah & Tann Singapore LLP ("**R&T**"), one of several law firms which provide legal services to and receive fees from the Group. Although the aggregate amount of fees paid to R&T in FY2021 for legal services provided by other partners of R&T exceeded the threshold amount of $200,000 (which is provided as a general guide in the Practice Guidance), Mr Yeap's interest in R&T is however less than 5% and the fees paid by the Group do not form a significant portion of R&T's revenue and the Group's total expenses. The NC is of the view that the business relationship with R&T does not affect his disposition to act independently. Consequently, the NC and Board, having taken into account the above, consider Mr Yeap to be independent.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will come into effect on 1 January 2022, a director will not be independent if, *inter alia*, he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in 2 separate resolutions by certain classes of shareholders (a "**two-tier shareholders' vote**"). Mr Yeap's continued appointment as an independent director was approved under a two-tier shareholders' vote at the 2020 AGM.

Mr Tan Huay Lim is deemed to have an interest of (1) $675,000 in the $50,000,000 Series 007 Notes (comprising 0.5% of the outstanding principal amount of the Series 006 and Series 007 Notes of $135,000,000); and (2) 1,734,375 warrants over ordinary shares, registered in the name of a nominee to date. Mr Tan's interest in the Notes was acquired prior to his appointment to the Board. Mr Tan will abstain where necessary from voting in respect of any resolution in connection with the Notes. The NC and Board consider Mr Tan to be independent.

The NC and Board have ascertained that Mr Tan Sek Khee, Mr Andre Yeap Poh Leong and Mr Tan Huay Lim are independent in light of the provisions of the 2018 Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST. Accordingly, for FY2021, the NC and Board are satisfied with the independence of the Company's independent directors.

PROVISION 4.5

Directors' time commitments

The NC ensures that new directors are aware of their duties and obligations. For re-nomination and re-election of directors and in determining if a director is able to and has been adequately carrying out his or her duties as a director of the Company, the NC takes into consideration the competing time commitments faced by directors in their directorships and their ability to devote appropriate time and attention to the Group's matters.

Based on the directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the directors were able to and have been adequately carrying out their duties as directors of the Company in FY2021.

Directors' multiple board representations

Pursuant to Section 156(6) of the Companies Act, Chapter 50, in accepting any new listed company board appointment or principal commitment, the directors keep the Board notified on their interests of any changes in their external appointments. This allows the NC and the Board to take into account the number of directorships and principal commitments of each director in assessing whether he is able to or has been adequately carrying out his duties, and in the case of an independent director, to also ensure that his independence would not be affected.

The Board does not prescribe a maximum number of listed company board representations that each director may hold, however all directors are required to declare their board representations on other companies. The NC is of the view that the maximum number of listed company board representation should be based on the capacity and circumstance of each individual director instead of prescribing a numerical limit. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company to adequately discharge his duties as director of the Company.

The NC, after taking into account of the individual director's assessment results and the director's participation of meetings, has reviewed and is satisfied that all the directors who sit on multiple boards have been able to and have devoted sufficient time and attention to the affairs of the Company and have adequately carried out their roles and discharged their duties as director of the Company, notwithstanding their multiple board representations and directorships in other listed companies.

With the exception of Mr Tan Huay Lim who holds six concurrent directorships in other listed companies, the remaining five directors do not hold more than one concurrent directorship in other listed companies. For FY2021, the Board and NC are satisfied that Mr Tan Huay Lim, notwithstanding his multiple board appointments, had given adequate time and attention to the affairs of the Group to diligently discharge his duties as director of the Company through his attendance, preparedness and participation at meetings of the Board and Board Committees.

The listed company directorships and principal commitments of each director are disclosed under the section on Provision 4.3 in this report. For FY2021, the NC and Board were of the view that no director held a significant number of such directorships and commitments, and was satisfied that each director was able to diligently discharge his duties.

Board Performance

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

PROVISIONS 5.1 AND 5.2

The Board has a formal annual assessment of its effectiveness of the Board as a whole and its Board Committees.

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board Committee separately.

Each director is required to complete an evaluation questionnaire to assess the Board and the Board Committees.

Board and Board Committees evaluation

An annual Board evaluation questionnaire is circulated and completed collectively by members of NC to assess the overall effectiveness of the Board. The performance criteria includes the evaluation of 1) the Board size and composition, 2) the Board's access to information, 3) Board processes, 4) Board accountability and performance in relation to discharging its principal functions and responsibilities, 5) the CEO and 6) the Board's standards of conduct. The collective evaluation is meant to provide constructive feedback on the Board procedures and processes and highlight areas of strength and weakness, and the Board acts on the evaluation to ensure continuous improvement of the Board. The performance criteria do not change from year to year, unless the NC is of the view that it is necessary to change the performance criteria, for example, in order to align with any changes to the 2018 Code. There was no external facilitator involved in the Board evaluation process in FY2021.

Board Committees are evaluated by the members of the respective Board Committees on the performance of their roles and responsibilities with regards to their respective terms of references and their provision of information to the Board. For FY2021, the Board Committees conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of an evaluation checklist which covers, *inter alia*, the responsibilities of the respective Board Committees under its terms of reference. Based on the self-assessment, the respective Board Committees is of the view that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

The completed evaluation questionnaires in respect of the Board and Board Committees are collated by the Company Secretary, and the results were discussed by the NC, with recommendations made to the Board.

Provision 5.1 of the 2018 Code states that the NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual director to the Board. Provision 5.2 of the 2018 Code states, *inter alia*, that the company discloses in its annual report how the assessments of the Board, its Board Committees and each director have been conducted. Principle 5 provides that the Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors. The Board has not conducted individual assessments of its Directors, which constitutes a variation from Provisions 5.1 and 5.2 of the 2018 Code. Nevertheless, the Company is of the view that the intent of Principle 5 is met, given that an evaluation of the Board as a whole has been conducted. The NC is of the view that it is more appropriate and effective to evaluate the performance of the Board as a whole, bearing in mind that each member of the Board contributes in different ways to the success of the Company and Board decisions are made collectively.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

PROVISION 6.2

RC composition

The Board established the RC in March 2003 which consists of three directors, namely, Mr Tan Sek Khee (Chairman of the RC), Mr Andre Yeap Poh Leong and Mr Tan Huay Lim, all of whom are independent. In discharging their duties, the members have access to advice from the internal human resources personnel, and if required, advice from external experts. During FY2021, the RC did not require the service of an external remuneration consultant to advise on the directors' remuneration. The operations of the RC are regulated by its terms of reference, which were approved and are subject to periodic review by the Board.

PROVISIONS 6.1, 6.3 AND 6.4

Role of RC and remuneration framework

The RC reviews and recommends a framework of remuneration for key management personnel ("**KMPs**") and directors serving on the Board and Board Committees, and the specific remuneration package for each director as well as for KMPs of the Company.

The RC considers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, grant of share options and performance shares, benefits in kind and termination terms, to ensure they are fair. The RC also reviews the remuneration of KMPs, taking into consideration the Chairman, Managing Director and CEO's assessment of and recommendation for remuneration and bonus. The RC's recommendations are submitted for endorsement by the entire Board. No director is involved in deciding his own remuneration.

On an annual basis, the RC reviews and approves the annual increments, variable bonus to be granted to the executive directors and the KMPs which are within specific mandates sought from the Board.

The RC also reviews the Company's obligations arising in the event of termination of the executive directors and KMPs to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous. The service agreements entered into with the executive directors, namely, Mr Ang Kok Tian, Mr Ang Ah Nui and Mr Ang Kok Leong, are automatically renewable on a yearly basis unless terminated by either party giving written notice of not less than three months. The service agreements do not contain onerous removal clauses.

The RC administers the ASL Employee Share Option Scheme 2012 ("**ESOS**") approved on 25 October 2012 in accordance with the rules of the ESOS. The RC determines and approves the allocation of the share options, the date of grant and the price thereof under the ESOS. There were no share options granted during FY2021 and the executive directors are not eligible to participate in the ESOS. Details of the ESOS are set out on pages 67 and 68 of this annual report.

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY2021.

Specifically, under its terms of reference the RC's duties are to:

- make recommendations to the Board on the framework of remuneration and specific remuneration package for each director and key executives of the Group;
- review all benefits and long-term incentive schemes and compensation packages for the directors and key executives of the Group;
- review service contracts for the directors and key executives of the Group;
- administer the ESOS;
- review remuneration packages of the Group's employees who are immediate family members of any of the directors or substantial shareholders of the Company;
- report to the Board on its activities and proposals; and
- perform such other functions as the Board may determine.

Level and Mix of Remuneration

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

PROVISIONS 7.1 AND 7.3

Remuneration of executive directors and KMPs

The Group's remuneration policy is to provide remuneration packages which will reward performance and attract, retain and motivate directors and KMPs to manage the Group successfully for the long term. In setting the remuneration packages, the RC takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, the Group's and the individual's performance and the need for compensation to be structured in symmetric with risk outcomes and time horizon of risks.

The executive directors do not receive directors' fees but are remunerated as members of management. The executive directors' and KMPs' remuneration is structured so as to link rewards to corporate and individual performance. The remuneration for the executive directors and the KMPs comprises primarily a basic salary component and a variable performance related component which is the annual bonus that is based on the performance of the Group as a whole and their individual performance. This is structured so as to link rewards to corporate and individual performance and to align remuneration with the interests of shareholders so as to promote the long term success of the Group.

Pursuant to the Company's Consent Solicitation Exercise passed in January 2019, the Company had taken into consideration the feedback received from its Noteholders, bearing in mind the interest rate cuts and extended maturity on the Notes granted by the Noteholders. To align the interests of the management with its Noteholders, the shareholder-management team, namely Mr Ang Kok Tian, Mr Ang Ah Nui, Mr Ang Kok Eng, Mr Ang Kok Leong and Mr Ang Sin Liu, took a 40% pay cut in their basic salaries with effect from February 2019. The Company intends to progressively restore the pay reductions as the Group's performance improves, thereby aligning the interest of the Noteholders and the shareholder-management team.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, the performance of the management and the Group's business. The Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate so as to attract, retain and motivate directors and KMPs to provide good stewardship to successfully manage the Group for the long term.

Specifically, the remuneration framework and details of the implementation within the Group are guided as follows:

(a) the performance appraisal of the executive directors and key executive officers that take into account strategic thinking and strategy formulation; policy implementation; risk awareness and control; feedback and communication; quality of work; business initiative, teamwork and self-development; leadership and people management; and project management;

(b) The Group's annual budget set will be cascaded down to executive directors and key executive officers within the organization in the form of Key Performance Indicator ("KPI") target every year. The directors and KMPs within the organization will be assessed based on achievement of business objectives and performance against agreed KPIs;

(c) Benchmarking total remuneration against other organisations of similar size and standing in the Group's industry; and

(d) Alignment of incentive payments with the long-term performance of the Group through deferred vesting of incentives.

Other than payment in lieu of notice in the event of termination, there were no termination, retirement and post-employment benefits granted under the executive directors' and KMPs' contracts of service.

Given that the variable components of remuneration of the executive directors and KMPs are moderate, there are no contractual provisions to allow the Group to reclaim their incentive components of remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss. The executive directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the executive directors in the event of any breach of fiduciary duties.

PROVISION 7.2

Remuneration of non-executive directors

The independent directors receive directors' fees, in accordance with the level of their contribution, taking into account factors such as roles and responsibilities, effort and time spent serving on the Board and Board Committees. The independent directors' fees were derived using the fee structure as follows:

	AC	NC	RC
Chairman	$34,800 per annum	$24,400 per annum	$24,400 per annum
Member	$23,200 per annum	$18,600 per annum	$18,600 per annum

The lead independent director receives an additional fee of $10,000 to reflect his expanded responsibility.

The Company does not have service contracts with independent directors. Directors' fees are recommended by the Board and are subject to the approval of shareholders at the Company's AGM. The RC is mindful that independent directors should not be over-compensated to the extent that their independence may be compromised. No member of the RC is involved in deciding his own fees.

The Company encourages independent directors to invest in the Company. The shareholdings of the individual directors are set out on page 65 of this annual report.

Disclosure on Remuneration

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

PROVISIONS 8.1, 8.2 AND 8.3

Remuneration criteria

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

CORPORATE GOVERNANCE REPORT

Remuneration of directors

The breakdown of the directors' remuneration for FY2021, rounded off to the nearest thousand dollars including a breakdown in percentage terms of the components of the remuneration, is set out below:

Name of director	Total remuneration $'000	Salary[1] %	Bonus %	Other benefits[2] %	Directors' fees[3] %	Total %
Payable by the Company:						
Independent directors						
Andre Yeap Poh Leong	66	–	–	–	100	100
Tan Huay Lim	82	–	–	–	100	100
Tan Sek Khee	66	–	–	–	100	100
	214					
Payable by subsidiaries:						
Executive directors						
Ang Kok Tian	289	93	4	3	–	100
Ang Ah Nui	291	88	3	9	–	100
Ang Kok Leong	278	78	3	19	–	100
	858					
Total for directors of the Company	1,072					

1 Inclusive of employer's Central Provident Fund contributions
2 Other benefits refer to car benefits
3 The directors' fees for FY2021 were approved at the 2020 AGM held on 26 November 2020

Remuneration of KMPs

The disclosure relating to the top five KMPs (who are not directors or the CEO) of the Company in bands of $250,000 and in percentage terms of the components of the remuneration for FY2021 is set out below:

Name of key management personnel	Salary[1] %	Bonus %	Other benefits[2] %	Total %
Payable by subsidiaries:				
Below $250,000				
Ang Kok Eng	95	3	2	100
Chin Wee Cheak	96	4	–	100
Koh Kai Kheng	96	4	–	100
Wong Sing Fang	96	4	–	100
You Bom Lee	96	4	–	100
Total remuneration				$1,003,000

1 Inclusive of employer's Central Provident Fund contributions
2 Other benefits refer to car benefits

Remuneration of immediate family members of CEO and executive directors

The breakdown of the remuneration in bands of $100,000 and in percentage terms of the components of the remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds $100,000 per annum for FY2021 is set out below:

Name of employee	Salary[1] %	Bonus %	Other benefits[2] %	Total %
Payable by subsidiaries:				
$200,000 to below $300,000				
Ang Kok Eng	95	3	2	100
$100,000 to below $200,000				
Ang Sin Liu	93	4	3	100

1 Inclusive of employer's Central Provident Fund contributions
2 Other benefits refer to car benefits

Save for Mr Ang Kok Eng and Mr Ang Sin Liu, the Company confirms that there is no other employee of the Group whose remuneration exceeds $100,000 per annum for FY2021 and is a substantial shareholder of the Company, or an immediate family member of a director or the CEO, or substantial shareholder of the Company.

Mr Ang Kok Eng, executive director of certain principal subsidiaries of the Group, is the brother of Mr Ang Kok Tian, Mr Ang Ah Nui, Mr Ang Kok Leong and Ms Ang Swee Kuan.

Mr Ang Sin Liu, Group Advisor, is the father of Mr Ang Kok Tian, Mr Ang Ah Nui, Mr Ang Kok Leong, Mr Ang Kok Eng and Ms Ang Swee Kuan.

Mr Ang Sin Liu, Mr Ang Kok Tian, Mr Ang Ah Nui, Mr Ang Kok Eng, Mr Ang Kok Leong and Ms Ang Swee Kuan are substantial shareholders of the Company.

Employee share scheme

As mentioned above in the section on Provisions 6.1, 6.3 and 6.4, on 25 October 2012, the Company put in place the ESOS approved by shareholders. The RC determines and approves the allocation of the share options, the date of grant and the price thereof under the ESOS. There were no share options granted during FY2021 and the executive directors are not eligible to participate in the ESOS. Details of the ESOS are set out on pages 67 and 68 of this annual report.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

PROVISION 9.1

Nature and extent of risks

The Group has a system of internal controls designed to provide reasonable assurance with respect to the safeguarding of assets and maintaining proper accounting records to ensure that financial information used for financial reporting is reliable. The system of internal control is based within a wider framework that attempts to optimise the balance between growth or return and related risks. The Board determines the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives and value creation. More specifically, the Board attempts to:

(a) align risk with its medium and longer term business strategy. The Board thus sets the overall risk appetite which the internal auditors and internal controls monitor;

(b) preselect risk response. For each major risk or risk category, the Board decides whether to avoid, reduce, share or accept the risk. The internal auditors and internal controls are there to ensure that the system does not deliberately or inadvertently circumvent or override this decision;

(c) reduce operational surprises and losses;

(d) identify cross border and cross business risk and such risks which are not normally within the scope or control of day-to-day management; and

(e) improve the use of capital and resources.

However, the Board recognises that no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The internal control system is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

The internal and external auditors conducted an annual review on the adequacy and effectiveness of the Group's key internal controls, including financial, operational, policy, compliance and information technology controls and risk management. Any material non-compliance or internal control weaknesses and recommendations for improvements are reported to the AC. A copy of the internal audit report is also issued to the relevant departments for their follow-up actions and the improvement measures are closely monitored and reviewed by the AC. In addition, any major control weaknesses on financial reporting identified in the course of the statutory audit, are highlighted by the external auditors to the AC.

For the purpose of the Board expressing its opinion and in line with the Committee of Sponsoring Organizations of the Treadway Commission (**COSO**) Internal Controls Integrated Framework, "internal controls" is broadly defined as "a process effected by an entity's board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(a) effectiveness and efficiency of operations;

(b) reliability of financial reporting; and

(c) compliance with applicable laws and regulations."

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including quarterly and full year financial reports and financial information derived from such statements, reported publicly. The third category deals with complying with those laws and regulations to which the entity is subjected to.

The Group's approach to risk management with a brief description of the nature and extent of its risk exposures are set out on page 63 of this annual report.

The Board does not have a Board Risk Committee to address risk management. The Board and the AC undertake the oversight responsibilities in respect of risk governance of the Group. The internal and external auditors have presented their key findings of their review to the AC and the Board. Key operational (including information technology), business, and financial risks faced by the Group generally and in major contracts and transactions are continuously analysed and identified so that all key risks are addressed and internal controls are in place and reviewed periodically by management, the AC and the Board.

Key Operational Risks

The Board is aware of the operational risks that may adversely affect the Group's operating results if any of these risk factors and uncertainties develops into actual events. The Board believes that the Group's key operational risks are as follows:

<u>Macro-Economic Risk</u>

The Group's business is sensitive to global economic conditions. The COVID-19 pandemic, rising political tensions and higher tariff barriers between the United States and its trading partners have triggered a global economic downturn and global economic contraction, causing disruptions in demand and supply chains. This has resulted in weak charter rates for certain categories of vessels. This, in turn, affects the demand for new ship building, conversions and, to a lesser extent, repairs.

Change in Customers' Ordering Pattern

As a result of market uncertainties with regard to the industry recovery, the Group's clients may place fewer orders or may downsize the ships they wish to build or convert or delay their orders or act in some other manner which adversely affects the Group's revenue and/or timing of the revenue recognition.

Cancellation Risk

When market conditions are weak, there is a possibility that clients may cancel signed orders. Any cancellation of orders may affect the Group's cash flow position, revenue and/or profit.

Increasing Credit Risk

The risk associated with credit is rising as a result of a global economic contraction, contributed by the COVID-19 pandemic and protracted downturn of global marine industry. In FY2021, the Group recorded a net reversal of impairment losses on financial assets of $4,625,000 which comprised (a) reversal of impairment losses of $5,354,000 on amount due from joint ventures and associates, which resulted from progressive settlement of debts and reversal of prior year's impairment made in view of certainty of recoverability; partially offset by (b) impairment losses for provisions made on certain third party receivables, impaired after due assessment, where final settlement sum is being negotiated or the probability of recovery is remote based on the current market conditions.

Working Capital

The severe challenges to the offshore and marine industry were exacerbated in the past few years, with financing options becoming the key constraint for the survival of many companies. While the Group enjoys good relations with its bankers, in the event the Group suffers a reduction in its banking lines and/or facilities, the Group may have to reduce the amount of business it undertakes as ship building, ship repairs and conversion, and ship owning are capital and/or cash flow intensive activities.

Supply Disruption Risk

The Group is very reliant on its suppliers, including specialist engineering suppliers and labor suppliers. If there is a disruption in supplies, such as a delay in the arrival of design plans or specialist equipment or a labor strike, the Group's business will be affected.

Operational Health & Safety Risk

The Group has in place an Occupational Health and Safety System that is in line with international standards and complies with the local legislation on health and safety requirements. The Group adopts the industry best practice which sets the standard for business units to actively manage and minimize any health and safety risk at the workplace. However, as with all businesses, if there is a major accident, the Group's business could be adversely affected.

Changes in Legislation (Indonesia)

A significant part of the Group's facilities are located in Batam, Indonesia. The business environment in Indonesia is good and, as has been the case for the last decade, is getting better. However, if there is a reversal in this trend for political or other reasons, the Group's business may be adversely affected.

Currency Risk

Foreign currency exchange effects could be volatile. Examples include changes in the S$ against the US$, Euro and Indonesian Rupiah. While the Group tries to bill in S$, the world quotes in US$ and many specialist equipment is priced in Euro.

PROVISION 9.2

Assurance from the CEO, GFC and KMPs

The Board, with the concurrence of the AC, after carrying out an independent review, is of the opinion that the risk management systems and internal controls (including financial, operational, compliance and information technology controls) of the Group are adequate and effective to address the financial, operational, compliance and information technology risks for the nature and size of the Group's assets. This assessment is based on (1) the Group's framework of management controls in place, (2) reviews and work performed by the internal auditors and external auditors on the internal controls maintained by the Group and (3) written assurances obtained from the CEO, GFC and KMPs.

Internal controls, because of its inherent nature, can only provide reasonable but not absolute assurance in meeting the intended control objectives. The management will continue to work on improving the standard of internal controls, corporate governance and the mitigation of high risk areas identified.

For FY2021,

(a) written assurance was received from the CEO and GFC that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) written assurance was received from the CEO and other KMPs that the Group's risk management and internal control systems in place were adequate and effective in all material respects given its current business environment.

Audit Committee

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

PROVISION 10.2

AC composition and role

The Board established the AC in March 2003 which consists of three directors, namely, Mr Tan Huay Lim (Chairman of the AC), Mr Andre Yeap Poh Leong and Mr Tan Sek Khee, all of whom are independent.

At least two members of the AC, including the Chairman of the AC, have recent and relevant accounting or related financial management expertise or experience. The Board considers the Chairman of the AC, Mr Tan Huay Lim, who is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants, UK, and the Certified Practising Accountants (Australia) and who has extensive accounting and auditing knowledge and experience, as well-qualified to chair the AC. Mr Tan Sek Khee has considerable practical financial management experience.

The Board is satisfied that the AC members, collectively, have relevant related financial management expertise or experience and are appropriately qualified to discharge their duties.

The operations of the AC are regulated by its terms of reference, which were approved and are subject to periodic review by the Board. The AC meets at least four times a year.

PROVISION 10.3

None of the members nor the Chairman of the AC are former partners or directors of the Company's existing auditing firm or corporation: (a) within a period of two years commencing on their date of ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

PROVISION 10.1

Duties of AC

The duties of the AC include reviewing with the internal auditors, external auditors and management, the Group's policies and control procedures, interested person transactions, as well as any financial information presented to shareholders. Specifically, under its terms of reference, the AC's duties are to:

- Review the audit plans of the internal and external auditors of the Group and the Company, and review the internal auditors' evaluation of the adequacy and effectiveness of the Group's system of internal controls and the assistance given by management to the external and internal auditors;

- Review findings and recommendations of the internal and external auditors relating to the internal control systems of the Group and management responses and actions to correct any deficiencies;

- Review significant financial reporting issues so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

- Review the quarterly and the annual financial statements, results of the audit and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board;

- Review the adequacy and effectiveness of the Group's material internal controls, relating to financial, operational, compliance and information technology controls and risk management systems;

- Meet with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

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

- Review the independence and objectivity of the external auditors and the nature and extent of non-audit services provided by the external auditors;

- Recommend to the Board on the appointment, re-appointment and removal of internal and external auditors and approve their fees;

- Report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;

- Review the assurance from the CEO and GFC on the financial records and financial statements;

- Review interested person transactions and acquisitions and disposals in accordance with the requirements of the SGX-ST's Listing Manual; and

- Review the whistleblowing policy and incidents reported.

External audit

The AC has explicit authority to investigate any matter within the scope of its duties and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any executive director or any other person to attend its meetings.

For FY2021, the AC has reviewed all non-audit services provided by the Company's external auditors, which comprised attestation services required under the Approved International Shipping Enterprise Scheme. The AC is satisfied that the external auditors' independence and objectivity have not been impaired by their provision of non-audit services. The fees payable to the external auditors, broken down into audit and non-audit services, are set out on page 176 of this annual report.

The AC meets with the external auditors at least twice a year to discuss the annual audit plan and full year results audit. Apart from financial reporting standards updates, discussions on audit and risk management matters, accounting implications of any material transactions and significant financial reporting issues are also covered. From time to time, the AC is also kept abreast by the management at Board meetings on changes to financial reporting standards, SGX-ST listing rules and other regulations which could have an impact on the Group's business and financial statements and this is in addition to seminars conducted by professionals and external parties.

In reviewing the nomination of Ernst & Young LLP for re-appointment for the financial year ending 30 June 2022, the AC has considered the adequacy of the resources, experience and competence of Ernst & Young LLP. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines. On the basis of the above, the AC is satisfied with the adequacy, independence, scope and results (including the standard and quality of work performed) of Ernst & Young LLP. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the Company's external auditors at the forthcoming AGM of the Company.

The Group has complied with Rule 712, Rule 715 and Rule 716 of the SGX-ST Listing Manual in relation to appointment of its external auditors.

AC's commentary on significant financial reporting matters

In relation to the Group's financial statements for FY2021, the AC considered the following financial reporting matters as significant based on their potential impact on the Group's results, or based on the level of complexity, judgement or estimation involved in their application.

Going concern assumption

The application of the going concern basis for the preparation of the financial statements require making assumptions and significant judgement about future performance and cash flows which are inherently uncertain.

The AC assessed the ability of the Group to generate sufficient cash flows from operations and the continuing support from the lenders. The AC held discussions with the management and the external auditors on the assessment of the ability of the Group and the Company to continue as a going concern and the relevant disclosures on the factors considered in analyzing the validity of the going concern assumption have been made in Note 2.1 to the financial statements.

Impairment losses on financial and non-financial assets

The Group recorded a net reversal of impairment losses of $4,625,000 on financial assets and impairment losses of $8,728,000 on non-financial assets as disclosed in Note 27 and Note 25 respectively to the financial statements.

The AC evaluated management's valuation methodologies and assumptions used in determining the recoverable amounts or realisable values of the assets.

The AC held discussions with the external auditors regarding the relevant accounting treatment and their audit procedures that had been performed.

The AC was satisfied with management's assumptions, judgement and conclusion on the amount of the impairment losses recorded.

The above significant financial reporting matters were also areas of focus for the external auditors who have included these as key audit matters in their audit report set out in this annual report.

PROVISION 10.4

Internal Audit

The role of the internal auditors is to assist the AC to ensure that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures, ensuring their effectiveness and undertaking investigations as directed by the AC.

The Company has outsourced its internal audit function to BDO LLP, which is an established international audit firm. BDO LLP is independent of the Company's business activities. BDO LLP conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal auditors. The BDO LLP engagement partner has more than 20 years of experience in audit and advisory services and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience. The AC is hence satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals based on the internal audits conducted for FY2021.

An audit plan over a 2-3 year audit cycle approved by the AC covering a selection of the Group's main business processes of major subsidiaries has been adopted. The internal auditors' summary of findings and recommendations is discussed at the AC meetings and the status of implementation of the actions agreed by management is tracked and reported to the AC. BDO LLP reports directly to the AC on audit matters and the Managing Director on administrative matters. The AC approves the appointment, termination, evaluation and remuneration of the internal auditors. The internal auditors have unrestricted access to documents, records, properties and personnel of the Company and the Group, including the AC, and has appropriate standing within the Company. The annual conduct of audit by the internal auditors assesses the effectiveness of the Group's internal control procedures within the scope of the internal audit plan to provide reasonable assurance to the AC that the Group's risk management, controls and governance processes are adequate and effective.

The AC has reviewed the adequacy, effectiveness, scope and results of the internal audit function and is satisfied that the internal audit function is independent, effective and adequately resourced and is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience. The AC's review included examining the scope of the internal audit work and the internal auditors' independence, the internal auditors' reports and their relationship with the external auditors.

<u>Whistle-blowing policy</u>

The Company has put in place a whistle-blowing policy and procedures duly endorsed by the AC, where employees of the Group may, anonymously and in confidence, raise concerns about possible corporate improprieties in financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. to the designated persons. All reports, including unsigned reports, reports weak in details and verbal reports are considered. To ensure independent investigation into such matters and for appropriate follow up action, all whistle-blowing reports are reviewed by the lead independent director, the AC and the Board. In the event that the report is about a director, the concerned director will not be involved in the review and any decisions with respect to such review.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that any employees making such reports will be treated fairly and be protected from reprisal. Details of the whistle-blowing policy have been made available to all employees. There were no reported incident received through the Company's whistle-blowing mechanism during FY2021.

PROVISION 10.5

<u>Meeting auditors without the management</u>

The AC meets with the internal and external auditors separately, at least once a year, without the presence of the management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their work directly to the AC. Individual members of the AC also engage the internal and external auditors separately in ad hoc meetings.

IV. SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

PROVISIONS 11.1 AND 11.2

Conduct of general meetings

All registered shareholders are invited to participate and are given the right to vote on resolutions at general meetings. The shareholders are informed of the established voting rules and procedures governing general meetings of shareholders.

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. A proxy form is sent with each notice of general meeting to all shareholders. Shareholders are informed of general meetings through the notices of general meeting which are published in local newspapers, released via SGXNET and posted on the Company's corporate website.

The Company has been conducting electronic poll voting at its general meetings since 2015. An external firm which is independent of the firm appointed to undertake the electronic poll voting process is appointed as scrutineers for voting process. The rules, including the voting process and procedures, will be explained by the scrutineers at such general meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The detailed voting results, including the total number of votes cast for and against and the respective percentages on each resolution are tallied and displayed live on-screen to shareholders immediately after the vote has been cast. Results will also be announced via SGXNET after the general meetings.

PROVISION 11.3

Interaction with shareholders

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Chairman, Managing Director and CEO and the management questions regarding matters affecting the Company and the Group's performance and businesses. The Chairman of the Board, all the directors (including the Chairman of the AC, NC and RC) and the external auditors, Ernst & Young LLP, were present at the Company's 2020 AGM. The directors' attendance at the AGM of the Company is disclosed under the section on Provision 1.5 of this report.

PROVISIONS 11.4 AND 11.5

Shareholders' participation and minutes of general meeting

All shareholders are encouraged to attend the general meetings. Under the Constitution of the Company, if any shareholder is unable to attend the general meetings in person, he is allowed to appoint not more than two proxies to attend and vote on his behalf at the meetings through proxy forms. Under the multiple proxy regime, "relevant intermediaries" are allowed to appoint more than two proxies to attend and participate in general meetings. Relevant intermediaries has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 which includes corporations holding licenses in providing nominee and custodial services for securities and the Central Provident Fund Board ("**CPF**"). This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.

Voting in absentia by mail, facsimile or electronic mail is currently not allowed as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the shareholders' identity.

Provision 11.5 of the 2018 Code provides, *inter alia*, that the company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. Principle 11 of the 2018 Code provides, *inter alia*, that the company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company does not publish its minutes of shareholders' meetings on its corporate website, which constitutes a variation from Provision 11.5 of the 2018 Code. Nevertheless, the Company is of the view that the intent of Principle 11 is met, as the minutes are available upon request by shareholders.

In view of the current COVID-19 situation in Singapore, the forthcoming AGM to be held in respect of FY2021 will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the AGM to be held in October 2021. In accordance with the press release dated 1 October 2020 by the Singapore Exchange Regulation titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation", the Company will publish minutes of the forthcoming AGM within one month after the AGM on SGXNET and the Company's corporate website.

PROVISION 11.6

Dividend policy

Provision 11.6 of the 2018 Code provides that the company has a dividend policy and communicates it to shareholders. Principle 11 of the 2018 Code provides, *inter alia*, that the company gives shareholders a balanced and understandable assessment of its performance, position and prospects. The Company has not formally instituted a dividend policy, which constitutes a variation from Provision 11.6 of the 2018 Code. Nevertheless, the Company is of the view that the intent of Principle 11 is met, as the Board, in proposing any dividend payout and/or determining the form, frequency and/or the amount of dividend, will take into account, *inter alia*, the Group's financial performance and position, retained earnings, cash flow generated from operations, the Group's expected working capital requirements and capital expenditure, other funding requirements, general economic conditions and other factors that the Board may deem appropriate.

For FY2021, after taking into consideration the operating requirements, cash flow position of the Group and the current market weakness, and to conserve cash for working capital usage, the Board has decided not to recommend any dividends.

Engagement with Shareholders

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

PROVISIONS 12.1, 12.2 AND 12.3

Disclosure of information on timely basis

The Board endeavors to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis. In presenting the quarterly financial statements announcements and annual report to shareholders, the Board aims to provide shareholders with detailed analysis, explanation and assessment of the financial performance, position and prospects of the Group. The announcements on the quarterly financial results, annual report, material corporate developments can be found on the Company's corporate website, www.aslmarine.com and disclosure via SGXNET.

The Board is mindful of its obligations to provide timely disclosure of material information presented in a fair and objective manner to shareholders and investors. The communications with shareholders and investors are carried out through various channels including annual reports, quarterly financial statements announcements, PowerPoint presentations, press releases, announcements on business developments and material information on the performance of the Group through SGXNET and the Company's corporate website. The Company announces the date of the release of its quarterly results at least two weeks prior to the date of announcement through SGXNET.

From time to time, the management holds meetings with investors and/or Noteholders to explain the financial results and provides insight to the Group's development and outlook of the industry. Where there is inadvertent disclosure made to a selected group, the Company will ensure the same disclosure is made publicly available to all others as promptly as possible.

Investor Relations

Provision 12.2 of the 2018 Code provides that the company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Principle 12 of the 2018 Code provides that the company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company. The Company does not currently have a written investor relations policy, which constitutes a variation from Provision 12.2 of the 2018 Code. Nevertheless, the Company is of the view that the intent of Principle 12 is met, as the shareholders can access information on the Group at the Company's corporate website which provides, *inter alia*, all publicly disclosed financial information, corporate announcements, press releases, annual reports and profile of the Group. To enable shareholders to contact the Company with their questions, the Company's email address is given in the Corporate Information page of the annual report. The management will respond to investors' queries as soon as practical. The Group has specifically entrusted its CEO, Executive Directors and GFC with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. The independent directors engage with shareholders at the AGM and at other times seeking their views with respect to any additional information they would like to see in the annual report or on the Company's corporate website, where appropriate changes would be made.

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

PROVISIONS 13.1, 13.2 AND 13.3

Sustainability reporting

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Board recognises the interests of other parties such as customers, employees, suppliers and subcontractors are essential as part of value creation for the Group and believes corporate social responsibility is a key driver towards long-term sustainability of the Company. Such responsibility is pragmatically integrated into the business practices as one of the core values in the corporate culture. The Company has identified key areas of focus in relation to the management of stakeholder relationships.

For more information, the Group's sustainability governance structure and policies can be found on the Company's corporate website. The 2021 Sustainability Report, which contains the Company's strategy and key areas of focus in relation to the management of stakeholder relationships, will be published by 30 November 2021.

Corporate website

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases or the Company's corporate website at www.aslmarine.com. It has a dedicated "Investor Relations" link which features the latest and past annual reports, quarterly and full year financial results, and related information. Stakeholders can also reach out to the Company through email found on our corporate website.

VI. OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities – Listing Manual Rule 1207(19)

The Company has complied with and adopted policies in line with Rule 1207(19) of the SGX-ST Listing Manual on dealings in the Company's securities. The Company's internal compliance code provides guidance to its officers and employees with regard to dealings in the Company's securities. The Group's officers and employees are prohibited from dealing in the Company's securities while in possession of unpublished price-sensitive information of the Group, as well as during the "black-out" periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or one month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), and ending on the date of the announcement of the relevant results. The Group's officers and employees are also discouraged from dealing in the Company's securities on short-term considerations.

All directors are required to notify the Company Secretary of any change in his interest in the Company's shares within two business days of the change.

Material Contracts – Listing Manual Rule 1207(8)

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, except as disclosed in the Directors' statement and Notes to the Financial Statements, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any directors or controlling shareholders of the Company still subsisting as at the end of the financial year ended 30 June 2021, or if not then subsisting, entered into since 30 June 2020.

Use of Proceeds

As at 30 June 2021, 1,240,000 warrants were exercised since the date of issuance of warrants on 25 July 2019 and the number of shares that may be issued on exercise of warrants were 565,890,713 (30 June 2020: 567,130,713). Subsequent to 30 June 2021, an additional of 120,000 warrants were exercised. As of to-date, the Group has not utilised proceeds of $81,600 received from the warrant holders on their conversion of 1,360,000 warrants into shares.

Interested Person Transactions – Listing Manual Rule 907

The Company has adopted an internal policy in respect of transactions with interested persons and has set out the procedures for quarterly review by the AC and approval of the interested person transactions entered into by the Group to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis on terms that are not prejudicial to the interests of the shareholders.

Shareholders have approved an interested person transaction mandate (the "**IPT mandate**") on 28 November 2016. The IPT Mandate was last renewed on 30 October 2019 and lapsed on 26 November 2020 as the Company did not renew its IPT mandate at the last AGM held on 26 November 2020.

The Group maintains a register of the interested person transactions in accordance with the reporting requirements stipulated by Chapter 9 of the SGX-ST Listing Manual. The following table shows the interested person transactions (of more than $100,000) entered into by the Company or any of its subsidiaries for FY2021.

	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) $'000
Purchase of goods and services Sintech Metal Industries Pte Ltd	Wholly owned by Mr Ang Sin Liu	242	–

Notes:
Mr Ang Sin Liu is the father of Mr Ang Kok Tian, Mr Ang Ah Nui and Mr Ang Kok Leong, all of whom are directors and substantial shareholders of the Company. He is also the father of Mr Ang Kok Eng and Ms Ang Swee Kuan, both of whom are also substantial shareholders of the Company. Each of them is deemed to have an interest in the shares held by the other.

RISK MANAGEMENT STRATEGIES

The Group has established a framework for risk management to identify, assess and manage potential risks and opportunities and to assist management in making informed decisions. The Group adopts a proactive approach to managing risk of financial losses, breaches in legal and regulatory requirements, negative impact to customers and loss of business opportunities.

The Group regularly reviews the level of risk exposure in the following key risk areas which the Group operates in:

- **Legal and Country Risk**
  The Group has established subsidiaries operating in different countries. These overseas subsidiaries are exposed to changes in governmental regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries.

  Risks arising from non compliance with applicable laws and regulations are managed with the assistance of the Group's external legal advisers. Where the Group is active or has an operating presence in a foreign jurisdiction, legal counsel from that foreign jurisdiction is sought where appropriate. The operating head of the business unit is responsible for compliance with the applicable laws in the country of operations.

  The Group's business operations are also exposed to uncertainties of the global economy and international capital markets. To prepare for the fluctuations in external environment, the Board and the management consistently keep themselves up-to-date on the changes in political and industry regulations so as to implement appropriate measures against any adverse changes in market conditions in an efficient and timely manner.

- **Operational Risk**
  Operational risk is the potential loss caused by a breakdown in internal process, deficiencies in people and management, or operational failure arising from external events. The Group's operational risk is managed at each operating unit and monitored at the Group level. Whilst operational risk cannot be eliminated completely, the Group evaluates the options available by weighing the cost and effectiveness of each measure taken to minimize risk exposure. The Group has put in place operating manuals, standard operating procedures, delegation of authority threshold to optimise operational efficiency and a regular reporting structure for both operational and financial reporting. Independent checks are carried out by the Group's Internal Auditors on the Group's internal controls and risk management process to ensure their effectiveness and adequacy. Where appropriate, the Group maintains sufficient insurance coverage for those areas exposed to risks, taking into account the risk profile of the business in which it operates.

- **Financial Risk**
  The Group's financial risk management objectives and policies are set out on pages 185 to 197 of this Annual Report. Financial risk includes market risk such as interest rate risk and foreign exchange rate risk, as well as credit risk and liquidity risk.

- **Investment Risk**
  The Group evaluates any investment proposals for potential ventures and business acquisitions by conducting due diligence exercises and comparing to benchmarked rate of return taking into consideration the Group's level of risk exposure. All investment proposals are subject to the Board's approval with post-investment reviews being conducted to monitor and mitigate the risk of non-performing investments.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of ASL Marine Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2021.

Opinion of the Directors

In the opinion of the Directors,

(a) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto 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 30 June 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Ang Kok Tian
Ang Ah Nui
Ang Kok Leong
Andre Yeap Poh Leong
Tan Sek Khee
Tan Huay Lim

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of Directors	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
ASL Marine Holdings Ltd. (Ordinary shares)				
Ang Kok Tian	88,212,800	88,214,300	335,065,050*	335,065,050*
Ang Ah Nui	30,660,000	30,660,000	392,617,850*	392,619,350*
Ang Kok Leong	72,841,500	72,841,500	350,436,350*	350,437,850*
Andre Yeap Poh Leong	350,000	350,000	–	–
ASL Marine Holdings Ltd. (Warrants)				
Ang Kok Tian	44,106,400	44,106,400	167,415,075*	167,415,075*
Ang Ah Nui	15,330,000	15,330,000	196,191,475*	196,191,475*
Ang Kok Leong	36,420,750	36,420,750	175,100,725*	175,100,725*
Andre Yeap Poh Leong	175,000	175,000	–	–
Tan Huay Lim	–	–	1,734,375^	1,734,375^
ASL Marine Holdings Ltd. (Series 007 Notes)				
Tan Huay Lim	–	–	$682,500	$675,000

On 25 July 2019, the Company completed the issuance of renounceable non-underwritten rights warrants and alloted 266,505,713 rights warrants ("Rights Warrants") at an issue price of $0.006 for each Rights Warrant, on the basis of 1 Rights Warrant for every 2 existing ordinary shares in the capital of the Company.

On the same date, the Company completed the issuance of 300,625,000 free warrants to the noteholders ("Noteholder Warrants").

Directors' interests in shares and debentures (cont'd)

Both the Rights Warrants and the Noteholder Warrants carry the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.06 per ordinary share. As at 30 June 2021, 1,240,000 warrants were exercised since the date of issuance.

* Ang Kok Tian, Ang Ah Nui and Ang Kok Leong are brothers. Each of the brothers is deemed to be interested in the shares and warrants held by the other and their father (Ang Sin Liu), other brother (Ang Kok Eng) and sister (Ang Swee Kuan).

^ Comprised free Noteholder Warrants held by nominee.

	Direct interest		Deemed interest	
Name of Directors	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Subsidiaries				
ASL Triaksa Offshore Pte. Ltd. (Ordinary shares)				
Ang Kok Tian	–	–	60,000	60,000
Ang Ah Nui	–	–	60,000	60,000
Ang Kok Leong	–	–	60,000	60,000
PT. Cipta Nusantara Abadi (Ordinary shares of Rp. 50,000 each)				
Ang Kok Tian	–	–	30,300	30,300
Ang Ah Nui	–	–	30,300	30,300
Ang Kok Leong	–	–	30,300	30,300
Hongda Investment Pte. Ltd. (Ordinary shares)				
Ang Kok Tian	–	–	780,000	780,000
Ang Ah Nui	–	–	780,000	780,000
Ang Kok Leong	–	–	780,000	780,000

There was no change in any of the abovementioned interests between the end of the financial year and 21 July 2021.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Ang Kok Tian, Ang Ah Nui and Ang Kok Leong are deemed to have interests in the shares of the subsidiaries of the Company.

Except as disclosed in this statement, 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.

Share options

The ASL Employee Share Option Scheme 2012 (the "2012 Scheme") was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 25 October 2012. The 2012 Scheme was administered by the Remuneration Committee (the "RC") comprising three Independent Directors, Tan Sek Khee, Andre Yeap Poh Leong and Tan Huay Lim as at the date of this statement.

Details of the 2012 Scheme are set out in the circular dated 8 October 2012 which is available for inspection at the registered office of the Company.

Other information regarding the 2012 Scheme is set out below:

(i) Exercise price

The exercise price for each share in respect of which an option is exercisable shall be fixed by the RC in its absolute discretion at:

(a) the Market Price; or

(b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the RC in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price and is approved by the shareholders in a general meeting in a separate resolution in respect of that option.

"Market Price" is defined as the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for five consecutive market days immediately preceding the date on which an offer to grant an option is made (the "Offer Date") rounded up to the nearest whole cent in the event of fractional prices.

(ii) Option exercise period

Options granted with the exercise price set at Market Price are exercisable at any time, after the first anniversary of the date of grant of that option and expiring on, in the case of options granted to Non-Executive Directors and/or Associated Company Employees, the day preceding the fifth anniversary of the relevant date of grant and for other than Non-Executive Directors and/or Associated Company Employees, the day preceding the tenth anniversary of the relevant date of grant.

Share options (cont'd)

(ii) Option exercise period (cont'd)

Options granted with the exercise price set at a discount to the Market Price are exercisable at any time, after the second anniversary of the date of grant and expiring on, in the case of options granted to Non-Executive Directors and/or Associated Company Employees, the day preceding the fifth anniversary of the relevant date of grant and for other than Non-Executive Directors and/or Associated Company Employees, the day preceding the tenth anniversary of the relevant date of grant.

Since the adoption of the 2012 Scheme, no options have been granted and there were no unissued shares of the Company under options.

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:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy and effectiveness of the Group's system of internal controls and the assistance given by management to the external and internal auditors;

- Reviewed findings and recommendations of the internal and external auditors relating to the internal control systems of the Group and management responses and actions to correct any deficiencies;

- Reviewed the quarterly and the annual financial statements, result of the audit and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed the adequacy and effectiveness of the Group's material internal controls, relating to financial, operational, compliance and information technology controls and risk management;

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements and any reports received from regulators;

- Reviewed the independence and objectivity of the external auditor and the nature and extent of non-audit services provided by the external auditor;

Audit Committee (cont'd)

- Recommended to the Board of Directors on the appointment, re-appointment and removal of internal and external auditors and approved their fees;

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

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 as defined in Chapter 9 of the SGX-ST's Listing Manual.

The AC convened five 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 Corporate Governance Report.

Auditors

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

On behalf of the Board of Directors:

Ang Kok Tian
Director

Ang Ah Nui
Director

Singapore
12 October 2021

INDEPENDENT AUDITOR'S REPORT

to the members of ASL Marine Holdings Ltd.

For the financial year ended 30 June 2021

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ASL Marine Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statements of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements. The Group incurred loss after tax of $36,899,000 for the financial year ended 30 June 2021 and as at that date, the Group's current liabilities exceeded its current assets by $609,000. As at 30 June 2021, the Group's and the Company's total borrowings amounted to $328,625,000 and $171,057,000 of which $43,611,000 and $10,436,000 were classified as current liabilities respectively and exceed the Group's cash and cash equivalents as at 30 June 2021. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concern. As disclosed further in that Note, the ability of the Group and the Company to continue as going concern is dependent on the ability of the Group to generate sufficient cash flows from operations and receive continued support from the lenders.

Material uncertainty related to going concern (cont'd)

In the event that the Group is unable to generate sufficient cash flows from operations or does not continue to receive support from the lenders, the Group and 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 in a manner 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 statements of financial position. The Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment assessment of assets

The business segments in which the Group operates remain weak in terms of volume and margins, which were further aggravated by the ongoing effects of COVID-19 pandemic. Demand for various classes of vessels in the chartering fleet, including offshore support vessels remains weak. This gives rise to financial statements risk such as impairment of the Group's vessels, as well as the determination of the net realisable value of completed vessels, and the recoverability of finance lease receivables and trade receivables.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Impairment of vessels

The Group has property, plant and equipment comprising tugs and other vessels, barges and drydocking expenditure (collectively, the "Vessels") amounting to $289,182,000 as at 30 June 2021. As disclosed in Note 4, management performed an annual impairment test on the Vessels due to existence of impairment indicators as at 30 June 2021. The impairment test was conducted by comparing the carrying amount of the Vessels to their respective recoverable amounts which is the higher of fair value less costs of disposal ("FVLCD") and value in use. This area was significant to our audit as the carrying amount of the Vessels represented 69.4% of the Group's total non-current assets as at 30 June 2021. In addition, the impairment assessment involved significant management judgement in determining the recoverable amounts. Management estimated the recoverable amounts of the Vessels based on FVLCD. Management engaged external independent valuers ("Valuers") to perform valuations of the Vessels and considered the reasonableness of the valuation taking into consideration the current environment. The valuation methodologies require the use of various estimates and assumptions developed by management and Valuers. The impairment assessment resulted in an impairment loss of $2,074,000 on the Group's Vessels for the current financial year.

We obtained an understanding of management's impairment assessment process including their considerations of the continuing impact COVID-19 pandemic has on the Group's operations. Our audit procedures included, amongst others, considering the competency, capabilities and objectivity of the Valuers.

We involved our internal valuation specialist in evaluating the appropriateness of the valuation methodologies applied by management and the Valuers and reviewed the reasonableness of the key assumptions and inputs used, inter alia the replacement costs of similar vessels currently owned by the Group adjusted for age, condition and technological obsolescence of the vessels, and considered the industry outlook in which the Group operates in. We considered the reasonableness of the valuations of the Vessels by comparing the valuations to sales of similar vessels that have been transacted in the open market.

We also assessed the adequacy of the related disclosures set out in Note 3.2(a) *Impairment of vessels*, Note 2.10 *Property, plant and equipment* and Note 4 *Property, plant and equipment* to the financial statements.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Net realisable value of completed vessels

As disclosed in Note 10, included in finished goods are vessels with an aggregate carrying amount of $67,419,000 as at 30 June 2021. The Group recognised the completed vessels at the lower of cost and net realisable value ("NRV"). Management engaged external independent valuers ("Valuers") to determine the NRV of these vessels and considered the reasonableness of the valuations given the current market conditions. Management recognised an impairment loss of $6,578,000 on these vessels for the current financial year. The determination of NRV of these vessels was significant to our audit as the total carrying value of completed vessels comprise 35.2% of the Group's total current assets as at 30 June 2021 and the valuation involves significant estimates and assumptions.

We obtained an understanding of management's process in determining the NRV of the vessels, including assessing the process, methods and assumptions used by management to develop the policy for allowance for inventory obsolescence. Our audit procedures included, amongst others, considering the competency, capabilities and objectivity of the Valuers. We involved our internal valuation specialist in evaluating the appropriateness of the valuation methodology applied by management and the Valuers and reviewed the reasonableness of key assumptions and inputs used, inter alia the specifications of the vessels, their future market demands and pricing competition. We considered the appropriateness of the valuations determined by management and the Valuers by comparing the NRV to comparable market data, taking into consideration the current market conditions.

We also assessed the adequacy of the related disclosures set out in Note 3.2(d) *Determination of net realisable value of completed vessels*, Note 2.16 *Inventories* and Note 10 *Inventories* to the financial statements.

Recoverability of finance lease receivables and trade receivables

There is possibility of delays in ship building projects arising from changes in capital investments, cancellation of orders and risks of customers renegotiating for lower charter rates. The collectability of these receivables are key elements of the Group's working capital management, which is managed on an ongoing basis by management. The Group determines the expected credit loss ("ECL") of the receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, the Group provides for lifetime ECL using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed in accordance to days past due by grouping customers based on customer profiles, adjusted for current and forward-looking information. The impairment assessment resulted in an ECL allowance of $510,000 on the Group's receivables for the current financial year. As the impairment assessment requires significant management judgment, we determined that this is a key audit matter.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Recoverability of finance lease receivables and trade receivables (cont'd)

As part of the audit, we assessed the Group's enhanced processes and controls arising from the COVID-19 pandemic relating to the monitoring of the outstanding receivables, including the process in determining whether a debtor is credit impaired. We reviewed the key data sources and assumptions used by management in determining the default rate and the current and forward-looking adjustment factors in determining the provision rates.

We considered the age of the debts as well as the trend of collections to identify collection risks. We requested, on a sample basis, receivables confirmations from trade debtors and reviewed for collectability by way of obtaining evidence of receipts from the debtors subsequent to the year end. We discussed with management and the Board of Directors on the recoverability of long outstanding debts, including enquiries if there are any known customers adversely impacted by COVID-19 pandemic, analysed the Group's trend of collections for long outstanding debtors, reviewed correspondences with customers on expected settlement dates and assessed management's assumptions used to determine ECL for such receivables through consideration of their specific profiles and risks, and reviewed legal case files.

We also assessed the adequacy of the related disclosures set out in Note 3.2(b) *Recoverability of contract assets and trade receivables*, Note 2.13(a) *Financial assets*, 2.20 *Leases*, Note 9 *Finance lease receivables* and Note 12 *Trade and other receivables* to the financial statements.

Impairment assessment of investments in subsidiaries and amounts due from subsidiaries at the Company level

Investments in subsidiaries and amounts due from subsidiaries were $39,532,000 and $241,798,000 respectively as at 30 June 2021. The principal activities of these subsidiaries include vessel owning and intermediate investment holding companies. Management performed impairment assessment on these balances as there were indicators of impairment. Based on management's assessment, impairment charges on the investments in subsidiaries and amounts due from subsidiaries of $201,000 and $6,241,000 respectively was recorded during the year. We considered the audit of management's impairment assessment on these balances to be significant because their carrying amounts represented 98.4% of the Company's total assets as at 30 June 2021 and the impairment assessment involves significant management judgement.

Key audit matters (cont'd)

Impairment assessment of assets (cont'd)

Impairment assessment of investments in subsidiaries and amounts due from subsidiaries at the Company level (cont'd)

We obtained an understanding of management's assessment of the continuing impact of COVID-19 pandemic has on the operations of these subsidiaries. We reviewed the impairment assessment performed by management by comparing the carrying values of the investments in subsidiaries to their respective recoverable amounts and checked management's computation in recognising impairment losses when their carrying amounts exceeded the recoverable amounts, which is the higher of their fair value less costs of disposal ("FVLCD") and value in use. Management determined the recoverable amounts of the investment in subsidiaries based on FVLCD which premised on the FVLCD and NRV of the relevant aforementioned Group's vessels. In addition, the audit procedures discussed in the preceding paragraphs relating to impairment assessments and determination of NRV of vessels, and other factors such as the various subsidiaries historical and current performances and financial positions were taken into consideration when assessing the impairment of investments in subsidiaries and amounts due from subsidiaries.

The Company also provided for ECL on amounts due from subsidiaries based on the general approach. We obtained an understanding and reviewed the key data sources and assumptions used by management in the ECL model. We assessed the appropriateness of management's assumptions in determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages under the ECL general approach. We discussed with management and corroborated the assumptions using historical data and publicly available information, where available, in relation to estimation of default rate, loss exposure at default used by the management, and considered forward-looking adjustments made including the current economic and market conditions. We checked the arithmetic accuracy of the loss allowance used by the management in the ECL model.

We also assessed the adequacy of the related disclosures set out in Note 3.2(c) *Impairment of investments and amounts due from subsidiaries*, Note 2.7 *Subsidiaries*, Note 2.13(a) *Financial assets*, Note 6 *Investments in subsidiaries* and Note 12 *Trade and other receivables* to the financial statements.

Other information

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

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

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

Responsibilities of management and Directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Andrew Tan Chwee Peng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

12 October 2021

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current assets					
Property, plant and equipment	4	**395,623**	443,928	**–**	–
Right-of-use assets	5	**10,780**	12,375	**–**	–
Investment in subsidiaries	6	**–**	–	**39,532**	39,647
Investment in joint ventures and associates	7	**2,083**	4,298	**–**	–
Intangible assets	8	**1,991**	2,256	**–**	–
Other receivables	12	**–**	–	**4,650**	3,100
Finance lease receivables	9	**6,441**	4,952	**–**	–
		416,918	467,809	**44,182**	42,747
Current assets					
Inventories	10	**82,668**	86,977	**–**	–
Contract assets	11	**20,636**	22,678	**–**	–
Trade and other receivables	12	**55,744**	63,182	**237,168**	278,664
Prepayments		**3,779**	3,490	**185**	184
Finance lease receivables	9	**2,201**	745	**–**	–
Cash and bank balances	13	**26,533**	35,165	**4,407**	3,984
		191,561	212,237	**241,760**	282,832
Assets classified as held for sale	14	**–**	1,047	**–**	–
		191,561	213,284	**241,760**	282,832
Total assets		**608,479**	681,093	**285,942**	325,579
Current liabilities					
Trade and other payables	15	**124,338**	148,823	**82,044**	108,233
Contract liabilities	11	**15,701**	7,324	**–**	–
Trust receipts	17	**5,991**	19,137	**–**	–
Interest-bearing loans and borrowings	18	**37,620**	26,972	**10,436**	5,737
Lease liabilities	5	**2,069**	2,052	**–**	–
Income tax payables		**6,451**	6,129	**14**	14
		192,170	210,437	**92,494**	113,984
Net current (liabilities)/assets		**(609)**	2,847	**149,266**	168,848

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current liabilities					
Other payables	15	**1,280**	893	**–**	–
Other liabilities	19	**3,381**	3,633	**–**	–
Contract liabilities	11	**15,246**	56	**–**	–
Interest-bearing loans and borrowings	18	**285,014**	313,511	**160,621**	162,514
Lease liabilities	5	**5,387**	5,921	**–**	–
Deferred tax liabilities	20	**8,630**	13,263	**–**	–
		318,938	337,277	**160,621**	162,514
Total liabilities		**511,108**	547,714	**253,115**	276,498
Net assets		**97,371**	133,379	**32,827**	49,081
Equity attributable to owners of the Company					
Share capital	21	**108,133**	108,056	**108,133**	108,056
Treasury shares	21	**(923)**	(923)	**(923)**	(923)
Reserves	22	**(9,042)**	25,294	**(74,383)**	(58,052)
		98,168	132,427	**32,827**	49,081
Non-controlling interests		**(797)**	952	**–**	–
Total equity		**97,371**	133,379	**32,827**	49,081

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

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue	23	**192,960**	243,637
Cost of sales		**(194,174)**	(230,969)
Gross (loss)/profit		**(1,214)**	12,668
Other operating income	24	**12,102**	12,953
Administrative expenses		**(17,031)**	(16,131)
Other operating expenses	25	**(12,795)**	(14,388)
Finance costs	26	**(24,519)**	(25,707)
Fair value adjustments arising from debt refinancing exercise	18, 26	**–**	15,233
Reversal of/(impairment losses) on financial assets		**4,625**	(4,765)
Share of results of joint ventures and associates		**(1,777)**	(1,122)
Loss before tax	27	**(40,609)**	(21,259)
Income tax credit	28	**3,710**	2,876
Loss for the year		**(36,899)**	(18,383)
Attributable to:			
Owners of the Company	29	**(35,015)**	(23,633)
Non-controlling interests		**(1,884)**	5,250
		(36,899)	(18,383)
Earnings per share (cents per share)			
Basic and diluted	29	**(5.56)**	(3.76)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Loss for the year		**(36,899)**	(18,383)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		**986**	(1,586)
Share of other comprehensive income of joint ventures and associates		**(208)**	199
Realisation of foreign currency translation reserves upon disposal of a subsidiary	6d	**(89)**	(943)
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit pension plans	19	**127**	212
Other comprehensive income for the year, net of tax		**816**	(2,118)
Total comprehensive income for the year		**(36,083)**	(20,501)
Attributable to:			
Owners of the Company		**(34,334)**	(25,235)
Non-controlling interests		**(1,749)**	4,734
		(36,083)	(20,501)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

	Attributable to owners of the Company								
Group 2021	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Warrant reserve $'000	Accumulated profits/(losses) $'000	Total reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 July 2020	108,056	(923)	(143)	899	24,538	25,294	132,427	952	133,379
Loss for the year	–	–	–	–	(35,015)	(35,015)	(35,015)	(1,884)	(36,899)
Other comprehensive income									
Translation differences relating to financial statements of foreign subsidiaries	–	–	826	–	–	826	826	160	986
Share of other comprehensive income of joint ventures and associates	–	–	(183)	–	–	(183)	(183)	(25)	(208)
Realisation of foreign currency translation reserves upon dissolution of a subsidiary	–	–	(89)	–	–	(89)	(89)	–	(89)
Re-measurement of defined benefit pension plans	–	–	–	–	127	127	127	–	127
Other comprehensive income for the year, net of tax	–	–	554	–	127	681	681	135	816
Total comprehensive income for the year	–	–	554	–	(34,888)	(34,334)	(34,334)	(1,749)	(36,083)
Contributions by owners									
Conversion of warrants	77	–	–	(2)	–	(2)	75	–	75
At 30 June 2021	108,133	(923)	411	897	(10,350)	(9,042)	98,168	(797)	97,371

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

Group 2020	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Warrant reserve $'000	Accumulated profits/(losses) $'000	Total reserves $'000	Reserve of disposal group classified as held for sale $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company									
At 1 July 2019	108,056	(923)	1,671	–	47,959	49,630	193	156,956	(3,164)	153,792
Loss for the year	–	–	–	–	(23,633)	(23,633)	–	(23,633)	5,250	(18,383)
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	–	–	(1,423)	–	–	(1,423)	–	(1,423)	(163)	(1,586)
Share of other comprehensive income of joint ventures and associates	–	–	175	–	–	175	–	175	24	199
Realisation of foreign currency translation reserves upon disposal of a subsidiary	–	–	(566)	–	–	(566)	(193)	(759)	(184)	(943)
Re-measurement of defined benefit pension plans	–	–	–	–	212	212	–	212	–	212
Other comprehensive income for the year, net of tax	–	–	(1,814)	–	212	(1,602)	(193)	(1,795)	(323)	(2,118)
Total comprehensive income for the year	–	–	(1,814)	–	(23,421)	(25,235)	(193)	(25,428)	4,927	(20,501)
Others										
Disposal of a subsidiary	–	–	–	–	–	–	–	–	1,278	1,278
Contributions by and distributions to owners										
Issue of rights warrants	–	–	–	899	–	899	–	899	–	899
Return of share capital to non-controlling interests	–	–	–	–	–	–	–	–	(2,089)	(2,089)
	–	–	–	899	–	899	–	899	(2,089)	(1,190)
At 30 June 2020	108,056	(923)	(143)	899	24,538	25,294	–	132,427	952	133,379

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

Company	Share capital $'000	Treasury shares $'000	Warrant reserve $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
At 1 July 2020	108,056	(923)	899	(58,951)	(58,052)	49,081
Loss for the year, representing total comprehensive income for the year	–	–	–	(16,329)	(16,329)	(16,329)
Contributions by owners						
Conversion of warrants	77	–	(2)	–	(2)	75
At 30 June 2021	108,133	(923)	897	(75,280)	(74,383)	32,827
At 1 July 2019	108,056	(923)	–	(76,053)	(76,053)	31,080
Profit for the year, representing total comprehensive income for the year	–	–	–	17,102	17,102	17,102
Contributions by owners						
Issue of rights warrants	–	–	899	–	899	899
At 30 June 2020	108,056	(923)	899	(58,951)	(58,052)	49,081

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Loss before tax		**(40,609)**	(21,259)
Adjustments for:			
Amortisation of intangible assets	8	**308**	570
Depreciation of property, plant and equipment	4	**55,450**	56,226
Depreciation of right-of-use assets	5	**3,212**	3,312
Fair value adjustments arising from debt refinancing exercise	18, 26	**–**	(15,233)
Gain on disposal of assets classified as held for sale	24	**(981)**	(605)
Gain on disposal of a subsidiary	6(d), 24	**–**	(4,087)
Gain on disposal of property, plant and equipment	24	**(5,291)**	(1,859)
Gain on dissolution of a subsidiary	24	**(89)**	–
Gain on remeasurement of lease liabilities	24	**(537)**	–
Inventories written off	25	**13**	–
(Reversal of)/impairment losses on financial assets (net):			
– amounts due from:			
– joint ventures and associates	12	**(5,354)**	302
– related parties	12	**42**	1
– contract assets	11	**69**	(157)
– other receivables	12	**108**	659
– trade receivables (third parties), (net)	12	**510**	3,960
Impairment losses on non-financial assets:			
– intangible assets	8	**–**	3,063
– inventories	10	**6,578**	9,494
– property, plant and equipment	4	**2,150**	1,608
Interest income	24	**(602)**	(644)
Interest expense	26	**24,519**	25,707
Property, plant and equipment written off	4	**2**	223
Reversal of provision for warranty (net)	16	**(9)**	(28)
(Reversal of)/provision for pension liabilities	19	**(20)**	210
Share of results of joint ventures and associates		**1,777**	1,122
Operating cash flows before changes in working capital		**41,246**	62,585
Changes in working capital:			
Inventories		**(2,785)**	2,203
Contract assets and liabilities		**24,726**	(13,818)
Trade and other receivables		**2,006**	11,561
Prepayments		**(289)**	1,321
Trade and other payables		**(19,418)**	(24,989)
Finance lease receivables		**(3,142)**	1,276
Other liabilities		**(97)**	(107)
Balances with related parties (trade)		**3,207**	1,351
Cash flows generated from operations		**45,454**	41,383
Interest received from finance lease receivables		**380**	184
Income tax paid		**(6)**	(530)
Net cash flows generated from operating activities		**45,828**	41,037

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

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Interest received		**38**	52
Purchase of assets classified as held for sale	14	**(1,000)**	(478)
Purchase of property, plant and equipment	4	**(18,896)**	(10,345)
Proceeds from disposal of property, plant and equipment		**13,433**	7,188
Proceeds from disposal of assets classified as held for sale	14	**4,800**	1,083
Proceeds from disposal of a subsidiary	6(d)	**–**	3,639
Payments to non-controlling interests upon disposal of a subsidiary	6(d)	**–**	(3,143)
Return of capital to non-controlling interests upon capital reduction of a subsidiary		**–**	(2,089)
Movement in balances with related parties (non-trade)		**182**	1,079
Net cash flows used in investing activities		**(1,443)**	(3,014)
Cash flows from financing activities			
Interest paid		**(12,660)**	(16,778)
Repayment of interest-bearing loans and borrowings	18	**(25,599)**	(26,339)
Proceeds from interest-bearing loans and borrowings	18	**–**	7,068
Principal repayment of lease liabilities	5	**(1,580)**	(2,872)
Repayment of trust receipts		**(29,063)**	(20,796)
Proceeds from trust receipts		**15,901**	38,616
Proceeds from issuance of ordinary shares upon warrants exercise		**75**	–
Net proceeds from issuance of rights warrants		**–**	899
Cash and bank balances (restricted use)		**5,107**	(7,363)
Net cash flows used in financing activities		**(47,819)**	(27,565)
Net (decrease)/increase in cash and cash equivalents		**(3,434)**	10,458
Cash and cash equivalents at 1 July		**17,650**	7,151
Effect of exchange rate changes on cash and cash equivalents		**(91)**	41
Cash and cash equivalents at 30 June	13	**14,125**	17,650

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 30 June 2021

1. CORPORATE INFORMATION

ASL Marine Holdings Ltd. (the “Company”), incorporated in the Republic of Singapore, is a public limited company listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at No. 19 Pandan Road, Singapore 609271.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollar (“SGD” or “$”) and all values in the tables are rounded to the nearest thousand ($’000) except when otherwise indicated.

The Group incurred loss after tax of $36,899,000 (2020: $18,383,000) for the financial year ended 30 June 2021 and as at that date, the Group’s was in a net current liabilities position of $609,000 (2020: net current asset position of $2,847,000). As at 30 June 2021, the Group’s and Company’s total borrowings amounted to $328,625,000 and $171,057,000 (2020: $359,620,000 and $168,251,000) of which $43,611,000 and $10,436,000 (2020: $46,109,000 and $5,737,000) were classified as current liabilities respectively.

The matters set out in the paragraph above indicates the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

The Group’s businesses are capital intensive. As at 30 June 2021, the aggregate value of property, plant and equipment and right-of-use assets amounted to $406,403,000 (2020: $456,303,000), which represented 67% (2020: 67%) of its total asset. The majority of the property, plant and equipment and right-of-use assets were financed through bank loans, bonds and lease liabilities of $330,090,000, which represented 65% of its total liabilities as of 30 June 2021. The Group has been generating positive operating cash flows in fulfilling its debt repayment obligations, with the majority of its debts maturing in 2025 and beyond. The Group’s current ratio stood at 0.99 as of 30 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

The management and directors of the Company, having assessed the available sources of liquidity and funding, believe that the Group and the Company can continue as a going concern for the foreseeable future. In analysing the validity of the going concern basis applied in the preparation of the financial statements of the Group and the Company, the following factors were considered:

(i) The Group is able to generate sufficient operating cash flows from operations to meet its working capital needs. This is supported by positive Earnings before Interest, Tax, Depreciation, Amortisation and after adjusting for impairments and any other non-cash flow items of $48,173,000 for the current financial year. For the past two years, the consolidated net cash flows generated from operating activities have been positive, and the Group has been meeting all its short-term obligations. The availability of the working capital banking facilities secured since August 2019 from its principle lenders provides the Group with short term trade financing when needed;

(ii) Management has provided consistent and conscientious efforts in cost controls and cash flow enhancement measures, which include:

- Planning and keeping track of project budget and setting performance parameters;
- Regular operations review and close monitoring of project progress, schedule, cost and profitability;
- Review by the management on all purchases and capital expenditures;
- Increase suppliers' base;
- Cutting overheads and administrative expenses which include measures such as redesigning of job scope for employees, control of headcount and salary freeze, reducing expenses of recurring nature;
- Close collaboration with contractors and vendors to improve cashflow management, such as on credit terms, payment plans and debt settlements;
- Strict management of credit terms offered to customers and timely billing of services;
- Strengthening of coordination among marketing, operations and finance departments in the collection of debts; and
- Disposal of vessels held as inventories to pare down borrowings and increase the availability of working capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(iii) Continuing support from principal lenders including trade line and project financing which provides a strong base in sustaining the businesses of the Group. The principal lenders had also granted the Group waivers from complying with certain financial covenants for a period of 12 months from the date of the financial statements have been authorised for issuance;

(iv) Management has also considered the various COVID-19 support measures aided by the Singapore government, which included (a) the Jobs Support Scheme, (b) Foreign Worker Levy Rebates, and (c) enhanced financing support under the Temporary Bridging Loan Programme and Enterprise Financing Scheme as announced in the Singapore Budgets 2021; and

(v) The controlling shareholders of the Company remain supportive to the Company and the Group with their injection of funds during the Company's last two fund raising exercises in December 2016 and July 2019. The controlling shareholders remain committed to funding the Group, amongst others, provided an unsecured and interest-free loan of $6,620,000 in October 2017 which remained unpaid as at reporting date.

In the event that the Group is unable to generate sufficient cash flows from operations or does not continue to receive support from the lenders, the Group and 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 in a manner other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. The Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial years beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3 Definition of a Business	1 January 2022
Amendments to SFRS(I) 9 and SFRS(I) 7 *Interest Rate Benchmark Return*	1 January 2022
Amendments to References to the Conceptual Framework in SFRS(I) standards	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Date to be determined

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

2.4 Foreign currency

The financial statements are presented in Singapore Dollar, 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 exchange rate 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currency (cont'd)

(a) **Transactions and balances (cont'd)**

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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operations.

(b) **Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the exchange rates 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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or joint venture entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.5 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

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.

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:

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

- Derecognises the carrying amount of any non-controlling interest;

- Derecognises 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;

- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 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.

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. The accounting policy for goodwill is set out in Note 2.11(a). 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.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 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 the variable return 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.9.

2.9 Joint ventures and 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 account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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 represent 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 or joint venture's profit or loss in the period in which the investment is acquired.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Joint ventures and associates (cont'd)

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

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 associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

For financial statements of the associate or joint venture which are prepared as of the same reporting date of the Company, the most recent available audited financial statements of the associates or joint ventures are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's balance sheet, investments in joint ventures and associates are accounted for at cost less impairment losses.

2.10 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. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold property and buildings	–	15 to 30 years
Drydocks, quays and ancillary	–	8 to 20 years
Drydocking expenditure	–	2.5 years
Plant and machinery	–	1 to 30 years
Office equipment, furniture and fittings	–	3 to 10 years
Vessels	–	1 to 25 years
Motor vehicles	–	5 to 8 years

Vessels consist of tugs and other vessels and barges. For vessels purchased second-hand, depreciation is computed on a straight-line basis over the remaining useful lives.

Assets under construction included in property, plant and equipment 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 the end of each reporting period, and adjusted prospectively, if appropriate.

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

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets

(a) **Goodwill**

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 each of 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 unit to which goodwill has 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. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

(b) **Other intangible assets**

Other intangible assets consist of patented technology, customer relationships, brand and order backlog.

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. 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.

The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets. Except for order backlog, which is amortised based on the pattern in which the asset's future economic benefits are expected to be consumed, amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets as follows:

Patented technology	–	15 years
Customer relationships	–	18.5 years
Brand	–	5 years

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 derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally covers a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset 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. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. 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. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments

(a) **Financial assets**

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial assets 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 can be categorised as follows:

Amortised costs

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.

De-recognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 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

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 has expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents carried in the statements of financial position are classified and accounted for as loans and receivables. The accounting policy for this category of financial assets is stated in Note 2.13(a).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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. ECLs are based on the difference between the contractual cash flows 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 any 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. In performing the assessment, the Group has considered settlement arrangements entered into with various customers, such as instalments plans and contra settlements/arrangements with customers who are also suppliers of the Group.

The Group considers a financial asset in default when contractual payments exceed the default day. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Inventories

Raw materials consist mainly of steel, consumables and other materials used for shipbuilding and shiprepair and conversion. Finished goods consist of component parts and vessels for sales. Cost is determined on the following basis and includes all direct expenditure incurred in bringing the stocks to their present location and condition:

Raw materials	–	first-in-first-out basis
Finished goods – component parts	–	first-in-first-out basis
Finished goods – vessels	–	specific identification basis

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, and after making due allowance for all damaged, obsolete and slow-moving items.

Work-in-progress comprises uncompleted shipbuilding projects. It is stated at the lower of cost and net realisable value. Cost is made up of material, direct labour, subcontractors' costs, appropriate allocation of fixed and variable production overheads and other directly related expenses. Provision is made for anticipated losses, if any, on work-in-progress when the possibility of loss is ascertained.

2.17 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Provisions

(a) **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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(b) **Provision for liquidated damages and claims**

Provision for liquidated damages and claims are made in respect of anticipated claims from customers on contracts of which deadlines are overdue or not expected to be completed on time in accordance with contractual obligations. To determine whether the outflow of resources is probable and whether a reliable estimate of the amount can be made, the Group takes into consideration the existence of legal or contractual obligations, external advisors' assessments, legal opinions, insurance coverage, past experience and other information presently available. The utilisation of provisions is dependent on the timing of claims.

(c) **Provision for warranty**

Provision for warranty represents the best estimate of the Group's liability to repair vessels or replace affected parts during the warranty period. The provision is calculated based on past experience of the level of repairs and returns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 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 companies in the Group make contributions to Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Defined benefit plan**

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

– Service cost

– Net interest on the net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss. Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods. The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee benefits (cont'd)

(c) **Employee leave entitlements**

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.

(d) **Employee share option plans**

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

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases

(i) **When the Group is the lessee:**

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

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

Right-of-use assets

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

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

Land use rights	–	2.2 to 27.4 years
Leasehold land	–	6.4 years
Leasehold buildings	–	2.5 to 5.3 years
Plant and machinery	–	1.8 years
Office equipment, furniture and fittings	–	1.3 to 4.5 years

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

The right-of-use assets are presented separately as "Right-of-use assets" in the statement of financial position and are subject to impairment according to the accounting policy set out in Note 2.12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(i) **When the Group is the lessee: (cont'd)**

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases (cont'd)

(i) **When the Group is the lessee: (cont'd)**

Short term and low value leases

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

(ii) **When the Group is the lessor:**

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

2.21 Assets classified as held for sale

Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Upon classification as held for sale, the asset is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 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) **Shipbuilding**

The Group enters into contracts with customers to construct vessels. The Group assesses whether shipbuilding revenue is recognised over time or at a point in time by determining whether (a) its performance creates an asset with an alternative use to the Group and (b) whether the Group has an enforceable right to payment for performance completed to date. The Group has considered that the vessels under construction does not have alternative uses for the Group due to contractual restrictions. Revenue is recognised when control over the vessel has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For construction of vessels whereby the Group has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue (cont'd)

(a) **Shipbuilding (cont'd)**

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised 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 costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised 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 costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) **Shiprepair and conversion**

The Group provides fabrication, outfitting works, conversion jobs and ship repair services. The Group assesses whether the revenue is recognised over time or at a point in time by determining whether (a) its performance creates or enhances an asset that the customer controls as the asset is created or enhanced and (b) it has an enforceable right to payment for performance completed to date. Revenue from fabrication and outfitting works, conversion jobs and shiprepair contracts are recognised over time.

(c) **Shipchartering**

Leasing income is recognised as operating lease income in accordance with SFRS(I) 16 Leases and is recognised on a time-apportioned basis over the charter hire period. The Group has apportioned consideration from time charter contracts between the lease and non-lease components based on their relative stand-alone selling prices. In the determination of relative stand-alone selling prices of the non-lease component, the Group considers the expected costs plus margin approach. The charters may give rise to mobilisation and demobilisation services which are necessary for the Group to fulfil obligations under the charter hire contracts. Charter hire, mobilisation and demobilisation income are collectively recognised over the charter hire period. Related costs of mobilisation and demobilisation are recognised over the charter hire period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue (cont'd)

(c) **Shipchartering (cont'd)**

Freight income derived from the provision of voyage charters are recognised over the voyage duration as the freight services are rendered. Freight income is recognised as of the date on which a vessel embarks from the port where the cargo was loaded to the discharge of the cargo, and adjustments are made for any portions of uncompleted voyages based on pro-rata basis.

Revenue from provision of crew are recognised over time as the services are provided and the benefits are consumed by the customer which is on a time-apportioned basis.

Charter ancillary service income is recognised at a point in time when services are completed.

Ship management fee income is recognised over time when services are rendered.

(d) **Engineering**

Revenue from sales of dredging engineering products is recognised when the products are delivered to the customer and all criteria for acceptance have been satisfied. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(e) **Interest income**

Interest income is recognised using the effective interest method.

(f) **Dividend income**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes (cont'd)

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

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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes (cont'd)

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) **Sales tax**

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

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

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

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

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services. The segment results are regularly reviewed by management 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.

2.25 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 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.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

   (i) Has control or joint control over the Company;

   (ii) Has significant influence over the Company; or

   (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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, and the disclosure of contingent liabilities at the end of each reporting period. These are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of revenue from construction contracts

For shipbuilding construction contracts, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgment made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

On the construction of vessels where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a more appropriate depiction of the Group's performance in transferring control of the construction of vessels to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction of vessels. 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 construction of vessels.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, 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 construction contracts.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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 assumption when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(a) **Impairment of vessels**

The Group determines the recoverable amount of its vessels based on the higher of its fair value less costs to sell and its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the vessels by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, management engages the services of external independent valuation experts to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions, including the potential impact of COVID-19 pandemic. The carrying amount of the Group's vessels is disclosed in Note 4.

(b) **Recoverability of contract assets and trade receivables**

The Group determines impairment of contract assets and trade receivables by making debtor-specific assessment for credit-impaired debtors. In addition, the Group uses a provision matrix to calculate ECL for the remaining contract assets and trade receivables. The provision rates are based on days past due for groupings of customers based on customer profiles.

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 such as market data specific to the debtors. 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 ECL is a significant estimate. The amount of ECL 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 carrying amount of the Group's contract assets and trade receivables and information about the ECL are disclosed in Note 11, Note 12 and Note 33(b), respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(c) **Impairment of investments and amounts due from subsidiaries**

The Company assesses at the end of each reporting period whether there is any objective evidence that the investments and amounts due from subsidiaries are impaired. Management considers factors such as the historical and current performances, estimated value and probability of future cash flows.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the subsidiary and choose suitable discount rates in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 30 June 2021 are disclosed in Note 6.

In relation to amounts due from subsidiaries, management provides for ECL based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information. The amounts due from subsidiaries, including their carrying amount and their related impairment as at 30 June 2021 are disclosed in Note 12.

(d) **Determination of net realisable value of completed vessels**

Included in finished goods are vessels. In accordance with SFRS(I) 1-2 Inventories, the Group has recognised completed vessels at the lower of cost and net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business less estimated costs for completion and the estimated costs necessary to make the sale. To determine whether there is objective evidence of impairment, the Group considers the future market demands and pricing competition. The carrying amount of the Group's inventories and related inventories written down are disclosed in Note 10.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property and buildings $'000	Assets under construction $'000	Drydocks, quays and ancillary $'000	Drydocking expenditure $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Tugs and other vessels $'000	Barges $'000	Motor vehicles $'000	Total $'000
Cost										
At and 1 July 2019	59,070	2,354	126,464	8,183	114,345	16,501	412,528	252,057	2,638	994,140
Additions	264	3,303	276	3,513	1,845	78	2,126	1,781	–	13,186
Disposals	–	–	–	(201)	(1,064)	–	(1,018)	(18,820)	(274)	(21,377)
Write-off	–	–	–	–	(256)	–	(200)	(90)	–	(546)
Transfers	(781)	(5,051)	5,580	–	1,542	(1,493)	–	134	–	(69)
Transfer from inventories	–	–	–	–	–	–	–	810	–	810
Transfer to assets classified as held for sale (Note 14)	–	–	–	–	–	–	–	(2,070)	–	(2,070)
Net exchange differences	–	–	–	9	83	126	7,172	1,931	–	9,321
At 30 June 2020 and 1 July 2020	58,553	606	132,320	11,504	116,495	15,212	420,608	235,733	2,364	993,395
Additions	120	72	124	9,257	2,531	83	3,424	6,635	24	22,270
Disposals	72	(799)	263	(86)	(1,365)	(173)	(11,465)	(6,854)	(205)	(20,612)
Write-off	–	–	–	–	(9,954)	(296)	–	–	–	(10,250)
Transfers	66	338	313	–	4	–	(721)	–	–	–
Net exchange differences	–	–	–	(72)	101	130	(8,776)	(2,371)	4	(10,984)
At 30 June 2021	58,811	217	133,020	20,603	107,812	14,956	403,070	233,143	2,187	973,819

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

Group	Leasehold property and buildings $'000	Assets under construction $'000	Drydocks, quays and ancillary $'000	Drydocking expenditure $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Tugs and other vessels $'000	Barges $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation and impairment loss										
At 1 July 2019	23,033	772	56,515	6,115	97,692	12,144	183,641	121,559	2,425	503,896
Depreciation charge for the year	2,900	–	6,944	2,387	5,264	650	19,026	20,098	130	57,399
Impairment charge for the year	–	–	165	293	539	–	383	228	–	1,608
Disposals	–	–	–	(145)	(756)	–	(3,998)	(10,875)	(274)	(16,048)
Write-off	–	–	–	–	(33)	–	(200)	(90)	–	(323)
Transfers	11	(603)	–	–	(24)	(56)	603	–	–	(69)
Transfer to assets classified as held for sale (Note 14)	–	–	–	–	–	–	–	(1,023)	–	(1,023)
Net exchange differences	–	–	–	11	81	126	2,927	882	–	4,027
At 30 June 2020 and 1 July 2020	25,944	169	63,624	8,661	102,763	12,864	202,382	130,779	2,281	549,467
Depreciation charge for the year	2,909	–	6,838	3,424	4,410	564	17,397	18,614	54	54,210
Impairment charge for the year	–	–	38	156	38	–	1,509	409	–	2,150
Disposals	–	(169)	–	(63)	(1,392)	(144)	(5,173)	(5,324)	(205)	(12,470)
Write-off	–	–	–	–	(9,954)	(294)	–	–	–	(10,248)
Transfers	–	–	–	–	94	(94)	–	–	–	–
Net exchange differences	–	–	–	(51)	92	129	(3,870)	(1,216)	3	(4,913)
At 30 June 2021	28,853	–	70,500	12,127	96,051	13,025	212,245	143,262	2,133	578,196
Net carrying amount										
At 30 June 2020	32,609	437	68,696	2,843	13,732	2,348	218,226	104,954	83	443,928
At 30 June 2021	29,958	217	62,520	8,476	11,761	1,931	190,825	89,881	54	395,623

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

Impairment of property, plant and equipment

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment as there were indicators of impairment. The business segments in which the Group operates remains weak in terms of volume and margins and were further aggravated by the COVID-19 pandemic. An impairment charge of $2,150,000 (2020: $1,608,000) (Note 25), representing the write-down of these property, plant and equipment to their recoverable amounts was recognised in "other operating expenses" line in the consolidated income statement for the financial year ended 30 June 2021. The recoverable amounts of these property, plant and equipment were based on fair value less cost of disposal.

The fair values were determined by external independent valuation experts and management had estimated the cost of disposal. The fair value measurement is categorised as Level 3 of the fair value hierarchy.

The depreciation charge for the year as shown in profit or loss is arrived at as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Depreciation charge for the year	**54,210**	57,399
Depreciation included in construction work-in-progress carried forward (Note 11)	**(3,216)**	(4,458)
Depreciation previously included in inventories and construction work-in-progress now charged to profit or loss	**4,456**	3,285
Depreciation charge as disclosed in Note 27	**55,450**	56,226

Assets under construction

Assets under construction comprise mainly vessels, plant and machinery as well as cranes and yard facilities in Batam, Indonesia.

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

Assets under finance leases and transfers from construction work-in-progress/ inventories

The Group acquired property, plant and equipment with an aggregate cost of $22,270,000 (2020: $13,186,000), of which $286,000 (2020: $1,091,000) were acquired by means of finance lease and $3,088,000 (2020: $574,000) were acquired from a customer arising from the settlement of debts owing to the Group.

Included in the additions of property, plant and equipment were vessels transferred from construction work-in-progress classified as contract assets of $Nil (2020: $1,176,000).

The cash outflow on acquisition of property, plant and equipment amounted to $18,896,000 (2020: $10,345,000).

Included in net carrying amount of property, plant and equipment of the Group are the following assets held under finance leases:

	Group	
	2021	**2020**
	$'000	**$'000**
Motor vehicles	**–**	38
Plant and machinery	**1,292**	1,941
	1,292	1,979

Assets pledged as security

	Group	
	2021	**2020**
	$'000	**$'000**
Assets pledged as security for interest-bearing loans and borrowings and trust receipts:		
Leasehold property and buildings	**20,934**	23,224
Plant and machinery	**137**	516
Tugs and other vessels	**172,255**	192,614
Barges	**63,144**	91,245
Drydocks, quays and ancillary	**55,324**	61,427
	311,794	369,026

5. LEASES

As lessee

The Group has various lease contracts on land use rights over certain plots of land in Indonesia and Singapore where the shipyards of the Group operates. In addition to land use rights, the Group has entered into commercial leases on its office premises, yard space, plant and machinery and office equipment. There are no restrictions placed upon the Group by entering into these leases. Two of the leases which are located in Singapore include a clause to enable upward revision of the annual rental charged based on prevailing market conditions, however, not exceeding 5.5% of the annual rent for each immediately preceding year.

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

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

Group	Land use rights $'000	Leasehold land $'000	Leasehold buildings $'000	Plant and machinery $'000	Office equipment, furniture and fittings $'000	Total $'000
Cost						
At 1 July 2019	4,606	5,873	1,423	–	81	11,983
Additions	–	–	710	2,995	–	3,705
Net exchange differences	–	–	50	–	2	52
At 30 June 2020 and 1 July 2020	4,606	5,873	2,183	2,995	83	15,740
Additions	–	66	372	1,323	18	1,779
Remeasurement	–	–	(356)	–	(28)	(384)
Net exchange differences	–	–	38	–	1	39
At 30 June 2021	**4,606**	**5,939**	**2,237**	**4,318**	**74**	**17,174**
Accumulated depreciation						
At 1 July 2019	–	–	–	–	–	–
Depreciation charge for the year	325	915	383	1,711	21	3,355
Net exchange differences	–	–	9	–	1	10
At 30 June 2020 and 1 July 2020	325	915	392	1,711	22	3,365
Depreciation charge for the year	323	918	408	1,537	9	3,195
Remeasurement	–	–	(163)	–	(9)	(172)
Net exchange differences	–	–	5	–	1	6
At 30 June 2021	**648**	**1,833**	**642**	**3,248**	**23**	**6,394**
Net carrying amount						
At 30 June 2020	4,281	4,958	1,791	1,284	61	12,375
At 30 June 2021	**3,958**	**4,106**	**1,595**	**1,070**	**51**	**10,780**

5. LEASES (CONT'D)

As lessee (cont'd)

The leasehold land and land use rights amounting to $6,032,000 (2020: $7,088,000) are pledged as security for interest-bearing loans and borrowings.

The depreciation charge for the year as shown in profit or loss is arrived at as follows:

Group	**2021 $'000**	**2020 $'000**
Depreciation charge for the year	**3,195**	3,355
Depreciation included in construction work-in-progress carried forward (Note 11)	**(26)**	(43)
Depreciation capitalised in prior year construction work-in-progress now charged to consolidated income statement	**43**	–
Depreciation charge as disclosed in Note 27	**3,212**	3,312

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

	Group	
	2021 $'000	**2020 $'000**
At 1 July	**7,973**	7,377
Additions	**1,779**	3,705
Accretion of interest (Note 26)	**729**	850
Payments/payables	**(2,309)**	(4,003)
Remeasurement	**(749)**	–
Net exchange differences	**33**	44
As at 30 June	**7,456**	7,973
Current	**2,069**	2,052
Non-current	**5,387**	5,921
	7,456	7,973

In the current financial year, the lease liabilities were remeasured as the Group had terminated a lease prior to 30 June 2021 and extended lease terms that were not part of the original terms of the leases. A corresponding adjustment was made to the carrying amount of the right-of-use assets and the Group recognised gain on remeasurement of lease liabilities of $537,000 (2020: $Nil) (Note 24) in "other operating income" line in the consolidated income statement for the financial year ended 30 June 2021.

5. LEASES (CONT'D)

As lessee (cont'd)

The following are the amounts charged/(credited) in profit or loss:

	Group	
	2021	**2020**
	$'000	**$'000**
Depreciation expense of right-of-use assets	**3,212**	3,312
Interest expense on lease liabilities	**729**	850
Expense relating to short-term leases	**39**	37
Expense relating to leases of low-value assets	**11**	10
Gain on remeasurement of lease liabilities	**(537)**	–
Total amount recognised in profit or loss	**3,454**	4,209

For the financial year ended 30 June 2021, the Group made principal repayments of $1,580,000 (2020: $2,872,000) and interest payments of $729,000 (2020: $850,000).

As lessor

The Group entered into operating leases on its fleet of vessels. As at 30 June 2021, these non-cancellable leases have remaining lease terms ranging from 1 to 4.1 years (2020: 6 months to 2.4 years).

Future minimum lease payments receivable under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Not later than one year	**32,259**	33,426
Later than one year but not later than five years	**22,988**	15,173
	55,247	48,599

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	**2020**
	$'000	**$'000**
Unquoted equity shares, at cost	**69,374**	69,288
Impairment losses	**(29,842)**	(29,641)
	39,532	39,647

During the current financial year, management performed impairment testing on the Company's investment in subsidiaries as certain subsidiaries have been loss making. Based on assessment of the subsidiaries' historical and current performance and probability of future cash flows, the Company has made an allowance for impairment against the respective investments as follows:

	Company	
	2021	**2020**
	$'000	**$'000**
At 1 July	**29,641**	31,705
Charge for the year	**201**	1,076
Reversal of impairment loss	**–**	(3,140)
At 30 June	**29,842**	29,641

In the prior financial year, Hongda Investment Pte Ltd ("HDI"), a 60% owned subsidiary of the Company completed a share capital reduction exercise of US$3,700,000 comprising 3,700,000 ordinary shares. The Company's portion of the return of share capital was US$2,220,000 (approximately $3,140,000) and following the completion of the share capital reduction exercise, the Company's shareholding interest in HDI remained at 60% and the reversal of impairment loss amounting to $3,140,000 was recognised in the previous financial year.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

a. *Composition of the Group*

The Group has the following investment in subsidiaries:

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Held by the Company				
ASL Shipyard Pte Ltd[1]	Shipbuilding, shiprepair and conversion and general engineering	Singapore	**100**	100
PT. ASL Shipyard Indonesia[2,(a)]	Shipbuilding, shiprepair and conversion and general engineering	Indonesia	**10**	10
ASL Offshore & Marine Pte. Ltd.[1]	Chartering of vessels and ship management	Singapore	**100**	100
Capitol Marine Pte Ltd[1]	Chartering of vessels	Singapore	**100**	100
Capitol Offshore Pte Ltd[1]	Chartering of vessels	Singapore	**100**	100
Capitol Tug & Barge Pte Ltd[1]	Chartering of vessels	Singapore	**100**	100
Capitol Shipping Pte Ltd[1]	Chartering of vessels	Singapore	**100**	100
Lightmode Pte Ltd[1]	Chartering of vessels	Singapore	**100**	100
Capitol Logistics Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Capitol Navigation Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Capitol Aquaria Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Capitol Oceans Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
ASL Maritime Services Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Intan Maritime Investments Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

a. *Composition of the Group (cont'd)*

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Held by the Company (cont'd)				
Intan Synergy Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Intan Offshore Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Intan Oceans Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Intan Scorpio Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Intan OSV Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
ASL Triaksa Offshore Pte. Ltd.[1,(b)]	Chartering of vessels	Singapore	**60**	60
Harmony PSV Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
ASL Leo Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
ASL Marine Contractor Pte. Ltd.[1]	Chartering of vessels and ship management	Singapore	**100**	100
ASL Project Logistics Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
ASL Towage & Salvage Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
Capitol Workboats Pte. Ltd.[1]	Chartering of vessels	Singapore	**100**	100
VOSTA LMG India Pvt. Ltd.[5,7,(e)]	Chartering of vessels	India	**100**	6
Hongda Investment Pte. Ltd.[1]	Investment holding	Singapore	**60**	60
Intan Overseas Investments Pte. Ltd.[1]	Investment holding	Singapore	**100**	100
Singa Tenaga Investments Pte. Ltd.[1]	Investment holding	Singapore	**100**	100

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

a. Composition of the Group (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Held through subsidiaries				
PT. ASL Shipyard Indonesia[2]	Shipbuilding, shiprepair and conversion and general engineering	Indonesia	**90**	90
PT. Cipta Nusantara Abadi[4,7]	Investment holding and provision of agency, handling and consultancy services	Indonesia	**75**	75
PT. Bina Kontinental Lestari[4,7]	Investment holding and provision of agency, handling and consultancy services	Indonesia	**100**	100
PT. Awak Samudera Transportasi[2]	Chartering of vessels	Indonesia	**100**	100
PT. Cemara Intan Shipyard[2]	Shipbuilding, shiprepair and general engineering	Indonesia	**100**	100
PT. Sukses Shipyard Indonesia[4,7]	Shipbuilding and fabrication services	Indonesia	**100**	100
Leo Dynamische Investering B.V.[6]	Investment holding	Netherlands	**100**	100
VOSTA LMG International B.V.[4,7]	Investment holding	Netherlands	**100**	100
VOSTA LMG Component & Services B.V.[4,7]	Dredge engineering, design, trading and repair of dredging equipment	Netherlands	**100**	100
VOSTA LMG Dredges B.V.[4,7,d]	Dredge engineering, design, trading and repair of dredging equipment	Netherlands	**100**	100

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

a. *Composition of the Group (cont'd)*

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Held through subsidiaries (cont'd)				
VOSTA LMG B.V. [4,7]	Dredge engineering, design, trading and repair of dredging equipment	Netherlands	**100**	100
VOSTA LMG IP & Software B.V. [4,7,d]	Leasing of intellectual property	Netherlands	**100**	100
CFT Netherlands B.V. [4,7,d]	Market research and public opinion polling	Netherlands	**100**	100
VOSTA LMG Design GmbH [4,7]	Building of dredgers and dredging equipment	Germany	**100**	100
VOSTA LMG (Asia Pacific) Pte Ltd [1]	Shipbuilding and repair of maritime dredging systems and equipment	Singapore	**100**	100
VOSTA LMG (Zhuhai) Ltd. [3,7]	Manufacturing and trading of dredging equipment	People's Republic of China	**100**	100
VOSTA LMG Manufacturing Ltd[4,7]	Production, sales, import and export of equipment and components, provision of technical support and after-sales services	People's Republic of China	**100**	–
VOSTA Inc.[4,7,(c)]	Trading of dredges and maritime dredging equipment	United States of America	**–**	100
VOSTA LMG India Pvt. Ltd.[5,7,(e)]	Chartering of vessels	India	**–**	94

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

a. *Composition of the Group (cont'd)*

1 Audited by Ernst & Young LLP, Singapore
2 Audited by member firms of EY Global in their respective countries
3 Audited by Grant Thornton, China
4 These companies are not required to be audited under the laws of their country of incorporation
5 Audited by A P & Co., Mumbai, India
6 Audited by Joanknecht B.V., Netherlands
7 The subsidiaries which were audited by other firms or not required to be audited under the laws of the country of incorporation, are not significant foreign-incorporated subsidiaries
(a) 90% owned by ASL Shipyard Pte Ltd, a wholly-owned subsidiary of the Company
(b) Dormant since financial year ended 30 June 2018
(c) Dissolved on 7 April 2021
(d) Dissolved on 1 July 2021
(e) 94% interest transferred from Vosta LMG International B.V. to the Company on 5 April 2021

As required by Rule 716 of the Listing Manual of the SGX-ST, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

b. *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiaries	Proportion of ownership held by NCI %	(Loss)/gain allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
30 June 2021			
ASL Triaksa Offshore Pte. Ltd.	**40**	**(4)**	**60**
Hongda Investment Pte. Ltd.	**40**	**(4)**	**(1,157)**
PT. Cipta Nusantara Abadi	**25**	**(509)**	**(25)**
30 June 2020			
ASL Triaksa Offshore Pte. Ltd.	40	(15)	67
Hongda Investment Pte. Ltd.	40	3,268	(1,194)
PT. Cipta Nusantara Abadi	25	(337)	512

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

c. *Summarised financial information about subsidiaries with material NCI*

Summarised financial information before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheet

	ASL Triaksa Offshore Pte. Ltd.		Hongda Investment Pte. Ltd.		PT. Cipta Nusantara Abadi	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Current assets	**177**	190	**171**	189	**1**	1
Non-current assets	**–**	–	**–**	–	**2,195**	4,414
Total assets	**177**	190	**171**	189	**2,196**	4,415
Current liabilities	**28**	24	**3,064**	3,175	**2,297**	2,367
Total liabilities	**28**	24	**3,064**	3,175	**2,297**	2,367
Net assets/(liabilities)	**149**	166	**(2,893)**	(2,986)	**(101)**	2,048

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

c. *Summarised financial information about subsidiaries with material NCI (cont'd)*

Summarised statement of comprehensive income

	ASL Triaksa Offshore Pte. Ltd.		Hongda Investment Pte. Ltd.		PT. Cipta Nusantara Abadi	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	**–**	–	**–**	–	**–**	–
(Loss)/profit before tax	**(11)**	(39)	**(11)**	8,170	**(2,034)**	(1,349)
Income tax expense	**–**	–	**–**	–	**–**	–
(Loss)/profit after tax	**(11)**	(39)	**(11)**	8,170	**(2,034)**	(1,349)
Other comprehensive income	**(6)**	6	**104**	(783)	**(115)**	176
Total comprehensive income	**(17)**	(33)	**93**	7,387	**(2,149)**	(1,173)

Other summarised information

	ASL Triaksa Offshore Pte. Ltd.		Hongda Investment Pte. Ltd.		PT. Cipta Nusantara Abadi	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash flows (used in)/ generated from operations	**(3)**	(7)	**(12)**	2,787	**(28)**	3
Acquisitions of significant property, plant and equipment	**–**	–	**–**	–	**–**	–

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

d. Disposal of subsidiary

Transaction in 2021

During the financial year, Singa Tenaga Investments Pte. Ltd., a wholly owned subsidiary of the Company dissolved its dormant subsidiary, VOSTA Inc. Arising from the dissolution, the Group has recorded an amount of $89,000 from its foreign currency reserve to the Consolidated Statement of Comprehensive Income.

Transaction in 2020

On 6 March 2019, Hongda Investment Pte Ltd ("HDI"), a 60% owned subsidiary of the Company entered into a memorandum of understanding with Guangdong Sanhe Pile Co., Ltd (the "Buyer") for the sale of HDI's entire equity interest in Jiangmen Hongda Shipyard Ltd ("JMHD"). The disposal was part of the Group's ongoing rationalisation of underutilised and/or non-core assets to raise monies to improve the Group's working capital. The Group subsequently announced on 29 July 2019 that HDI had entered into a share purchase agreement with the Buyer for the sale of HDI's equity interest in JMHD for a consideration of RMB35.0 million and the disposal was completed on 16 August 2019. The Company has received the consideration of RMB35.0 million.

As part of the share purchase agreement, HDI will remain liable for JMHD's operational debts and liabilities, including losses, damages, and compensation (if any), incurred in the ordinary course of business and existing prior to the completion date, up to a capped limit of:

(a) RMB35.0 million, if the Buyer makes claims within the first year from the completion date;

(b) RMB17.0 million, if the Buyer makes claims within the second year after the first anniversary of the completion date. In the event if the Buyer has made claims under paragraph (a) above of which the amount is lower than RMB17.0 million, then the aggregate amount of claims under paragraphs (a) and (b) shall not exceed RMB17.0 million. In the event the Buyer has made claims under paragraph (a), of which the claims exceed RMB17.0 million, the Buyer shall not make claims under this paragraph (b); and

(c) RMB12.0 million, if the Buyer makes claims within the third year after the second anniversary of the completion date. In the event, if the Buyer has made claims under paragraph (a) and/or paragraph (b) above the aggregate amount of which is lower than RMB12.0 million, then the aggregate amount of claims under paragraphs (a), (b) and (c) shall not exceed RMB12.0 million. In the event the Buyer has made claims under paragraph (a) and/or paragraph (b) above the aggregate amount of which exceeds RMB12.0 million, the Buyer shall not make claims under this paragraph (c).

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

d. Disposal of subsidiary (cont'd)

Transaction in 2020 (cont'd)

The Buyer has not made any claims against HDI within the first year from the completion date. Nonetheless, HDI shall not be exempted from assuming all the debts and liabilities of JMHD which were incurred prior to the completion date and were caused by JMHD obtaining loans, providing guarantees, and assuming or undertaking to assume third parties' debts.

The Company's wholly owned subsidiary incorporated in the PRC, VOSTA LMG (Zhuhai) Ltd, has undertaken to the Buyer and/or JMHD to be jointly liable with HDI for all the liabilities under the share purchase agreement. Pursuant to the disposal, a wholly owned subsidiary of the Group has also received an amount of RMB50.0 million in the current financial year for the settlement of outstanding debts owing from JMHD.

The carrying value of the assets and liabilities of JMHD on completion of the disposal and the cash flow effects of the disposal were as follows:

	2020 $'000
Net assets directly associated with disposal group classified as held for sale	7,826
Less: Amount due to a related company	(9,844)
Net liabilities disposed	(2,018)
Net liabilities disposed attributable to non-controlling interest	4,421
Realisation of foreign currency translation reserve	(943)
Carrying value of net assets disposed	1,460
Gain on disposal (Note 24)	4,087
Cash proceeds from disposal, net of transaction costs	5,547
Less: Cash and bank balances of the subsidiary	(1,908)
Cash inflow on disposal of subsidiary	3,639

Subsequent to the disposal of JMHD, the Group paid an amount of $3,143,000 to the non-controlling interest.

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Interest in joint ventures				
Unquoted equity shares, at cost	**909**	909	**–**	–
Share of post-acquisition reserves	**(909)**	(909)	**–**	–
	–	–	**–**	–
Interest in associates				
Unquoted equity shares, at cost	**2,313**	2,313	**1,558**	1,558
Quoted equity, shares at cost	**6,918**	6,918	**–**	–
Share of post-acquisition reserves	**(7,914)**	(5,908)	**–**	–
Impairment loss	**–**	–	**(1,558)**	(1,558)
Exchange differences	**766**	975	**–**	–
	2,083	4,298	**–**	–
Total interest in joint ventures and associates	**2,083**	4,298	**–**	–

Investment in joint ventures

The Group's investments in joint ventures are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Sindo-Econ Pte. Ltd. and its subsidiary, PT. Sindomas Precas	**–**	–

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

Investment in joint ventures (cont'd)

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Place of incorporation and business	Proportion of ownership interest	
			2021	2020
			%	%
Held through subsidiaries				
Sindo-Econ Pte. Ltd.[1]	Investment holding	Singapore	**50**	50
PT. Sindomas Precas[2]	Manufacture of reinforced concrete piles and precast components	Indonesia	**50**	50

1 Audited by Ernst and Young LLP, Singapore. On 21 July 2020, Sindo-Econ Pte. Ltd. has commenced creditors' voluntary winding up.

2 Not required to be audited under the laws of the country of incorporation

Sindo Econ Pte. Ltd. was dormant in the current financial year and on 21 July 2020, Sindo-Econ Pte. Ltd. commenced creditors' voluntary winding up.

The summarised financial information in respect of Sindo-Econ Pte. Ltd. and its subsidiary, PT. Sindomas Precas whose place of business is in Indonesia, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements in 2020 are as follows:

Summarised balance sheet

	Sindo-Econ Pte. Ltd. and its subsidiary 2020 $'000
Cash and cash equivalents	291
Current assets	40,450
Non-current assets	4,590
Total assets	45,331

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

Investment in joint ventures (cont'd)

Summarised balance sheet (cont'd)

	Sindo-Econ Pte. Ltd. and its subsidiary 2020 $'000
Current liabilities	80,767
Non-current financial liabilities	286
Total liabilities	81,053
Net liabilities	(35,722)
Proportion of the Group's ownership	50%
Group's share of net assets	–
Carrying amount of the investment	–

As at 30 June 2020, included in current liabilities are financial liabilities of $348,000 which excludes trade and other payables.

Summarised statement of comprehensive income

	Sindo-Econ Pte. Ltd. and its subsidiary 2020 $'000
Revenue	22,548
Cost of sales	(29,627)
Gross loss	(7,079)
Other operating income	306
Administrative expenses	(2,601)
Finance costs	(164)
Loss before tax	(9,538)
Income tax	–
Loss after tax	(9,538)
Other comprehensive income	–
Total comprehensive income	(9,538)

The Group has not recognised losses relating to Sindo-Econ Pte. Ltd. and its subsidiary where its share of losses exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was $17,861,000 (2020: $17,861,000), of which $Nil (2020: $4,769,000) was the share of the current year's losses. The Group has no obligation in respect of these losses as the Group has restricted its share of losses to its cost of investment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

Investment in associates

The Group's material investments in associates are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
PT. Hafar Capitol Nusantara	**2,083**	4,298
PT. Capitol Nusantara Indonesia Tbk [1]	**–**	–
Other associates	**–**	–
	2,083	4,298

1 The quoted market price of PT Capitol Nusantara Indonesia Tbk is $3,432,139 (2020: $5,384,000).

Details of the associates are as follows:

Name of associates	Principal activities	Place of incorporation and business	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %
Held by the Company				
Fastcoat Industries Pte. Ltd.[2, (a)]	Investment holding and metal galvanising, coating and protecting operations	Singapore	**44.5**	44.5
Held through an associate				
PT. Fastcoat Industries[2, (a)]	Metal galvanising, coating and protecting operations	Indonesia	**44.5**	44.5
Held through a subsidiary				
PT. Hafar Capitol Nusantara[1]	Chartering of vessels	Indonesia	**36.75**	36.75
PT. Capitol Nusantara Indonesia Tbk[2]	Chartering of vessels and ship management	Indonesia	**27**	27

1 Audited by PKF International Limited, Indonesia

2 Audited by other firms of auditors

(a) These associates are not significant as defined under Rule 718 of the Singapore Exchange Listing Manual.

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

Investment in associates (cont'd)

The summarised financial information in respect of PT. Hafar Capitol Nusantara and PT. Capitol Nusantara Indonesia Tbk and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	PT. Hafar Capitol Nusantara		PT. Capitol Nusantara Indonesia Tbk	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Cash and cash equivalents	**25**	25	**53**	41
Current assets	**6,853**	4,519	**3,955**	12,805
Non-current assets	**35,047**	40,250	**30,482**	39,295
Total assets	**41,925**	44,794	**34,490**	52,141
Current liabilities	**26,551**	24,673	**66,648**	69,861
Non-current liabilities	**7,505**	7,734	**1,412**	2,051
Total liabilities	**34,056**	32,407	**68,060**	71,912
Net assets/(liabilities)	**7,869**	12,387	**(33,570)**	(19,771)
Proportion of the Group's ownership	**49%**	49%	**36%**	36%
Group's share of net assets	**2,083**	6,071	**–**	–
Other adjustments	**–**	(1,773)	**–**	–
Carrying amount of the investment	**2,083**	4,298	**–**	–

7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (CONT'D)

Investment in associates (cont'd)

Summarised statement of comprehensive income

	PT. Hafar Capitol Nusantara		PT. Capitol Nusantara Indonesia Tbk	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	**2,767**	2,407	**4,359**	1,854
Cost of sales	**(3,828)**	(5,350)	**(9,833)**	(6,443)
	(1,061)	(2,943)	**(5,474)**	(4,589)
Other operating income	**508**	747	**(459)**	2,767
Administrative expenses	**(295)**	(168)	**(2,122)**	(1,266)
Other operating expenses	**(2,279)**	–	**(7,302)**	–
Finance costs	**(256)**	(366)	**(86)**	(90)
Loss before tax	**(3,383)**	(2,730)	**(15,443)**	(3,178)
Income tax (expense)/ credit	**(711)**	(29)	**262**	557
Loss after tax	**(4,094)**	(2,759)	**(15,181)**	(2,621)
Other comprehensive income	**(424)**	406	**(1,366)**	(623)
Total comprehensive income	**(4,518)**	(2,353)	**(16,547)**	(3,244)

The Group has not recognised losses relating to PT. Capitol Nusantara Indonesia Tbk where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $12,402,000 (2020: $6,937,000), of which $5,465,000 (2020: $944,000) was the share of the current year's losses. The Group has no obligation in respect of these losses as the Group has restricted its share of losses to its cost of investment.

8. INTANGIBLE ASSETS

Group	Goodwill $'000	Patented technology $'000	Customer relationship $'000	Brand $'000	Order backlog $'000	Total $'000
Cost						
At 1 July 2019	8,946	7,087	4,255	928	899	22,115
Net exchange differences	168	133	80	18	17	416
At 30 June 2020 and 1 July 2020	9,114	7,220	4,335	946	916	22,531
Net exchange differences	167	132	79	17	17	412
At 30 June 2021	**9,281**	**7,352**	**4,414**	**963**	**933**	**22,943**
Accumulated amortisation and impairment loss						
At 1 July 2019	8,946	3,071	2,406	928	899	16,250
Amortisation	–	470	100	–	–	570
Impairment charge for the year	–	1,322	1,741	–	–	3,063
Net exchange differences	168	101	88	18	17	392
At 30 June 2020 and 1 July 2020	9,114	4,964	4,335	946	916	20,275
Amortisation	–	308	–	–	–	308
Net exchange differences	167	89	79	17	17	369
At 30 June 2021	**9,281**	**5,361**	**4,414**	**963**	**933**	**20,952**
Net carrying amount						
At 30 June 2020	–	2,256	–	–	–	2,256
At 30 June 2021	**–**	**1,991**	**–**	**–**	**–**	**1,991**

8. INTANGIBLE ASSETS (CONT'D)

Patented technology relates to patented dredger technology that was acquired in a business combination.

Customer relationship and order backlog acquired in a business combination are carried at fair value at the date of acquisition and amortised on a straight-line basis over the period of expected benefits.

Brand relates to the "Vosta" brand name acquired in a business combination.

Useful lives of other intangible assets

Intangible assets are amortised on a straight-line basis over the estimated useful lives of the assets as disclosed in Note 2.11(b). Patented technology has a remaining amortisation period of 6 years (2020: 7 years).

Amortisation expense

The amortisation of intangible assets are included in the "Administrative expenses" line item in the consolidated income statement.

Impairment testing of intangible assets

Intangible assets acquired through business combinations have been allocated to the Engineering cash generating unit ("CGU"). The recoverable amount of the CGU associated with intangible assets have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rate to extrapolate cash flow projections beyond the five-year period are 17.1% (2020: 16.0%) and 0.26% (2020: 0.02%) per annum, respectively.

The calculation of value in use for the CGU is most sensitive to the following assumptions:

Budgeted revenues – The revenue forecast for 2022, 2023 and 2024 are based on annual revenue growth of 73.7%, 73.6% and 15.0% respectively. Revenue from 2025 to 2026 is forecasted to remain constant.

Budgeted gross margins – Gross margins used in the value in use calculations were based on budgeted gross margins derived from past performance and management's expectations of market developments.

8. INTANGIBLE ASSETS (CONT'D)

Impairment testing of intangible assets (cont'd)

Pre-tax discount rates – The pre-tax discount rate reflects the current market assessment of the risks specific to the CGU.

Growth rates – The forecasted growth rate did not exceed the long-term average growth rate for the industry in which the CGU operates.

Impairment loss recognised

As a result of the above impairment testing, no impairment loss was recognised in the current financial year. In 2020, an impairment loss of $3,063,000 was recognised to write down the carrying amount of the intangible assets. The impairment losses were recognised in the "other operating expenses" line in the consolidated income statement.

Sensitivity to changes in assumptions

A shortfall of 5% in forecasted revenues or gross profit margin for the forecasted period would not result in additional impairment loss on the remaining carrying amount of patented technology.

9. FINANCE LEASE RECEIVABLES

The Group entered into agreements that provided the lessees a right to charter vessels owned by the Group. These charter agreements transfer substantially all the risks and rewards of ownership to the lessees and provide for the transfer of ownership of the vessels to the lessees at the end of the lease terms at a nominal price.

Future minimum lease receipts under finance lease together with the present value of the net minimum lease receipts for the Group are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Gross receivables due:		
– Not later than 1 year	**2,859**	1,287
– Later than 1 year but within 5 years	**7,529**	5,149
– After 5 years	**1,863**	3,218
	12,251	9,654
Less: Unearned finance income	**(2,067)**	(2,359)
Less: Allowance for impairment	**(1,542)**	(1,598)
Net investment in finance lease (Note 12)	**8,642**	5,697

9. FINANCE LEASE RECEIVABLES (CONT'D)

The net investment in finance lease is analysed as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
– Not later than 1 year	**2,201**	745
– Later than 1 year but within 5 years	**6,230**	3,634
– After 5 years	**211**	1,318
	8,642	5,697

The weighted average effective interest rate for finance lease receivables is 7.9% (2020: 9.9%) per annum.

The movement in allowance for finance lease receivables computed based on lifetime ECL are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Balance at 1 July	**1,598**	1,566
Net exchange differences	**(56)**	32
At 30 June	**1,542**	1,598

Finance lease receivables are denominated in United States Dollar.

10. INVENTORIES

	Group	
	2021	**2020**
	$'000	**$'000**
Statement of financial position:		
Raw materials and consumables (at cost or net realisable value)	**13,993**	11,421
Finished goods (at cost or net realisable value)	**68,675**	75,556
Total inventories	**82,668**	86,977

10. INVENTORIES (CONT'D)

	Group 2021 $'000	Group 2020 $'000
Consolidated income statement:		
Inventories recognised as an expense in cost of sales	**2,711**	3,521
Inventories written down recognised as an expense in other operating expenses	**6,578**	9,494

Included in finished goods in the current financial year are vessels with an aggregate carrying value of $67,419,000 (2020: $74,201,000) of which $67,117,000 (2020: $73,646,000) respectively have been pledged as security for the Group's interest-bearing loans and borrowings (Note 18).

Included in inventories as at 30 June 2021 are raw materials of $2,374,000 (2020: $2,374,000) pledged as security for the Group's interest-bearing loans and borrowings (Note 18).

Inventories written down to net realisable value

Vessels included in finished goods – In the current financial year, the Group recognised impairment losses of $6,578,000 (2020: $5,813,000). The net realisable values of vessels were determined by external independent valuation expert and management has estimated the cost of disposal.

Raw materials and consumables – Management has reviewed the net carrying amounts of raw materials and consumables and determined that no impairment losses were required in the current financial year. In the previous financial year, the Group evaluate its business plans and has decided not to recommence the construction of one unit of seismic support vessel and two offshore supply support vessels for which contracts were previously cancelled (collectively, the "Offshore Support Vessels"). The Group had recognised impairment losses of $3,681,000 on the materials, equipment, subcontractor costs and overheads of these Offshore Support Vessels in the previous financial year.

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	Group	
	2021	**2020**
	$'000	**$'000**
Contract assets		
Current		
Accrued revenue (Note 12)	**10,008**	4,971
Construction work-in-progress	**10,628**	17,707
Total contract assets	**20,636**	22,678
Contract liabilities		
Current		
Deferred income and deposits received from customers	**(8,051)**	(5,395)
Progress billings in excess of construction work-in-progress	**(7,650)**	(1,929)
	(15,701)	(7,324)
Non-current		
Deferred income	**(15,246)**	(56)
Total contract liabilities	**(30,947)**	(7,380)

Expected credit losses

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

	Group	
	2021	**2020**
	$'000	**$'000**
Balance at 1 July	**66**	223
Charge for the year	**135**	–
Reversal	**(66)**	(157)
At 30 June	**135**	66

11. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D)

Contract assets

Accrued revenue relates to the Group's right to consideration for work completed but not yet billed at reporting date. Progress billings to the customers are based on a payment schedule in the construction contract and are typically triggered upon achievement of specified construction milestones.

At the end of each reporting period, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as construction work-in-progress. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities

Deferred income and deposits received from customers primarily relate to advance payments received from customers for which charter services have not been rendered and/or obligation to transfer goods.

Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as progress billings in excess of construction in work-in-progress.

Contract liabilities are recognised as revenue when the services are performed.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Contract assets reclassified to receivables	**4,681**	12,059
Impairment loss/(reversal of impairment loss) on contract assets	**69**	(157)

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**4,047**	11,376

11. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D)

Contract liabilities (cont'd)

(iii) Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the remaining performance obligation is $20,911,000 (2020: $6,440,000) and the Group expects to recognise the revenue over the next 1 year.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

(iv) Construction work-in-progress/Progress billings in excess of construction work-in-progress

	Group	
	2021	**2020**
	$'000	**$'000**
Construction work-in-progress and attributable profits (less recognised losses) to date	**20,672**	40,827
Less: Progress billings	**(17,694)**	(25,049)
	2,978	15,778
Presented as:		
Construction work-in-progress	**10,628**	17,707
Progress billings in excess of construction work-in-progress	**(7,650)**	(1,929)
	2,978	15,778

Construction work-in-progress includes depreciation of property, plant and equipment, right-of-use assets and interest capitalised amounting to $3,216,000 (2020: $4,458,000) (Note 4), $26,000 (2020: $43,000) (Note 5) and $8,000 (2020: $112,000) (Note 26), respectively.

12. TRADE AND OTHER RECEIVABLES

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current				
Other receivables:				
Amount due from a subsidiary				
– non-trade	**–**	–	**4,650**	3,100
Current				
Trade receivables	**69,970**	81,322	**–**	–
Less: Allowance for impairment	**(28,647)**	(31,655)	**–**	–
	41,323	49,667	**–**	–
Add:				
Other receivables	**8,808**	10,260	**–**	–
Deposits	**1,136**	1,001	**20**	20
Amounts due from subsidiaries				
– non-trade	**–**	–	**325,488**	360,743
Amounts due from joint ventures and associates				
– trade	**29,266**	34,130	**–**	–
– non-trade	**33,589**	36,948	**2,596**	2,691
Amounts due from related parties (Note 32(b))				
– trade	**8**	124	**–**	–
– non-trade	**425**	450	**–**	–
	73,232	82,913	**328,104**	363,454
Less: Allowance for impairment				
Other receivables	**(1,111)**	(1,014)	**–**	–
Amounts due from subsidiaries				
– non-trade	**–**	–	**(88,340)**	(82,099)
Amounts due from joint ventures and associates				
– trade	**(28,281)**	(33,346)	**–**	–
– non-trade	**(29,375)**	(35,030)	**(2,596)**	(2,691)
Amounts due from related parties (Note 32(b))				
– trade	**–**	(4)	**–**	–
– non-trade	**(44)**	(4)	**–**	–
	14,421	13,515	**237,168**	278,664
Total trade and other receivables (current)	**55,744**	63,182	**237,168**	278,664

12. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Total trade and other receivables (current and non-current)	**55,744**	63,182	**241,818**	281,764
Add: Accrued revenue (Note 11)	**10,008**	4,971	**–**	–
Add: Finance lease receivables (Note 9)	**8,642**	5,697	**–**	–
Add: Cash and bank balances (Note 13)	**26,533**	35,165	**4,407**	3,984
Financial assets at amortised cost	**100,927**	109,015	**246,225**	285,748

Trade receivables

Trade receivables are non-interest bearing and are generally on immediate to 120 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries, joint ventures and associates and related parties

The current portion of non-trade balances with subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash except for balances amounting to $162,649,002 (2020: $192,384,000) with wholly-owned subsidiaries which bear interest ranging from 2.62% to 3.00% (2020: 2.56% to 4.41%) per annum.

The non-current portion of non-trade balances with a subsidiary of $4,650,000 (2020: $3,100,000) is unsecured, bears interest at effective interest rate of 2.37% (2020: 2.25%) per annum and is not expected to be repaid within the next twelve months.

The balances with joint ventures and associates and related parties (Note 32(b)) are unsecured, interest-free, repayable on demand and are to be settled in cash.

Other receivables

Other receivables comprise mainly receivables from sale of vessels, advances to suppliers and subcontractors and recoverables from customers.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

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

	Group	
	2021	**2020**
	$'000	**$'000**
Balance at 1 July	**31,655**	36,682
Charge for the year	**8,807**	6,191
Reversal	**(5,258)**	(1,462)
Written-back	**(3,039)**	(769)
Written-off	**(3,087)**	(9,258)
Net exchange differences	**(431)**	271
At 30 June	**28,647**	31,655

Allowances for doubtful debts are written back when the related debts are recovered.

Other receivables that are impaired

The movement in allowance accounts used to record the impairment are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
At 1 July	**1,014**	3,874
Charge for the year	**272**	659
Written-back	**(164)**	–
Written-off	**–**	(3,492)
Net exchange differences	**(11)**	(27)
At 30 June	**1,111**	1,014

12. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables from amounts due from joint ventures and associates, and related parties that are impaired

Expected credit losses

The movement in allowance for expected credit losses of amounts due from joint ventures and associates and related parties computed based on lifetime ECL are as follows:

	Group			
	Amounts due from joint ventures and associates		Amounts due from related parties	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at 1 July	**68,376**	67,402	**8**	7
Charge for the year	**113**	577	**42**	1
Reversal	**(5,467)**	(275)	**–**	–
Written off	**(4,429)**	–	**(6)**	–
Net exchange differences	**(937)**	672	**–**	–
At 30 June	**57,656**	68,376	**44**	8

Amounts due from subsidiaries and joint ventures and associates that are impaired

Expected credit losses

The movement in allowance for expected credit losses of amounts due from subsidiaries and amounts due from joint ventures and associates recorded at the Company are as follows:

	Company			
	Amount due from subsidiaries		Amount due from joint ventures and associates	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at 1 July	**82,099**	99,246	**2,691**	2,614
Charge for the year	**11,995**	15,928	**–**	77
Reversal	**(5,754)**	(33,075)	**(95)**	–
At 30 June	**88,340**	82,099	**2,596**	2,691

12. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar ("SGD")	**23,410**	28,736	**241,818**	281,764
United States Dollar ("USD")	**15,937**	14,758	**–**	–
Euro ("EUR")	**719**	629	**–**	–
Indonesian Rupiah ("IDR")	**13,967**	17,089	**–**	–
Chinese Yuan Renminbi ("RMB")	**358**	818	**–**	–
Indian Rupee ("Rupee")	**914**	1,056	**–**	–
Others	**439**	96	**–**	–
	55,744	63,182	**241,818**	281,764

13. CASH AND BANK BALANCES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**15**	12	**–**	–
Cash at banks	**26,518**	35,153	**4,407**	3,984
	26,533	35,165	**4,407**	3,984

Cash at banks amounting to $9,091,000 (2020: $13,761,000) earns interest based on daily bank deposit rates.

13. CASH AND BANK BALANCES (CONT'D)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
SGD	**13,433**	23,089	**4,407**	3,922
USD	**11,067**	9,086	**–**	62
EUR	**501**	596	**–**	–
IDR	**1,001**	1,811	**–**	–
RMB	**114**	173	**–**	–
Others	**417**	410	**–**	–
	26,533	35,165	**4,407**	3,984

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2021	**2020**
	$'000	**$'000**
Bank balances and cash	**26,533**	35,165
Less: Restricted cash		
– Cash at banks	**(12,408)**	(17,515)
Cash and cash equivalents	**14,125**	17,650

The Group's restricted cash has been set aside for specific use with respect to certain shipbuilding financing and banking facilities granted to the Group (Note 18).

14. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2021	**2020**
	$'000	**$'000**
Vessels		
At 1 July	**1,047**	–
Additions	**4,878**	478
Disposals	**(5,925)**	(478)
Transfer from property, plant and equipment (Note 4)	**–**	1,047
At 30 June	**–**	1,047

During the current financial year, the Group acquired from customers an accommodation rig and a vessel with carrying values totalling $4,878,000, which were settled by offsetting outstanding trade debts of $3,878,000 owing by the customers to the Group and cash payments of $1,000,000.

The Group disposed assets classified as held for sale with an aggregate carrying value of $5,925,000 (2020: $478,000) for a consideration of $6,906,000 (2020: $1,083,000). A gain on disposal of $981,000 (2020: $605,000) (Note 24) was recognised in "other operating income" line in the consolidated income statement. The proceeds from the disposal comprised cash receipts of $4,800,000, offsetting of balances with a third party and a related party amounting to $1,236,000 and $870,000, respectively.

Transfer from property, plant and equipment

In 2020, the transfers from property, plant and equipment comprised the following:

– The Group entered into a deed of settlement to set-off balances and transactions with Koon Holdings Limited and certain of its subsidiaries (collectively, the "Koon Group"). As part of the settlement terms, the Group disposed a vessel at its carrying amount of $870,000 as settlement of payables to the Koon Group.

– The Group entered into a Sale and Purchase agreement with a third party to dispose a barge with a carrying amount of $177,000. The Group has successfully disposed the barge in the current financial year.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Amounts due to an associate				
– non-trade	**1,280**	893	**–**	–
Current				
Trade payables	**80,521**	101,065	**580**	2,168
Accrued operating expenses	**27,051**	26,056	**3,320**	3,130
Payables for property, plant and equipment	**1,187**	3,674	**–**	–
Other payables	**2,437**	3,212	**–**	–
Other liabilities				
– Deferred income	**1,332**	2,083	**–**	–
– Deposits received from customers	**3,966**	3,788	**–**	–
Amounts due to subsidiaries				
– non-trade	**–**	–	**78,144**	102,935
Amounts due to joint ventures and associates				
– trade	**263**	1,250	**–**	–
– non-trade	**–**	124	**–**	–
Amounts due to related parties (Note 32(b))				
– trade	**749**	724	**–**	–
Amounts due to non-controlling interests of subsidiaries				
– non-trade	**206**	213	**–**	–
Amounts due to a shareholder				
– non-trade	**6,620**	6,620	**–**	–
Provision for warranty (Note 16)	**6**	14	**–**	–
	124,338	148,823	**82,044**	108,233
Total trade and other payables (current and non-current)	**125,618**	149,716	**82,044**	108,233
Less: Other liabilities				
– Deferred income	**(1,332)**	(2,083)	**–**	–
– Deposits received from customers	**(3,966)**	(3,788)	**–**	–
– Provision for warranty (Note 16)	**(6)**	(14)	**–**	–
Add: Trust receipts (Note 17)	**5,991**	19,137	**–**	–
Add: Interest bearing loans and borrowings (Note 18)	**322,634**	340,483	**171,057**	168,251
Add: Lease liabilities (Note 5)	**7,456**	7,973	**–**	–
Financial liabilities at amortised cost	**456,395**	511,424	**253,101**	276,484

15. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables are non-interest bearing and are normally on immediate to 120 days' credit terms.

Trade payables and other payables are denominated in the following currencies:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
SGD	**59,958**	76,982	**79,904**	100,828
USD	**16,270**	20,714	**–**	–
EUR	**4,208**	4,000	**2,140**	7,405
IDR	**39,443**	41,075	**–**	–
RMB	**34**	641	**–**	–
Others	**401**	419	**–**	–
	120,314	143,831	**82,044**	108,233

Amounts due to subsidiaries, joint ventures and associates, related parties, non-controlling interests of subsidiaries and a shareholder

The trade and non-trade balances are unsecured, interest-free, repayable on demand and to be settled in cash.

The non-current portion of non-trade balances due to an associate of $1,280,000 (2020: $893,000) is unsecured, bears interest at effective interest rate of 3.91% (2020: 2.89%) per annum and is not expected to be repaid within the next twelve months.

Other payables

Other payables comprise mainly indirect tax payables.

16. PROVISION FOR WARRANTY

	Group	
	2021	**2020**
	$'000	**$'000**
At 1 July	**14**	42
Charge for the year	**11**	5
Amounts written back	**(20)**	(33)
Net exchange differences	**1**	–
At 30 June	**6**	14

The provision for warranty is based on a certain fixed percentage of engineering products sold or completed during the last 12 months. Specific provisions will also be made when claims are probable. During the financial year, warranty provisions amounting to $20,000 (2020: $33,000) have been reversed as the warranty periods have lapsed.

17. TRUST RECEIPTS

	Group	
	2021	**2020**
	$'000	**$'000**
Secured	**5,991**	19,137

Trust receipts of the Group are secured by certain vessels under construction. Trust receipts are denominated in the following currencies:

	Group	
	2021	**2020**
	$'000	**$'000**
SGD	**4,911**	11,929
USD	**1,056**	3,269
EUR	**24**	3,939
	5,991	19,137

The average effective interest rate is 2.46% (2020: 4.66%) per annum.

A reconciliation of trust receipts arising from financing activities is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
At 1 July	**19,137**	1,157
Cash flows		
– cash proceeds	**15,901**	38,616
– cash payments	**(29,063)**	(20,796)
Non-cash items		
– foreign exchange movement	**16**	160
At 30 June	**5,991**	19,137

18. INTEREST-BEARING LOANS AND BORROWINGS

	Nominal interest rates %	Effective interest rates %	Maturity dates	Group 2021 $'000	Group 2020 $'000
Current					
SGD Finance lease liabilities – secured (Note 30(b))	2.85 – 2.5	3.03	2022	**362**	1,054
USD Finance lease liabilities – secured (Note 30(b))	–	–	–	**–**	651
SGD Floating rate – secured	1.75 – 5.02	8.02[1,2,3]	2022	**23,664**	19,013
USD Floating rate – secured	2.59 – 2.98	3.88[1]	2022	**9,416**	3,859
SGD Fixed rate – secured	5.50	5.60	2022	**1,238**	1,145
SGD Fixed rate – unsecured	3.25 – 4.75	3.70	2022	**2,940**	1,250
				37,620	26,972
Non-current					
SGD Finance lease liabilities – secured (Note 30(b))	2.85 – 2.5	3.03	2023 – 2024	**457**	757
USD Finance lease liabilities – secured (Note 30(b))	–	–	–	**–**	954
SGD Floating rate – secured	1.75 – 5.02	8.02[1,2,3]	2023 – 2028	**205,482**	213,601
USD Floating rate – secured	2.59 – 2.98	3.88[1]	2023 – 2027	**71,742**	86,614
SGD Fixed rate – secured	5.50	5.60	2023	**1,294**	2,606
SGD Fixed rate – unsecured	3.25 – 4.75	3.70	2023 – 2025	**6,039**	8,979
				285,014	313,511
				322,634	340,483

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

	Nominal interest rates %	Effective interest rates %	Maturity dates	Company 2021 $'000	Company 2020 $'000
Current					
SGD Floating rate – secured	2.62 – 3.00	8.50[1,2,3]	2022	**10,436**	5,737
Non-current					
SGD Floating rate – secured	2.62 – 3.00	8.50[1,2,3]	2023 – 2026	**160,621**	162,514
				171,057	168,251

1 The interest rates of floating rate loans are repriced at intervals ranging from 1 – 3 months (2020: 1 – 3 months).

2 Includes notes of $100,000,000 ("Series 006 Notes") and $50,000,000 ("Series 007 Notes") (collectively, the "Notes") issued on 28 March 2013 and 1 October 2014 under the $500,000,000 Multicurrency Debt Issuance Programme established by the Company in May 2008 and revised in March 2015. The Series 006 Notes and Series 007 Notes with carrying value of $66,653,000 (2020: 62,281,000) and $30,581,000 (2020: 28,715,000) will mature on 28 March 2025 and 1 October 2026 respectively. The Notes are secured by second priority mortgages of vessels pledged as securities for the $99,900,000 5-year club term loan facility ("CTL Facility").

3 The CTL Facility with the banks which bears interests at 2.50% per annum above Swap Offer Rate ("SOR"). The maturity dates of the CTL Facility had been further extended to November 2026, pursuant to the Amendment and Restatement Deed which had been effective since 1 December 2018.

Interest-bearing loans and borrowings are denominated in the following currencies:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
SGD	**241,476**	248,405	**171,057**	168,251
USD	**81,158**	92,078	**–**	–
	322,634	340,483	**171,057**	168,251

Interest-bearing loans and borrowings are secured by certain assets of the Group as disclosed in Notes 4, 5, 10 and 13. The Group also secure borrowings by way of corporate guarantees from the Company and certain subsidiaries, assignment of charter income and insurance of certain vessels of subsidiaries.

The club term loan facility is secured over assignment of insurances and earnings of certain vessels and the assignment and subordination of intercompany loans.

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

The face value of the interest-bearing loans and borrowings are as follows:

	2021		2020	
	Face value $'000	**Carrying amount $'000**	**Face value $'000**	**Carrying amount $'000**
Group				
Current				
SGD Finance lease liabilities – secured (Note 30(b))	**362**	**362**	1,054	1,054
USD Finance lease liabilities – secured (Note 30(b))	**–**	**–**	651	651
SGD Floating rate – secured	**26,229**	**23,664**	19,906	19,013
USD Floating rate – secured	**11,002**	**9,416**	5,649	3,859
SGD Fixed rate – secured	**1,238**	**1,238**	1,145	1,145
SGD Fixed rate – unsecured	**2,914**	**2,940**	1,250	1,250
	41,745	**37,620**	29,655	26,972
Non-current				
SGD Finance lease liabilities – secured (Note 30(b))	**457**	**457**	757	757
USD Finance lease liabilities – secured (Note 30(b))	**–**	**–**	954	954
SGD Floating rate – secured	**250,297**	**205,482**	270,360	213,601
USD Floating rate – secured	**76,520**	**71,742**	93,429	86,614
SGD Fixed rate – secured	**1,294**	**1,294**	2,606	2,606
SGD Fixed rate – unsecured	**6,065**	**6,039**	8,979	8,979
	334,633	**285,014**	377,085	313,511
	376,378	**322,634**	406,740	340,483
Company				
Current				
SGD Floating rate – secured	**10,801**	**10,436**	6,150	5,737
Non-current				
SGD Floating rate – secured	**199,083**	**160,621**	209,076	162,514
	209,884	**171,057**	215,226	168,251

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

Deferment of principal repayments for the financial year ended 30 June 2020

Pursuant to the Singapore Government relief and support measures to the COVID-19 pandemic in the prior financial year, the Group had obtained an 8 months deferment of principal repayment for certain loans from its principal lenders to their respective maturity dates.

As the loans and borrowings were not substantially modified in accordance with SFRS(I) 9, the Group had continued to recognise its loans and borrowings at the original effective interest rates and recognised a modification gain of $15,233,000 (Note 26) in the consolidated income statement for the financial year ended 30 June 2020.

Reconciliation of liabilities arising from financing activities

	Loans and borrowings $'000	Finance lease liabilities $'000	Total $'000
Group			
At 1 July 2020	337,067	3,416	340,483
Cash flows			
– cash payments	(24,322)	(1,277)	(25,599)
Non-cash items			
– additions	–	286	286
– foreign exchange movement	(3,444)	(65)	(3,509)
– amortisation	12,514	–	12,514
– repayment settled through offsetting arrangement	–	(1,541)	(1,541)
At 30 June 2021	**321,815**	**819**	**322,634**
Company			
At 1 July 2020	168,251	–	168,251
Cash flows			
– cash payments	(5,343)	–	(5,343)
Non-cash items			
– amortisation	8,149	–	8,149
At 30 June 2021	**171,057**	**–**	**171,057**

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities (cont'd)

	Loans and borrowings $'000	Finance lease liabilities $'000	Total $'000
Group			
At 1 July 2019	359,105	2,873	361,978
Cash flows			
– cash payments	(25,745)	(594)	(26,339)
– cash proceeds	7,068	–	7,068
Non-cash items			
– additions	–	1,091	1,091
– fair value adjustments arising from debt refinancing exercise	(15,233)	–	(15,233)
– foreign exchange movement	2,968	46	3,014
– amortisation	8,904	–	8,904
At 30 June 2020	337,067	3,416	340,483
Company			
At 1 July 2019	173,292	–	173,292
Cash flows			
– cash payments	(7,241)	–	(7,241)
Non-cash items			
– fair value adjustments arising from debt refinancing exercise	(4,309)	–	(4,309)
– amortisation	6,509	–	6,509
At 30 June 2020	168,251	–	168,251

19. OTHER LIABILITIES

	Group	
	2021 $'000	**2020 $'000**
Pension plans	**3,356**	3,612
Other long term obligations	**25**	21
	3,381	3,633

19. OTHER LIABILITIES (CONT'D)

Pension plans

The Group operates defined benefit pension plans in Germany and Indonesia based on employee pensionable remuneration and length of service. The Germany plan requires contributions to be made to separately administered funds.

The Germany plan is only applicable for employees joining the subsidiary before 31 January 2002. This pension plan is unfunded and provides a pension on retirement approximate to 1.67% of average annum salary of the employees during their employment and a 60% widow's pension.

The Indonesia plan is unfunded and provides different percentage of average salary for different years of service.

The pension plans expose the Group to actuarial risks, such as life expectancy risk, interest rate risk and inflation risk.

Changes in present value of the defined benefit obligation are as follows:

	Germany Plan		Indonesia Plan		Total	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July	**2,414**	2,692	**1,198**	976	**3,612**	3,668
Provision/(reversal) during the year (Note 31)	**133**	(36)	**(153)**	246	**(20)**	210
Provision utilised	**(99)**	(97)	**–**	–	**(99)**	(97)
Actuarial gain arising from changes in financial assumptions	**(119)**	(188)	**(8)**	(24)	**(127)**	(212)
Net exchange differences	**44**	43	**(54)**	–	**(10)**	43
At 30 June	**2,373**	2,414	**983**	1,198	**3,356**	3,612
Net benefit expense:						
Interest costs	**18**	20	**59**	76	**77**	96
Current service costs	**115**	(56)	**(212)**	170	**(97)**	114
	133	(36)	**(153)**	246	**(20)**	210

19. OTHER LIABILITIES (CONT'D)

Pension plans (cont'd)

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuations involve making various assumptions. The principal assumptions used in determining pension obligations for the defined benefit plans are shown below:

	2021	2020
Discount rates:		
Indonesia plan	**7.1%**	7.7%
Germany plan	**0.7%**	0.8%
Future salary increases:		
Indonesia plan	**5.0%**	5.0%
Germany plan	**0.0%**	0.0%
Future pension increases:		
Indonesia plan	**5.0%**	5.0%
Germany plan	**1.5%**	1.5%
Normal retirement age:		
Indonesia plan	**55 years**	55 years
Germany plan	**65 years**	65 years

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumption for Germany is based on postretirement mortality table Richttafeln 2018 G; while for Indonesia, the mortality of the employees are assumed to be in line with the Indonesia Mortality Tables 2011 (TMI 3 (2011)).

The average duration of the post-employment benefits at the end of the financial year is 10.10 to 20.07 years (2020: 20.58 years).

20. DEFERRED TAX LIABILITIES

	Group			
	Statement of financial position		Consolidated income statement	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets				
Unutilised tax losses and wear and tear allowances	**(1,524)**	(1,191)	**541**	(1,461)
Allowance for doubtful receivables	**(9)**	(9)	**–**	–
Others	**(255)**	(255)	**–**	–
	(1,788)	(1,455)		
Deferred tax liabilities				
Difference in depreciation for tax purposes	**9,885**	14,072	**(4,689)**	(1,294)
Fair value adjustments on business combinations	**524**	601	**(77)**	(1,232)
Net exchange differences	**9**	45	**10**	1
	10,418	14,718		
Net deferred tax liabilities	**8,630**	13,263		
Deferred tax credit (Note 28)			**(4,215)**	(3,986)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current income tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

At the end of the reporting period, the Group has undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised amount to $12,429,000 (2020: $42,332,000). The deferred tax liabilities are estimated to be $3,145,000 (2020: $10,745,000).

21. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	Issued share capital ’000	Treasury shares ’000	Issued share capital $’000	Treasury shares $’000
Fully paid ordinary shares, with no par value				
2021				
Balance at beginning of year	**629,267**	**2,512**	**108,056**	**(923)**
Issue of ordinary shares from exercise of warrants	**1,240**	**–**	**77**	**–**
Balance at end of year	**630,507**	**2,512**	**108,133**	**(923)**
2020				
Balance at beginning and end of year	629,267	2,512	108,056	(923)

The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares (except for treasury shares) carry one vote per share without restriction.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. During the financial years ended 30 June 2021 and 2020, the Company did not buy back any shares and there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

22. RESERVES

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Accumulated (losses)/ profits	**(10,350)**	24,538	**(75,280)**	(58,951)
Foreign currency translation reserve	**411**	(143)	**–**	–
Warrant reserve	**897**	899	**897**	899
	(9,042)	25,294	**(74,383)**	(58,052)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Warrant reserve

Warrant reserve represents total consideration received, net of transaction cost for the issuance of renounceable non-underwritten rights warrants. On 25 July 2019, the Company completed the issuance of renounceable non-underwritten rights warrants and allotted 266,505,713 rights warrants for a total consideration of $1,599,000. On the same date, the Company also completed the issuance of 300,625,000 free warrants to the noteholders.

As at 30 June 2021, 1,240,000 warrants were exercised since the date of issuance of warrants on 25 July 2019 and the number of shares that may be issued on exercise of warrants were 565,890,713 (2020: 567,130,713). Subsequent to 30 June 2021, an additional 120,000 warrants were exercised.

23. REVENUE

Disaggregation of revenue	Group 2021 At a point in time $'000	2021 Over time $'000	2021 Total $'000	2020 At a point in time $'000	2020 Over time $'000	2020 Total $'000
Shipbuilding segment						
– Construction of tugs	**9,318**	**7,123**	**16,441**	–	18,857	18,857
– Construction of barges and others	**6,714**	**1,451**	**8,165**	17,409	–	17,409
	16,032	**8,574**	**24,606**	17,409	18,857	36,266
Shiprepair, conversion and engineering services segment`						
– Provision of shiprepair and related services	**–**	**75,230**	**75,230**	–	69,977	69,977
– Provision of engineering service and sales of components	**3,411**	**4,411**	**7,822**	1,375	3,667	5,042
	3,411	**79,641**	**83,052**	1,375	73,644	75,019
Shipchartering segment						
– Leasing income	**–**	**30,157**	**30,157**	–	59,135	59,135
– Mobilisation and demobilisation income	**–**	**9,675**	**9,675**	–	1,958	1,958
– Freight income	**–**	**9,610**	**9,610**	–	27,797	27,797
– Other charter ancillary and marine related service income	**9,994**	**23,824**	**33,818**	5,596	29,916	35,512
– Ship management income	**–**	**600**	**600**	–	545	545
– Trade sales	**1,274**	**168**	**1,442**	7,405	–	7,405
	11,268	**74,034**	**85,302**	13,001	119,351	132,352
	30,711	**162,249**	**192,960**	31,785	211,852	243,637

24. OTHER OPERATING INCOME

	Group	
	2021	**2020**
	$'000	**$'000**
Gain on disposal of assets classified as held for sale	**981**	605
Gain on disposal of a subsidiary (Note 6)	**–**	4,087
Gain on disposal of property, plant and equipment	**5,291**	1,859
Gain on dissolution of a subsidiary	**89**	–
Gain on foreign exchange (net)	**–**	2,661
Gain on remeasurement of lease liabilities	**537**	–
Government grants	**2,848**	1,870
Insurance claims	**612**	42
Interest income from debt instruments at amortised costs		
– deposits and bank balances	**38**	52
– finance lease receivables	**564**	592
Miscellaneous income	**646**	671
Rental income	**496**	514
	12,102	12,953

Included in government grants in the current financial year are amounts of $1,625,000 (2020: $1,126,000) and $1,057,000 (2020: $733,000) relating to jobs support scheme and foreign worker levy rebates respectively, funded by Singapore Government.

25. OTHER OPERATING EXPENSES

	Group	
	2021	**2020**
	$'000	**$'000**
Impairment losses on non-financial assets:		
– intangible assets (Note 8)	**–**	3,063
– inventories (Note 10)	**6,578**	9,494
– property, plant and equipment (Note 4)	**2,150**	1,608
	8,728	14,165
Inventories written off	**13**	–
Loss on foreign exchange (net)	**2,234**	–
Property, plant and equipment written off (Note 4)	**2**	223
Contract-related settlements	**1,818**	–
	12,795	14,388

Contract-related settlements pertain to the settlement of certain contractual claims without any admission of liability by the Group.

26. FINANCE COSTS AND FAIR VALUE ADJUSTMENTS ARISING FROM DEBT REFINANCING EXERCISE

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on:		
– bank loans and notes	**23,672**	24,647
– finance lease	**118**	210
– lease liabilities	**729**	850
– trust receipts	**422**	478
	24,941	26,185
Less:		
Interest expense capitalised in contract assets		
– trust receipts	**(8)**	(112)
Interest expense charged to cost of sales		
– trust receipts	**(414)**	(366)
Finance costs	**24,519**	25,707
Fair value adjustments on debt securities arising from refinancing exercise, net (Note 18)	**–**	(15,233)

27. LOSS BEFORE TAX

	Note	Group 2021 $'000	Group 2020 $'000
Loss before tax is stated after charging/(crediting):			
Amortisation of intangible assets	8	**308**	570
Audit fees paid/payable:			
– auditor of the Company		**305**	296
– overseas affiliates of the auditors of the Company		**84**	93
– other auditors		**18**	55
Non-audit fees paid/payable to auditor of the Company		**4**	4
Depreciation of property, plant and equipment	4	**55,450**	56,226
Depreciation of right-of-use assets	5	**3,212**	3,312
Employee benefits expense	31	**34,539**	38,635
(Reversal of)/impairment losses on financial assets (net):			
– amount due from:			
– joint ventures and associates	12	**(5,354)**	302
– related parties	12	**42**	1
– contract assets	11	**69**	(157)
– other receivables	12	**108**	659
– trade receivables (third parties)	12	**510**	3,960

28. INCOME TAX CREDIT

Major components of income tax credit

The major components of income tax credit for the financial years ended 30 June 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	**$'000**
Current income tax:		
Current income tax	**(2,400)**	(1,549)
Overprovision in respect of prior years	**1,895**	439
	(505)	(1,110)
Deferred tax:		
Movements in temporary differences	**1,905**	2,445
Overprovision in respect of prior years	**2,310**	1,541
	4,215	3,986
Total income tax credit	**3,710**	2,876
Relationship between tax credit and accounting loss		
Loss before tax	**(40,609)**	(21,259)
Income tax using Singapore statutory tax rate of 17% (2020: 17%)	**6,904**	3,614
Adjustments:		
Expenses not deductible for tax purposes	**(5,507)**	(6,443)
Income not subject to tax	**2,524**	4,844
Partial tax exemption	**66**	68
Net tax exempt (loss)/income under Section 13A or 13F of the Singapore Income Tax Act	**(2,271)**	785
Effect of different tax rates in foreign countries	**(334)**	2,198
Deferred tax assets not recognised	**(3,195)**	(3,236)
Utilisation of deferred tax asset previously not recognised	**1,160**	1,363
Share of results of joint ventures and associates	**(302)**	(191)
Overprovision in respect of prior years	**4,205**	1,980
Losses not available for carry-forward	**(1,309)**	(1,920)
Others	**1,769**	(186)
	3,710	2,876

28. INCOME TAX CREDIT (CONT'D)

Major components of income tax credit (cont'd)

The Company and certain Singapore incorporated subsidiaries are granted the "Approved International Shipping Enterprise" incentive by the Maritime Port Authority, under which income from qualifying shipping operations is exempt from tax for a period of 10 years commencing 1 January 2004 under the Singapore Income Tax Act. On 1 January 2014, the extension of the scheme for another 10 years was approved by Maritime Port of Authority, subject to a review of performance at the end of fifth year.

Unutilised tax losses and unabsorbed capital allowances

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $53,027,000 and $38,913,000 (2020: $48,060,000 and $31,910,000), respectively that are available for offset against future taxable profits of the relevant subsidiary in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability.

The use of these tax losses and capital allowances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the respective country in which the subsidiary operates. The unutilised tax losses and unabsorbed capital allowances brought forward have been restated to comply with the tax returns filed in the current financial year with the relevant tax authorities.

The unutilised tax losses and unabsorbed capital allowances have no expiry date except for amounts of $12,256,000 (2020: $12,259,000) and $6,729,000 (2020: $7,488,000), respectively which would expire in 8 to 9 years from the year of corporate tax returns.

29. EARNINGS PER SHARE

Basic earnings 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 earnings 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 dilutive potential ordinary shares into ordinary shares.

29. EARNINGS PER SHARE (CONT'D)

The following tables reflect the loss and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	Group	
	2021	**2020**
	$'000	**$'000**
Basic earnings per share is based on:		
(i) Loss for the year attributable to owners of the Company	**(35,015)**	(23,633)
	No. of Shares	**No. of shares**
(ii) Weighted average number of ordinary shares in issue during the financial year applicable to basic and diluted earnings per share	**629,290,831**	629,266,941

Treasury shares have not been included in the calculation of both basic and diluted earnings per share because the holders of these treasury shares are not entitled to dividend of the Company.

30. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Purchase of:		
Plant and machineries	**10**	2

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Finance lease commitments – As lessee

The Group has entered into leases for vessels, motor vehicles and plant and machinery. These leases are classified as finance leases with expiration over the next 4 years (2020: 4 years). Under the terms of the finance lease arrangements, no contingent rents are payable. The average effective interest rate implicit in the leases is 2.49% (2020: 6.69%) per annum for the Group.

Future minimum lease payments under finance leases (Note 18) together with the present value of the net minimum lease payments are as follows:

	Group			
	2021		2020	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Not later than one year	**391**	**362**	2,075	1,705
Later than one year but not later than five years	**475**	**457**	1,873	1,711
Total minimum lease payments	**866**	**819**	3,948	3,416
Less: Amounts representing finance charges	**(47)**	**–**	(532)	–
Present value of minimum lease payments	**819**	**819**	3,416	3,416

30. COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) Contingent liabilities

Corporate guarantees (unsecured)

The Company has given the following corporate guarantees in respect of banking facilities utilised as at 30 June:

	Company	
	2021	**2020**
	$'000	**$'000**
Subsidiaries	**165,996**	212,261

(d) Financial support

The Company has agreed to provide continuing financial support to certain subsidiary companies.

31. EMPLOYEE BENEFITS

	Group	
	2021	**2020**
	$'000	**$'000**
Employee benefits expense (including Executive Directors)		
Salaries and bonuses	**31,866**	35,694
Employer's contribution to defined contribution plans, including Central Provident Fund contributions	**1,855**	1,747
(Reversal)/expenses from defined benefits plan (Note 19)	**(22)**	210
Other staff benefits	**840**	984
	34,539	38,635

ASL Employee Share Option Scheme 2012 (the "2012 Scheme")

The 2012 Scheme was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on 25 October 2012. Details of the 2012 Scheme are set out in the Circular dated 8 October 2012. The 2012 Scheme is administered by the Remuneration Committee (the "RC") of the Company.

31. EMPLOYEE BENEFITS (CONT'D)

ASL Employee Share Option Scheme 2012 (the "2012 Scheme") (cont'd)

Other information regarding the 2012 Scheme is set out below:

(i) Exercise Price

The exercise price for each share in respect of which an option is exercisable shall be fixed by the RC in its absolute discretion at:

(a) the Market Price; or

(b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the RC in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price and is approved by the shareholders in a general meeting in a separate resolution in respect of that option.

"Market Price" is defined as the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for five consecutive market days immediately preceding the date on which an offer to grant an option is made (the "Offer Date") rounded up to the nearest whole cent in the event of fractional prices.

(ii) Option Exercise Period

Options granted with the exercise price set at Market Price are exercisable at any time, after the first anniversary of the date of grant of that option and expiring on, in the case of options granted to Non-Executive Directors and/or Associated Company Employees, the day preceding the fifth anniversary of the relevant date of grant and for other than Non-Executive Directors and/or Associated Company Employees, the day preceding the tenth anniversary of the relevant date of grant.

Options granted with the exercise price set at a discount to the Market Price are exercisable at any time, after the second anniversary of the date of grant and expiring on, in the case of options granted to Non-Executive Directors and/or Associated Company Employees, the day preceding the fifth anniversary of the relevant date of grant and for other than Non-Executive Directors and/or Associated Company Employees, the day preceding the tenth anniversary of the relevant date of grant.

There are no options granted under the 2012 Scheme.

32. RELATED PARTY DISCLOSURES

(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 were entered by the Group and its related parties on terms agreed between the parties during the financial year:

	Group	
	2021	**2020**
	$'000	**$'000**
Joint ventures and associates		
Charter and trade expenses	**(2,081)**	(1,349)
Purchase of materials	**–**	(1,147)
Purchase of vessels	**–**	(479)
Rental of premises billed	**–**	949
Shipcharter income	**(15)**	1,802
Shiprepair income	**64**	398
Trade sales income	**–**	21
Related parties		
Charter and trade expenses	**(2)**	(690)
Consultancy fees	**–**	(15)
Engineering income	**–**	28
Miscellaneous income	**39**	–
Purchase of materials	**(226)**	(21)
Purchase of plant and machinery	**–**	(400)
Rental expense	**–**	(362)
Rental income	**–**	154
Shipcharter income	**–**	50
Shiprepair income	**–**	(1,390)[1]
Trade sales income	**–**	118

1 The credit balance arose from discounts granted.

	Company	
	2021	**2020**
	$'000	**$'000**
Subsidiaries		
Interest income	**5,535**	7,223

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Settlement of liabilities on behalf by/(for) the Group

	Group 2021 $'000	Group 2020 $'000
Joint ventures and associates	**861**	968
Joint ventures and associates	**(939)**	(1)
Related parties	**–**	972
Related parties	**(1,381)**	(2,801)

<u>Related parties</u>

The related parties are Koon Holdings Limited and its subsidiaries ("Koon Group") as two of the directors and the founder of the Company have a deemed equity interest of 53.76% (2020: 53.76%) in Koon Group. One of the directors of the Company is also a director of Koon Holdings Limited. Koon Group is in the business of providing infrastructure and civil engineering services, specialising in reclamation and shore protection works. Transactions entered by the Group with the Koon Group include provision of ship chartering services, trade sales income, rental income, charter and trade expenses, and consultancy fees.

Outstanding balances due from/to related parties at the end of the reporting period are disclosed in Note 12 and Note 15 to the financial statements.

(c) Compensation of key management personnel

	Group 2021 $'000	Group 2020 $'000
Short-term employee benefits	**2,084**	2,075
Central Provident Fund contributions	**88**	84
Other long-term benefits	**98**	142
Total compensation paid to key management personnel	**2,270**	2,301
Comprise amounts paid to:		
– Directors of the Group	**1,319**	1,300
– Other key management personnel	**951**	1,001
	2,270	2,301

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors are considered key management personnel of the Group.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks relating to its operations and the use of financial instruments. The key financial risk includes market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential material adverse effects from these exposures. It is the Group's policy that no trading in derivative financial instruments for speculative purposes shall be undertaken. Exposure to foreign currency risks is also hedged naturally where possible.

The Group's policy on financial authority limit seeks to mitigate risks by setting out the threshold of approvals required for entry into contractual obligations and investments.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management is carried out under policies approved by the Board. The Board reviews and approves policies for managing each of these risks and they are summarised below.

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

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

(i) 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 exposures to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities, which includes bank balances and borrowings with financial institutions. The Group's policy is to maintain an efficient and optimal interest cost structure using a mix of fixed and floating rate borrowings as well as long and short-term borrowings.

The Group seeks to minimise its exposure to interest rate fluctuations through the use of interest rate swaps, where appropriate, over the duration of its borrowings. The Group has no interest rate swaps as at 30 June 2021 and 2020. The details of the interest rates relating to interest earning financial assets and interest bearing financial liabilities are disclosed in various notes to the financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity analysis

For the Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, an increase of 0.5% (2020: 0.5%) in interest rate at 30 June would increase loss before tax by the amounts shown below. A decrease of 0.5% (2020: 0.5%) in interest rate at 30 June would have an equal but opposite effect. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Group		**Company**	
	2021 Loss before tax $'000	**2020 Loss before tax $'000**	**2021 Loss before tax $'000**	**2020 Loss before tax $'000**
Floating rate instruments	**1,581**	1,711	**855**	841

(ii) 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 Group entities, primarily USD and IDR. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and IDR.

Such risks are hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount or hedged using forward foreign exchange contracts in respect of actual or forecasted currency exposures which are reasonably certain.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Indonesia and Netherlands.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's and Company's loss before tax to a reasonably possible change in the USD and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

A 5% strengthening of the following foreign currencies against the Singapore Dollar at 30 June would increase/(decrease) loss before tax by the amounts shown below. A 5% weakening of the following foreign currencies against the Singapore Dollar at 30 June would have the equal but opposite effect.

	Group		**Company**	
	2021 Loss before tax $'000	**2020 Loss before tax $'000**	**2021 Loss before tax $'000**	**2020 Loss before tax $'000**
USD	**(3,161)**	(4,223)	**–**	3
IDR	**(1,224)**	(1,109)	**–**	–

(b) 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 manages its exposure to credit risk arising from sales to trade customers through credit evaluation, credit limits and debt monitoring procedures on an on-going basis. Where appropriate, the Group obtains guarantees from the customers or arrange netting agreements. Cash terms, advance payments or letters of credit are required for customers of lower credit standing.

The Group's major classes of financial assets are cash at banks, trade and other receivables and finance lease receivables. Cash at banks are placed in banks and financial institutions with good credit rating.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

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, which are derived based on the Group's historical information. The default days most appropriate to the respective segments, as follows:

Segment	Default days
Shipbuilding	More than 90 days past due
Shiprepair	More than 180 days past due
Shipchartering	More than 120 days past due
Ship Engineering	More than 90 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. The Group writes off the financial asset when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking any credit enhancements held by the Group. Where receivables have been written off, the Group continues to engage in 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 for each class of financial assets.

Trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade)

The Group determines impairment of trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade) by making debtor-specific assessment for credit-impaired debtors.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade) (cont'd)

For the remaining group of debtors, the Group uses a provision matrix to measure the lifetime expected credit loss allowances for trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade). In measuring the expected credit loss, the Group has considered settlement arrangements entered into with various customers, such as instalments plans and contra settlements/arrangements with customers. In calculating the expected credit loss rates, the Group considers historical loss rates for each segment and adjust to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group considers available reasonable and supportive forward-looking information which includes actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations.

Summarised below is the information about the credit risk exposure on the Group's trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade) using the provision matrix:

	Trade receivables		**Contract assets**	
30 June 2021	**Gross carrying amount $'000**	**Loss allowance provision $'000**	**Gross carrying amount $'000**	**Loss allowance provision $'000**
Current	**12,275**	**(267)**	**10,143**	**(135)**
Past due up to 3 months	**12,435**	**(984)**	**–**	**–**
Past due 3 to 6 months	**5,103**	**(967)**	**–**	**–**
Past due 6 to 12 months	**9,276**	**(3,129)**	**–**	**–**
More than 1 year	**30,881**	**(23,300)**	**–**	**–**
	69,970	**(28,647)**	**10,143**	**(135)**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade) (cont'd)

	Amounts due from joint ventures and associates (trade)		**Amounts due from related parties (trade)**	
30 June 2021	**Gross carrying amount $'000**	**Loss allowance provision $'000**	**Gross carrying amount $'000**	**Loss allowance provision $'000**
Current	**18**	**–**	**–**	**–**
Past due up to 3 months	**–**	**–**	**–**	**–**
Past due 3 to 6 months	**163**	**–**	**–**	**–**
Past due 6 to 12 months	**64**	**–**	**–**	**–**
More than 1 year	**29,021**	**(28,281)**	**8**	**–**
	29,266	**(28,281)**	**8**	**–**

	Trade receivables		**Contract assets**	
30 June 2020	**Gross carrying amount $'000**	**Loss allowance provision $'000**	**Gross carrying amount $'000**	**Loss allowance provision $'000**
Current	13,573	(356)	5,037	(66)
Past due up to 3 months	13,514	(1,828)	–	–
Past due 3 to 6 months	4,984	(1,288)	–	–
Past due 6 to 12 months	5,675	(1,897)	–	–
More than 1 year	43,576	(26,286)	–	–
	81,322	(31,655)	5,037	(66)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Trade receivables, contract assets, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade) (cont'd)

30 June 2020	Amounts due from joint ventures and associates (trade) Gross carrying amount $'000	Amounts due from joint ventures and associates (trade) Loss allowance provision $'000	Amounts due from related parties (trade) Gross carrying amount $'000	Amounts due from related parties (trade) Loss allowance provision $'000
Current	4	(4)	–	–
Past due up to 3 months	21	(21)	48	–
Past due 3 to 6 months	130	(130)	73	(1)
Past due 6 to 12 months	1,148	(1,148)	3	(3)
More than 1 year	32,827	(32,043)	–	–
	34,130	(33,346)	124	(4)

Information regarding loss allowance movement of contract assets, trade receivables, amounts due from joint ventures and associates (trade) and amounts due from related parties (trade) are disclosed in Note 11 and Note 12, respectively.

Non-trade amounts due from joint ventures and associates, related parties and subsidiaries (collectively the "related parties")

The Group and the Company provide for expected credit loss ("ECL") on non-trade amounts due from related parties based on the general approach and the extent of loss allowance is dependent on the extent of credit deterioration since initial recognition.

In assessing whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the non-trade amounts due from related parties of the Group and the Company as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supporting information, which includes any significant changes in the expected performance and behaviour of these receivables, including changes in the payment status, financial position and operating results, forward-looking information and market data.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Non-trade amounts due from joint ventures and associates, related parties and subsidiaries (collectively the "related parties") (cont'd)

The Group and the Company computes expected credit loss using the probability of default approach. In calculating the expected credit loss rates, the Group and the Company considers implied probability of default from external rating agency.

A significant increase in credit risk is presumed when there is a significant deterioration in the financial position of these related parties. A default occurs when these related parties fail to make contractual payments within 90 days of when they fall due. The non-trade amounts due from related parties are only written off when the respective subsidiary or joint venture and associate or related parties is liquidated or disposed.

			30 June 2021			
			Group		**Company**	
Category	**Definition of category**	**Basis for recognition of ECL**	**Gross carrying amount $'000**	**Loss allowance provision $'000**	**Gross carrying amount $'000**	**Loss allowance provision $'000**
Stage 1	Non-trade amounts due from related parties that have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit loss	**425**	**(44)**	–	–
Stage 2	Non-trade amounts due from related parties which have a significant increase in credit risk.	Lifetime expected credit loss	–	–	–	–
Stage 3	Non-trade amounts due from related parties that are in net tangible liability position.	Lifetime expected credit loss	**33,589**	**(29,375)**	332,734	(90,936)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Non-trade amounts due from joint ventures and associates, related parties and subsidiaries (collectively the "related parties") (cont'd)

			30 June 2020			
			Group		Company	
Category	**Definition of category**	**Basis for recognition of ECL**	**Gross carrying amount $'000**	**Loss allowance provision $'000**	**Gross carrying amount $'000**	**Loss allowance provision $'000**
Stage 1	Non-trade amounts due from related parties that have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit loss	450	(4)	–	–
Stage 2	Non-trade amounts due from related parties which have a significant increase in credit risk.	Lifetime expected credit loss	–	–	–	–
Stage 3	Non-trade amounts due from related parties that are in net tangible liability position	Lifetime expected credit loss	36,948	(35,030)	366,534	(84,790)

Credit risk concentration profile

The concentration of credit risk relating to trade receivables is limited as the Group provides services spanning various sectors and industries. The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

At 30 June 2021 and 2020, the Group's and the Company's maximum exposure to credit risk is the carrying amount of each financial asset, including derivative financial instruments. Guarantees granted by the Company and certain subsidiaries to banks in respect of banking facilities are only given for companies within the Group. The maximum exposure to credit risk in respect of financial guarantees at the end of the reporting period is disclosed in Note 30(c).

The Group determines concentration of credit risk by monitoring the business activities and geographical areas profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's net trade receivables is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
By business activities		
Shipbuilding	**647**	596
Shiprepair and engineering	**23,237**	31,711
Shipchartering	**17,439**	17,360
	41,323	49,667
By geographical areas		
Singapore	**15,019**	25,561
Indonesia	**12,152**	13,779
Rest of Asia	**11,932**	5,530
Europe	**868**	3,525
Australia	**62**	109
Other countries	**1,290**	1,163
	41,323	49,667

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The ability of the Group to meet its financial obligations is dependent on generating sufficient cash flows from operations and continued financial support from the lenders. The Group manages its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's and operations to meet its liabilities when due. The Group maintains flexibility in funding by keeping committed credit facilities available.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

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

	Carrying amounts $'000	Contractual Cash Flows: Total $'000	Within 1 year $'000	Between 1 and 5 years $'000	After 5 years $'000
Group					
30 June 2021					
Non-derivative financial instruments					
Trade and other receivables	**55,744**	**55,744**	**55,744**	**–**	**–**
Contract assets	**10,008**	**10,008**	**10,008**	**–**	**–**
Finance lease receivables	**8,642**	**10,709**	**2,859**	**7,529**	**321**
Cash and bank balances	**26,533**	**26,533**	**26,533**	**–**	**–**
Trade and other payables*	**(120,314)**	**(120,636)**	**(119,093)**	**(238)**	**(1,305)**
Trust receipts	**(5,991)**	**(6,012)**	**(6,012)**	**–**	**–**
Interest-bearing loans and borrowings	**(322,634)**	**(416,079)**	**(52,271)**	**(241,041)**	**(122,767)**
Lease liabilities	**(7,456)**	**(9,119)**	**(2,697)**	**(5,986)**	**(436)**
	(355,468)	**(448,852)**	**(84,929)**	**(239,736)**	**(124,187)**
30 June 2020					
Non-derivative financial instruments					
Trade and other receivables	63,182	63,182	63,182	–	–
Contract assets	4,971	4,971	4,971	–	–
Finance lease receivables	5,697	8,056	1,287	5,149	1,620
Cash and bank balances	35,165	35,165	35,165	–	–
Trade and other payables*	(143,831)	(144,102)	(142,980)	(169)	(953)
Trust receipts	(19,137)	(19,207)	(19,207)	–	–
Interest-bearing loans and borrowings	(340,483)	(463,639)	(42,384)	(267,561)	(153,694)
Lease liabilities	(7,973)	(10,134)	(2,725)	(6,351)	(1,058)
	(402,409)	(525,708)	(102,691)	(268,932)	(154,085)

* Exclude deferred income and deposits received from customers

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities based on undiscounted repayment obligations. (cont'd)

		Contractual Cash Flows			
	Carrying amounts $'000	**Total $'000**	**Within 1 year $'000**	**Between 1 and 5 years $'000**	**After 5 years $'000**
Company					
30 June 2021					
Non-derivative financial instruments					
Trade and other receivables	**241,818**	**247,986**	**242,777**	**506**	**4,703**
Cash and bank balances	**4,407**	**4,407**	**4,407**	**–**	**–**
Trade and other payables	**(82,044)**	**(82,044)**	**(82,044)**	**–**	**–**
Interest-bearing loans and borrowings	**(171,057)**	**(234,005)**	**(16,668)**	**(145,759)**	**(71,578)**
	(6,876)	**(63,656)**	**148,472**	**(145,253)**	**(66,875)**
30 June 2020					
Non-derivative financial instruments					
Trade and other receivables	281,764	288,630	285,086	328	3,216
Cash and bank balances	3,984	3,984	3,984	–	–
Trade and other payables	(108,233)	(108,233)	(108,233)	–	–
Interest-bearing loans and borrowings	(168,251)	(250,022)	(12,900)	(157,176)	(79,946)
	9,264	(65,641)	167,937	(156,848)	(76,730)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Company			
	Within 1 year $'000	Between 1 and 5 years $'000	After 5 years $'000	Total $'000
2021				
Corporate guarantees provided to subsidiaries	**33,004**	**83,110**	**49,882**	**165,996**
2020				
Corporate guarantees provided to subsidiaries	62,902	85,366	63,993	212,261

34. CAPITAL MANAGEMENT

The Group monitors its capital and liquidity position through a mix of equity and debts. This includes the maintenance of adequate lines of credit for working capital requirements, the issuance of new shares where required or the sale of idle assets with a view to maximising shareholder value. No changes were made in objectives, policies or processes during the financial years ended 30 June 2021 and 2020.

	Group	
	2021 $'000	2020 $'000
Net loss attributable to owners of the Company	**35,015**	23,633
Equity attributable to the owners of the Company	**98,168**	132,427
Return on shareholders' funds	**(36.67%)**	(17.85%)
Interest-bearing loans and borrowings (Note 18)	**322,634**	340,483
Trust receipts (Note 17)	**5,991**	19,137
Less: Cash and bank balances (Note 13)	**(26,533)**	(35,165)
Net borrowings	**302,092**	324,455
Net gearing ratio (times)	**3.08**	2.45

34. CAPITAL MANAGEMENT (CONT'D)

The return on shareholders' funds is calculated based on net loss attributable to owners of the Company divided by shareholders' funds as at the end of the reporting period.

The net gearing (times) ratio is calculated based on net borrowings divided by shareholders' funds. Net borrowings is the sum of total interest-bearing loans and borrowings (Note 18), trust receipts (Note 17), less cash and bank balances (Note 13).

The Group and the Company are in compliance with all externally imposed financial covenant requirements for the financial years ended 30 June 2021 and 2020.

35. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1: Quoted prices (unadjusted) in active markets of 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.

There have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during financial years 30 June 2021 and 2020.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

Level 3 fair value measurements

Property, plant and equipment

As disclosed in Note 4, certain plant and equipment were carried at fair value less cost of disposal of $45,699,000 (2020: $56,132,000), which was determined by independent valuers of the lenders' approved panel of valuers. The valuers considered replacement costs of similar plant and equipment currently owned by the Group adjusted for age, condition and technological obsolescence. In addition, the valuers also considered sales of similar plant and equipment that have been transacted in the open market.

Inventories

As disclosed in Note 10, certain inventories were carried at fair value less cost of disposal of $72,884,000 (2020: $78,864,000), which was determined by independent valuers of the lenders' approved panel of valuers. The valuers considered sales of similar vessels that have been transacted in the open market.

Assets classified as held for sale

As at 30 June 2020, assets classified as held for sale comprised vessels with an aggregate carrying value of $1,047,000. The fair value of these assets classified as held for sale was determined based on memorandum of agreements.

Valuation policies and processes

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

The Group's financial assets and liabilities include cash and bank balances, trade and other receivables, contract assets, trade and other payables, contract liabilities, trust receipts, floating rate loans and current portion of fixed rate loans.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, because these are short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period.

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

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	Carrying amount		Fair value	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial liabilities				
Finance lease liabilities (Non-current) (Note 18)	**457**	1,711	**434**	1,669
Fixed rate loans (Non-current) (Note 18)	**7,333**	11,585	**6,638**	9,838

These financial liabilities are categorised within Level 3 of the fair value hierarchy.

Determination of fair value

The fair values of finance lease liabilities, interest-bearing loans and borrowings and lease liabilities with fixed interest rates are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

36. SEGMENT REPORTING

Reporting format

The primary segment reporting format is determined to be business segments. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Secondary information is reported geographically.

Business segments

Management monitors the operating results of its business segments separately for purpose of making decisions about resource allocation and performance assessment. The Group has the following four main business segments:

Shipbuilding	:	Construction of vessels
Shiprepair, conversion and engineering services	:	Provision of shiprepair, dredging engineering products and related services
Shipchartering	:	Provision for chartering of vessels and transportation services
Investment holding	:	Provision of corporate and treasury services to the Group

Geographical segments

The Group operates in Singapore, Indonesia, Rest of Asia, Europe, Australia, United States of America and other countries. In presenting information on the basis of geographical segments, segment revenue is based on the countries in which customers are invoiced.

Non-current assets are based on the geographical location of the respective entities.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

36. SEGMENT REPORTING (CONT'D)

(i) *Business segments*

	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Ship-chartering $'000	Investment holding $'000	Eliminations $'000	Consolidated $'000	Note
Revenue and expenses							
2021							
Revenue from external customers	24,606	83,052	85,302	–	–	192,960	
Inter-segment revenue	10,045	44,297	24,488	–	(78,830)	–	A
Total revenue	34,651	127,349	109,790	–	(78,830)	192,960	
Segment results	(2,852)	6,404	(17,417)	(1,012)	–	(14,877)	
Interest income from finance lease receivables	–	–	564	–	–	564	
Finance costs						(24,519)	
Share of results of joint ventures and associates						(1,777)	
Income tax credit						3,710	
Loss for the year						(36,899)	

36. SEGMENT REPORTING (CONT'D)

(i) Business segments (cont'd)

	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Ship-chartering $'000	Investment holding $'000	Eliminations $'000	Consolidated $'000	Note
Revenue and expenses							
<u>2020</u>							
Revenue from external customers	36,266	75,019	132,352	–	–	243,637	
Inter-segment revenue	12,047	48,613	32,342	–	(93,002)	–	A
Total revenue	48,313	123,632	164,694	–	(93,002)	243,637	
Segment results	(7,835)	(7,294)	9	4,865	–	(10,255)	
Interest income from finance lease receivables	–	–	592	–	–	592	
Finance costs						(25,707)	
Fair value adjustments arising from debt refinancing exercise						15,233	
Share of results of joint ventures and associates						(1,122)	
Income tax credit						2,876	
Loss for the year						(18,383)	

36. SEGMENT REPORTING (CONT'D)

(i) Business segments (cont'd)

	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Ship-chartering $'000	Investment holding $'000	Eliminations $'000	Consolidated $'000	Note
Assets and liabilities							
30 June 2021							
Segment assets	**91,017**	**166,815**	**343,781**	**4,783**	**–**	**606,396**	
Unallocated assets						**2,083**	**B**
Total assets						**608,479**	
Segment liabilities	**28,328**	**76,115**	**59,041**	**3,918**	**–**	**167,402**	
Unallocated liabilities						**343,706**	**C**
Total liabilities						**511,108**	
30 June 2020							
Segment assets	128,212	172,520	371,686	4,377	–	676,795	
Unallocated assets						4,298	B
Total assets						681,093	
Segment liabilities	33,389	79,530	50,466	5,317	–	168,702	
Unallocated liabilities						379,012	C
Total liabilities						547,714	

36. SEGMENT REPORTING (CONT'D)

(i) Business segments (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

Note A Inter-segment revenues are eliminated on consolidation.

Note B The following unallocated assets are added to segment asset to arrive at total assets reported in the statement of financial position:

	Group	
	2021	**2020**
	$'000	**$'000**
Investment in joint ventures and associates	**2,083**	4,298

Note C The following unallocated liabilities are added to segment liabilities to arrive at total liabilities reported in the statement of financial position:

	Group	
	2021	**2020**
	$'000	**$'000**
Interest bearing loans and borrowings (Note 18)		
– Current	**37,620**	26,972
– Non-current	**285,014**	313,511
Trust receipts (Note 17)	**5,991**	19,137
Income tax payables	**6,451**	6,129
Deferred tax liabilities (Note 20)	**8,630**	13,263
	343,706	379,012

36. SEGMENT REPORTING (CONT'D)

(i) *Business segments (cont'd)*

	Shipbuilding $'000	Shiprepair, conversion and engineering services $'000	Ship-chartering $'000	Investment holding $'000	Consolidated $'000
Other segmental information					
2021					
Capital expenditure	**302**	**982**	**20,986**	**–**	**22,270**
Depreciation and amortisation	**4,865**	**12,445**	**41,660**	**–**	**58,970**
Other non-cash (income)/expenses	**(21)**	**6**	**–**	**–**	**(15)**
Impairment loss/(reversal of impairment loss) on financial assets	**269**	**(119)**	**(4,680)**	**(95)**	**(4,625)**
Impairment loss on property, plant and equipment	**21**	**55**	**2,074**	**–**	**2,150**
Impairment loss on inventories	**–**	**–**	**6,578**	**–**	**6,578**
Finance cost	**2,655**	**7,087**	**5,892**	**8,885**	**24,519**
Interest income	**(3)**	**(23)**	**(575)**	**(1)**	**(602)**
2020					
Capital expenditure	1,581	2,847	8,758	–	13,186
Depreciation and amortisation	4,267	12,056	43,785	–	60,108
Other non-cash expenses	132	273	–	–	405
(Reversal of)/impairment loss on financial assets	(17)	2,300	2,407	75	4,765
Impairment loss on property, plant and equipment	244	460	904	–	1,608
Impairment loss on inventories	3,681	–	5,813	–	9,494
Impairment loss on intangible assets	–	3,063	–	–	3,063
Finance cost	4,281	8,300	6,211	6,915	25,707
Interest income	(7)	(19)	(612)	(6)	(644)

36. SEGMENT REPORTING (CONT'D)

(i) *Business segments (cont'd)*

Information about a major customer[1]

Revenue from a major customer amounting to $36,452,000 (2020: $90,597,000) is attributable to sales across all three segments.

[1] Customers who contributed more than 10% of the revenue of the Group. A group of entities known to a reporting entity to be under common control shall be considered as single customer.

(ii) *Geographical segments*

	Singapore $'000	Indonesia $'000	Rest of Asia $'000	Europe $'000	Australia $'000	Other countries $'000	Consolidated $'000
2021							
Revenue from external customers	**94,710**	**32,438**	**39,163**	**7,875**	**12,418**	**6,356**	**192,960**
Non-current assets	**231,044**	**138,641**	**43,349**	**3,884**	**–**	**–**	**416,918**
2020							
Revenue from external customers	102,497	50,995	47,099	14,863	22,524	5,659	243,637
Non-current assets	256,500	159,825	47,085	4,399	–	–	467,809

36. SEGMENT REPORTING (CONT'D)

(ii) Geographical segments (cont'd)

Non-current assets relate to property, plant and equipment, lease prepayments, right-of-use assets, investment in joint ventures and associates, intangible assets and finance lease receivables.

Non-current assets are based on the geographical location of the entities.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 12 October 2021.

STATISTICS OF SHAREHOLDINGS

As at 22 September 2021

Class of shares	:	Ordinary shares
No. of treasury shares held	:	2,511,600
No. of subsidiary holdings held	:	Nil
Voting rights (excluding treasury shares)	:	On a show of hands: one vote for each member On a poll: one vote for each share
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares	:	0.4%

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	71	2.42	722	0.00
100 – 1,000	134	4.56	65,524	0.01
1,001 – 10,000	1,102	37.49	5,843,180	0.92
10,001 – 1,000,000	1,603	54.54	86,757,441	13.70
1,000,001 and above	29	0.99	540,471,674	85.37
	2,939	100.00	633,138,541	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%*
1	Ang Kok Tian	88,214,300	13.99
2	Ang Kok Eng	73,799,100	11.70
3	Ang Kok Leong	72,841,500	11.55
4	Ang Sin Liu	58,868,250	9.33
5	CGS-CIMB Securities (S) Pte Ltd	52,629,700	8.35
6	Raffles Nominees (Pte) Ltd	51,300,549	8.13
7	Ang Ah Nui	30,660,000	4.86
8	Ang Swee Kuan	27,195,000	4.31
9	Maybank Kim Eng Securities Pte Ltd	14,376,450	2.28
10	Citibank Nominees Singapore Pte Ltd	10,748,000	1.70
11	United Overseas Bank Nominees Pte Ltd	10,580,650	1.68
12	DBS Nominees Pte Ltd	10,349,064	1.64
13	Chua Leong Aik	4,842,000	0.77
14	TKB C-E Contractor Pte. Ltd.	3,500,000	0.56
15	Ang Jui Khoon	3,246,750	0.51
16	Morgan Stanley Asia (S) Securites Pte Ltd	2,999,800	0.48
17	OCBC Nominees Singapore Pte Ltd	2,431,700	0.39
18	Ong Bee Dee	2,309,000	0.37
19	Goh Guan Siong (Wu Yuanxiang)	2,135,600	0.34
20	Koo Choon Poi	2,060,000	0.33
		525,087,413	83.27

* The percentage is calculated based on 630,626,941 issued shares of the Company (excluding 2,511,600 shares held as treasury shares) as at 22 September 2021.

STATISTICS OF SHAREHOLDINGS

As at 22 September 2021

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company and to the best knowledge of the Company as at 22 September 2021, approximately 32.82% of the issued shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Ang Kok Tian[2][3][4]	88,214,300	13.99	335,065,050	53.13
Ang Ah Nui[2][3][4]	30,660,000	4.86	392,619,350[5]	62.26
Ang Kok Eng[2][3][4]	73,799,100	11.70	349,480,250	55.42
Ang Kok Leong[2][3][4]	72,841,500	11.55	350,437,850	55.57
Ang Sin Liu[3][4]	58,868,250	9.33	364,411,100[6]	57.79
Ang Swee Kuan[3][4]	27,195,000	4.31	396,084,350	62.81
FMR LLC	–	–	53,723,413[7]	8.52
Fidelity Management & Research Company LLC	–	–	53,723,413[8]	8.52
Abigail P. Johnson	–	–	53,723,413[9]	8.52
Fidelity Puritan Trust	47,578,192	7.54	–	–

Notes

(1) The percentage is calculated based on 630,626,941 issued shares of the Company (excluding 2,511,600 shares held as treasury shares) as at 22 September 2021.

(2) Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong are brothers. Each of the brothers is deemed to have an interest in the shares held by the others.

(3) Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan. Each of them is deemed to have an interest in the shares held by the others.

(4) Ang Swee Kuan is the sister of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong and the daughter of Ang Sin Liu. Each of them is deemed to have an interest in the shares held by the others.

(5) 62,431,800 shares are registered in the name of nominee(s).

(6) 9,269,400 shares are registered in the name of nominee(s).

(7) FMR LLC is deemed to have an interest in 53,723,413 shares because such shares are held by funds and/or accounts managed by one or more of FMR LLC's direct and indirect subsidiaries, which are fund managers.

(8) Fidelity Management & Research Company LLC is deemed to have an interest in 53,723,413 shares because such shares are held by funds and/or accounts managed by Fidelity Management & Research Company LLC as well as by one or more of its direct and indirect subsidiaries, which are fund managers.

(9) Abigail P. Johnson is deemed to have an interest in 53,723,413 shares because she is entitled to exercise or control the exercise of 20% or more of the voting power over the corporate substantial shareholder namely FMR LLC.

STATISTICS OF WARRANTHOLDINGS

As at 22 September 2021

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	1	0.32	50	0.00
100 – 1,000	1	0.32	1,000	0.00
1,001 – 10,000	79	25.40	509,252	0.09
10,001 – 1,000,000	192	61.74	36,842,636	6.51
1,000,001 and above	38	12.22	528,417,775	93.40
	311	100.00	565,770,713	100.00

TOP 20 WARRANTHOLDERS

No.	Name of Warrantholders	No. of Warrants	%
1	DBS Nominees Pte Ltd	122,760,425	21.70
2	Ang Kok Tian	44,106,400	7.80
3	Ang Kok Eng	36,899,550	6.52
4	Ang Kok Leong	36,420,750	6.44
5	HSBC (Singapore) Nominees Pte Ltd	34,556,125	6.11
6	Citibank Nominees Singapore Pte Ltd	33,808,400	5.98
7	Ang Sin Liu	29,316,675	5.18
8	CGS-CIMB Securities (Singapore) Pte Ltd	26,337,500	4.66
9	Phillip Securities Pte Ltd	19,901,400	3.52
10	DBS Vickers Securities (S) Pte Ltd	17,500,000	3.09
11	Toh Ong Tiam	15,690,000	2.77
12	Ang Ah Nui	15,330,000	2.71
13	Ang Swee Kuan	13,597,500	2.40
14	Law Yean Muay	11,000,000	1.94
15	United Overseas Bank Nominees Pte Ltd	9,950,850	1.76
16	Raffles Nominees (Pte) Limited	9,339,700	1.65
17	Maybank Kim Eng Securities Pte.Ltd	5,987,900	1.06
18	Tan Tong Guan	5,550,000	0.98
19	RHB Bank Nominees Pte Ltd	5,087,500	0.90
20	OCBC Securities Private Limited	3,973,750	0.70
		497,114,425	87.87

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of ASL Marine Holdings Ltd. (the "Company") will be held by way of electronic means on Thursday, 28 October 2021 at 2.00 p.m. to transact the following business:

Ordinary Business

1 To receive and adopt the directors' statement and audited financial statements for the year ended 30 June 2021 and the auditors' report thereon. **Resolution 1**

2 To approve directors' fees of S$214,400 for the year ending 30 June 2022, to be paid quarterly in arrears. (2021: S$214,400) **Resolution 2**

3 To re-elect Mr Ang Kok Tian, a director who will retire by rotation in accordance with Regulation 91 of the Company's Constitution and who, being eligible, will offer himself for re-election.
Resolution 3
[See Explanatory Note 1]

4 To re-elect Mr Ang Ah Nui, a director who will retire by rotation in accordance with Regulation 91 of the Company's Constitution and who, being eligible, will offer himself for re-election.
Resolution 4
[See Explanatory Note 2]

5 To re-elect Mr Tan Sek Khee, a director who will retire by rotation in accordance with Regulation 91 of the Company's Constitution and who, being eligible, will offer himself for re-election.
Resolution 5
[See Explanatory Note 3]

6 To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the directors to fix their remuneration. **Resolution 6**

Special Business

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

7 **Share issue mandate**

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company to:

(a) allot and issue shares in the Company; and

(b) issue convertible securities and any shares in the Company arising from the conversion of such convertible securities,

(whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to such authority shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, and for the purposes of this resolution and Rule 806(3) of the Listing Manual of the SGX-ST, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of any convertible securities or exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution approving the mandate, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Resolution 7

[See Explanatory Note 4]

8 **Renewal of the share purchase mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares each fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) transacted on the SGX-ST, through the SGX-ST's trading system and/or through one or more duly licensed dealers appointed by the Company for that purpose ("Market Purchases"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) under an equal access scheme in accordance with Section 76C of the Companies Act for the purchase or acquisition of Shares from shareholders ("Off-Market Purchases"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by shareholders in general meeting; or

(iii) the date on which the Company has purchased the maximum number of Shares mandated under the Share Purchase Mandate;

(c) in this resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST, before the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five Market Days period and on the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Market Day" means a day on which the SGX-ST is open for trading in securities;

"Maximum Percentage" means that number of issued Shares representing 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution; and

"Maximum Price" in relation to a Share to be purchased, means the purchase price to be paid for the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses of the purchase or acquisition) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price, and

(d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution. **Resolution 8**

[See Explanatory Note 5]

9 To transact such other business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Ang Kok Tian
Chairman, Managing Director and Chief Executive Officer

Singapore
13 October 2021

Explanatory Notes

1 Mr Ang Kok Tian is the chairman, managing director and chief executive officer. Upon his re-election as a director, he will continue in the said capacities. Detailed information on Mr Ang Kok Tian can be found under the sections "Board Of Directors", "Directors' Statements" and "Additional Information On Directors Seeking Re-Election" in the Company's Annual Report.

2 Mr Ang Ah Nui is an executive director and deputy managing director. Upon his re-election as a director, he will continue in the said capacities. Detailed information on Mr Ang Ah Nui can be found under the sections "Board Of Directors", "Directors' Statements" and "Additional Information On Directors Seeking Re-Election" in the Company's Annual Report.

3 Mr Tan Sek Khee is an independent director, a member and the chairman of the remuneration committee, a member of the audit committee and a member of the nominating committee. Upon his re-election as a director, he will continue in the said capacities. Detailed information on Mr Tan Sek Khee can be found under the sections “Board Of Directors”, “Directors’ Statements” and “Additional Information On Directors Seeking Re-Election” in the Company’s Annual Report.

4 The ordinary resolution proposed in Resolution 7 is to authorise the directors from the date of the above meeting until the date of the next Annual General Meeting of the Company to allot and issue shares and convertible securities in the Company. The aggregate number of shares and convertible securities which the directors may allot and issue under this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For allotments and issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, at the time this resolution is passed.

5 The ordinary resolution proposed in Resolution 8 is to authorise the directors from the date of the above meeting until the earliest of (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, (ii) the date on which the authority conferred by this mandate is revoked or varied by shareholders in general meeting, or (iii) the date on which the Company has purchased the maximum number of shares mandated under this mandate, to purchase or otherwise acquire issued ordinary shares in the capital of the Company by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company. For more information on this resolution, please refer to the Appendix to the Annual Report in relation to the Proposed Renewal of the Share Purchase Mandate dated 13 October 2021.

Notes

1 The Twenty-First Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of Annual General Meeting will not be sent to members of the Company. Instead, the Notice of Annual General Meeting will be sent to members of the Company by electronic means via publication on SGXNet and the Company’s website at the URL https://aslmarine.listedcompany.com/home.html.

2 Alternative arrangements relating to attendance at the Twenty-First Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the Twenty-First Annual General Meeting, addressing of substantial and relevant questions prior to the Twenty-First Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Twenty-First Annual General Meeting, are set out in the Company's Letter to Shareholders dated 13 October 2021 (the "Letter") which has been uploaded together with this Notice of Annual General Meeting on SGXNet on the same day. The Letter may also be accessed on the Company's website at the URL https://aslmarine.listedcompany.com/home.html. For the avoidance of doubt, the Letter is circulated together with and forms part of this Notice of Annual General Meeting.

3 A member will not be able to attend the Twenty-First Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Twenty-First Annual General Meeting, if such member wishes to exercise his/her/its voting rights at the Twenty-First Annual General Meeting. The proxy form for the Twenty-First Annual General Meeting may be accessed on SGXNet and the Company's website at the URL https://aslmarine.listedcompany.com/home.html.

4 Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5 CPF/SRS investors who hold shares through CPF agent banks/SRS operators and who wish to request their CPF agent banks/SRS operators to appoint the Chairman of the Meeting as their proxy in respect of the shares held by such CPF agent banks/SRS operators on their behalf should approach their CPF agent banks/SRS operators to submit their votes at least 7 working days before the date of the meeting (i.e. by 5.00 p.m. on 18 October 2021).

6 The Chairman of the Meeting, as proxy, need not be a member of the Company.

7 The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) via the pre-registration website at the URL https://conveneagm.sg/aslmarine in electronic format;

(b) if submitted by post, be deposited at the Company's registered office at 19 Pandan Road, Singapore 609271; or

(c) if submitted electronically via email, be submitted to the Company's Share Registrar, M & C Services Private Limited, at gpb@mncsingapore.com,

in either case, by 2.00 p.m. on 25 October 2021 (being not less than 72 hours before the time appointed for the holding of the Twenty-First Annual General Meeting).

In view of the current COVID-19 situation, the Company strongly encourages members to submit completed proxy forms electronically.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 22 September 2021

The following information relating to Mr Ang Kok Tian, Mr Ang Ah Nui and Mr Tan Sek Khee, each of whom is standing for re-election as a director at the Annual General Meeting of ASL Marine Holdings Ltd. on 28 October 2021, is provided pursuant to Rule 720(6) of the Listing Manual of the SGX-ST:

Name of Director	**Ang Kok Tian**	**Ang Ah Nui**	**Tan Sek Khee**
Date of first appointment as a director	04/10/2000	04/10/2000	01/01/2014
Date of last re-appointment (if applicable)	12/11/2002	30/10/2019	30/10/2019
Age	60	58	65
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation from the Nominating Committee based on Mr Ang's experience, skills and the assessment on his overall contribution and performance, is of the view that Mr Ang is suitable for re-election and will continue to contribute to the Board.	The Board, having considered the recommendation from the Nominating Committee based on Mr Ang's experience, skills and the assessment on his overall contribution and performance, is of the view that Mr Ang is suitable for re-election and will continue to contribute to the Board.	The Board, having considered the recommendation from the Nominating Committee based on Mr Tan's experience, skills and qualification and the assessment on his overall contribution and performance, is of the view that Mr Tan is suitable for re-election and will continue to contribute to the Board.
Whether the appointment is executive, and if so, the area of responsibility	Executive Responsible for the Group's business strategies and direction, corporate plans and policies as well as the overall management, development, operations, finance and treasury functions of the Group. Also in charge of the Group's shipbuilding division and dredge engineering business	Executive Jointly responsible for the Group's business strategies and direction, corporate plans and policies and the management of the Group's shipchartering, shiprepair and conversion business	Non-executive
Job title	Chairman, Managing Director and Chief Executive Officer	Deputy Managing Director	Independent Non-executive Director Chairman of Remuneration Committee Member of Audit and Nominating Committees

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 22 September 2021

Name of Director	**Ang Kok Tian**	**Ang Ah Nui**	**Tan Sek Khee**
Professional qualifications	Bachelor of Science from the National University of Singapore	–	Bachelor of Commerce from Nanyang University, Singapore
Working experience and occupation(s) during the past 10 years	2000 to present Managing Director of ASL Marine Holdings Ltd.	2000 to present Deputy Managing Director of ASL Marine Holdings Ltd. 2012 to present Non-executive Director of Koon Holdings Limited*	2010 to present Director of Great Asia Holding Pte. Ltd. 2000 to 2019 Director of PT. Indo Asia Tirta Manunggal 2011 to 2018 Non-executive Director of Europtronic Group Ltd 2013 to present Non-executive Director and Chairman of Remuneration Committee of Ying Li International Real Estate Limited, a company listed on the SGX 2014 to present Non-executive Director and Chairman of Remuneration Committee of ASL Marine Holdings Ltd.
Shareholding interest in ASL Marine Holdings Ltd. and its subsidiaries	(1) 88,214,300 ordinary shares in ASL Marine Holdings Ltd. (direct interest) (2) 335,065,050 ordinary shares in ASL Marine Holdings Ltd. (deemed interest) (3) 44,106,400 warrants over ordinary shares in ASL Marine Holdings Ltd. (direct interest) (4) 167,415,075 warrants over ordinary shares in ASL Marine Holdings Ltd. (deemed interest) Mr Ang is deemed to have interests in the shares of the subsidiaries of ASL Marine Holdings Ltd.	(1) 30,660,000 ordinary shares in ASL Marine Holdings Ltd. (direct interest) (2) 392,619,350 ordinary shares in ASL Marine Holdings Ltd. (deemed interest) (3) 15,330,000 warrants over ordinary shares in ASL Marine Holdings Ltd. (direct interest) (4) 196,191,475 warrants over ordinary shares in ASL Marine Holdings Ltd. (deemed interest) Mr Ang is deemed to have interests in the shares of the subsidiaries of ASL Marine Holdings Ltd.	No

* Delisted from the Australian Stock exchange on 6 September 2021 and SGX-ST on 22 September 2021.

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
Any relationship (including immediate family relationships) with any existing director, existing executive officer, ASL Marine Holdings Ltd. and/or substantial shareholder of ASL Marine Holdings Ltd. or of any of its principal subsidiaries	Brother of Ang Ah Nui and Ang Kok Leong, both of whom are Directors and substantial shareholders of ASL Marine Holdings Ltd. Son of Ang Sin Liu and brother of Ang Kok Eng and Ang Swee Kuan, all of whom are substantial shareholders of ASL Marine Holdings Ltd.	Brother of Ang Kok Tian and Ang Kok Leong, both of whom are Directors and substantial shareholders of ASL Marine Holdings Ltd. Son of Ang Sin Liu and brother of Ang Kok Eng and Ang Swee Kuan, all of whom are substantial shareholders of ASL Marine Holdings Ltd.	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to ASL Marine Holdings Ltd.	Yes	Yes	Yes
Other principal commitments including directorships Past (for the last 5 years) Present	Present (Directorships) ASL Triaksa Offshore Pte. Ltd. ASL Leo Pte. Ltd. ASL Marine Contractor Pte. Ltd. ASL Maritime Services Pte. Ltd. ASL Offshore & Marine Pte. Ltd. ASL Project Logistics Pte. Ltd. ASL Shipyard Pte Ltd ASL Towage & Salvage Pte. Ltd. Capitol Aquaria Pte. Ltd. Capitol Logistics Pte. Ltd. Capitol Marine Pte Ltd Capitol Navigation Pte. Ltd.	Present (Directorships) Ang Sin Liu Construction (Pte) Ltd. ASL Triaksa Offshore Pte. Ltd. ASL Leo Pte. Ltd. ASL Marine Contractor Pte. Ltd. ASL Maritime Services Pte. Ltd. ASL Offshore & Marine Pte. Ltd. ASL Project Logistics Pte. Ltd. ASL Shipyard Pte Ltd ASL Towage & Salvage Pte. Ltd. Capitol Aquaria Pte. Ltd. Capitol Logistics Pte. Ltd. Capitol Marine Pte Ltd Capitol Navigation Pte. Ltd.	Present (Directorships) FMT (Thailand) Co., Ltd Great Asia Holding Pte. Ltd. Media Access (S) Pte. Ltd. PT. Timur Raya Tunggal Shanghai Chemlink Pte Ltd Ying Li International Real Estate Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 22 September 2021

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
	Present (Directorships) Capitol Oceans Pte. Ltd. Capitol Offshore Pte Ltd Capitol Shipping Pte Ltd Capitol Tug & Barge Pte Ltd Capitol Workboats Pte. Ltd. Harmony PSV Pte. Ltd. Hongda Investment Pte. Ltd. Intan Maritime Investments Pte. Ltd. Intan Oceans Pte. Ltd. Intan Offshore Pte. Ltd. Intan OSV Pte. Ltd. Intan Overseas Investments Pte. Ltd. Intan Scorpio Pte. Ltd. Intan Synergy Pte. Ltd. Leo Dynamische Investering B.V. Lightmode Pte Ltd Pei Hwa Foundation Limited PT. Awak Samudera Transportasi PT. Capitol Nusantara Indonesia Tbk Sindo-Econ Pte. Ltd. (in liquidation) Singa Tenaga Investments Pte. Ltd. VOSTA LMG B.V. VOSTA LMG Components & Services B.V. VOSTA LMG Design GmbH	Present (Directorships) Capitol Oceans Pte. Ltd. Capitol Offshore Pte Ltd Capitol Shipping Pte Ltd Capitol Tug & Barge Pte Ltd Capitol Workboats Pte. Ltd. Harmony PSV Pte. Ltd. Hongda Investment Pte. Ltd. Intan Maritime Investments Pte. Ltd. Intan Oceans Pte. Ltd. Intan Offshore Pte. Ltd. Intan OSV Pte. Ltd. Intan Overseas Investments Pte. Ltd. Intan Scorpio Pte. Ltd. Intan Synergy Pte. Ltd. Leo Dynamische Investering B.V. Koon Holdings Limited Lightmode Pte Ltd Petra I Pte. Ltd. (in liquidation) PT. ASL Shipyard Indonesia PT. Awak Samudera Transportasi PT. Capitol Nusantara Indonesia Tbk PT. Cemara Intan Shipyard PT Sindomas Precas PT. Sukses Shipyard Indonesia Reem Island Pte. Ltd. (in liquidation) Sindo-Econ Pte. Ltd. (in liquidation)	Past (Directorships) Europtronic Group Ltd Scientech Asia Pte Ltd (struck off)

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
	Present (Directorships) VOSTA LMG (Asia Pacific) Pte. Ltd. VOSTA LMG (Zhuhai) Ltd. VOSTA LMG International B.V. VOSTA LMG Manufacturing Ltd. Present (Commissioner) PT. ASL Shipyard Indonesia PT. Cemara Intan Shipyard PT. Sukses Shipyard Indonesia Past (Directorships) CFT Netherlands B.V. VOSTA Inc. VOSTA LMG IP & Software B.V. VOSTA LMG Dredges B.V.	Present (Directorships) Singa Tenaga Investments Pte. Ltd. VOSTA LMG (Asia Pacific) Pte. Ltd. VOSTA LMG (Zhuhai) Ltd. VOSTA LMG International B.V. Present (Commissioner) PT. Hafar Capitol Nusantara Past (Directorships) Ang Sin Liu Metals Pte Ltd (Dissolved) CFT Netherlands B.V. Green LCT Pte. Ltd. (struck off) VOSTA LMG Dredges B.V.	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Mr Ang is a director of Sindo-Econ Pte. Ltd., a company incorporated in Singapore, appointed on 13 May 2013 which has been placed in liquidation pursuant to creditors' voluntary winding up since 21 July 2020.	Mr Ang is a director of: (i) Sindo-Econ Pte. Ltd., a company incorporated in Singapore, appointed on 13 May 2013 which has been placed in liquidation pursuant to creditors' voluntary winding up since 21 July 2020; (ii) Reem Island Pte. Ltd., a company incorporated in Singapore, appointed on 22 August 2019, which has been placed in liquidation pursuant to creditors' voluntary winding up since 17 February 2021; (iii) Petra I Pte. Ltd. a company incorporated in Singapore, appointed on 22 August 2019, which has been placed in liquidation pursuant to members' voluntary winding up since 1 February 2021; and (iv) Ang Sin Liu Metals Pte Ltd, a company incorporated in Singapore, appointed on 18 September 1991, which has been dissolved pursuant to members' voluntary winding up since 2 September 2020.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

Name of Director	Ang Kok Tian	Ang Ah Nui	Tan Sek Khee
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

ASL MARINE HOLDINGS LTD.
(Incorporated In The Republic Of Singapore)
Company Registration No. 200008542N

PROXY FORM

This proxy form has been made available on SGXNet and the Company's website at the URL https://aslmarine.listedcompany.com/home.html

A printed copy of this proxy form will not be despatched to members.

IMPORTANT
1 The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM dated 13 October 2021 will be sent to members by electronic means via publication on SGXNet and the Company's website at the URL https://aslmarine.listedcompany.com/home.html.
2 Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's Letter to Shareholders dated 13 October 2021. This letter may be accessed at SGXNet and the Company's website at the URL https://aslmarine.listedcompany.com/home.html.
3 A member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM.
4 Please read the notes which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.
5 CPF/SRS investors who wish to vote at the AGM should approach their CPF agent banks/SRS operators to submit their votes at least 7 working days before the date of the meeting (i.e. by 5.00 p.m. on 18 October 2021).
6 By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 October 2021.

I/We ____________________ (Name), NRIC/Passport/Co. Reg. No. ____________
of ______________________________ (Address)
being a member/members of ASL Marine Holdings Ltd. (the "Company") hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Twenty-First Annual General Meeting (the "AGM") of the Company to be held by way of electronic means on Thursday, 28 October 2021 at 2.00 p.m. and at any adjournment thereof.

I/We direct the Chairman of the Meeting to vote for or against, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions	For	Against	Abstain
	Ordinary Business			
1	Adoption of directors' statement and audited financial statements			
2	Approval of directors' fees for the year ending 30 June 2022			
3	Re-election of Mr Ang Kok Tian as director			
4	Re-election of Mr Ang Ah Nui as director			
5	Re-election of Mr Tan Sek Khee as director			
6	Re-appointment of Ernst & Young LLP as auditors and authorisation to directors to fix their remuneration			
	Special Business			
7	Authority to issue shares pursuant to the share issue mandate			
8	Authority to renew the share purchase mandate			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" or a "√" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" or a "√" in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the "Abstain" box provided in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this ______ day of ____________ 2021

Total Number of Ordinary Shares Held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes

1 If the member has shares entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2 A member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed on SGXNet and the Company's website at the URL https://aslmarine.listedcompany.com/home.html.

3 Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4 CPF/SRS investors who hold shares through CPF agent banks/SRS operators and who wish to request their CPF agent banks/SRS operators to appoint the Chairman of the Meeting as their proxy in respect of the shares held by such CPF agent banks/SRS operators on their behalf should approach their CPF agent banks/SRS operators to submit their votes at least 7 working days before the date of the meeting (i.e. by 5.00 p.m. on 18 October 2021).

5 The Chairman of the Meeting, as proxy, need not be a member of the Company.

6 The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) via the pre-registration website at the URL https://conveneagm.sg/aslmarine in electronic format;

(b) if submitted by post, be deposited at the Company's registered office at 19 Pandan Road, Singapore 609271; or

(c) if submitted electronically via email, be submitted to the Company's Share Registrar, M & C Services Private Limited, at gpb@mncsingapore.com,

in either case, by 2.00 p.m. on 25 October 2021 (being not less than 72 hours before the time appointed for the holding of the AGM).

In view of the current COVID-19 situation, the Company strongly encourages members to submit completed proxy forms electronically.

7 In the case of submission of the proxy form other than via the pre-registration website at the URL https://conveneagm.sg/aslmarine, the instrument appointing the Chairman of the Meeting as proxy must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised.

8 Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of a member 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, failing which the instrument may be treated as invalid.

9 The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as provided by The Central Depository (Pte) Limited to the Company.

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CORPORATE **INFORMATION**

Board of Directors

<u>Executive Directors</u>
Ang Kok Tian
(Chairman, Managing Director and CEO)
Ang Ah Nui
(Deputy Managing Director)
Ang Kok Leong

<u>Non-Executive and Independent Directors</u>
Andre Yeap Poh Leong
Tan Huay Lim *(Lead Independent Director)*
Tan Sek Khee

Audit Committee

Tan Huay Lim *(Chairman)*
Andre Yeap Poh Leong
Tan Sek Khee

Nominating Committee

Andre Yeap Poh Leong *(Chairman)*
Tan Huay Lim
Tan Sek Khee

Remuneration Committee

Tan Sek Khee *(Chairman)*
Andre Yeap Poh Leong
Tan Huay Lim

Company Secretary

Koh Kai Kheng Irene

Investor Relations

ASL Marine Holdings Ltd.
ir@aslmarine.com

Registered Office

19 Pandan Road
Singapore 609271
Telephone: (65) 6264 3833
Facsimile: (65) 6268 0274
Email: corporate@aslmarine.com
Website: www.aslmarine.com

Incorporation Data

Place of Incorporation: Singapore
Date of Incorporation:4 October 2000
Co. Reg. No. 200008542N

Share Listing

ASL Marine Holdings Ltd.'s shares are listed and traded on the Main Board of the Singapore Exchange Securities Trading Limited since March 2003

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Telephone: (65) 6227 6660
Facsimile: (65) 6225 1452

Auditors

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-In-Charge: Andrew Tan Chwee Peng
(appointed since the financial year
ended 30 June 2020)

Principal Bankers

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

ASL Marine

ASL MARINE HOLDINGS LTD.
Company Registration No. 200008542N

19 Pandan Road Singapore 609271
Tel: (65) 6264 3833, Fax: (65) 6268 0274
www.aslmarine.com