



**MOVING AHEAD**  
**EMBRACING**  
**CHALLENGES**

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ANNUAL REPORT 2022

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## 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 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 2022, it has a vessel fleet of 229, providing shipchartering services to various industries, including marine infrastructure and construction, dredging, land reclamation and cargoes transportation. ASL Marine added VOSTA LMG International B.V. and several related subsidiaries (the "VOSTA LMG") in 2012. The VOSTA LMG 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,**

COVID-19 pandemic and geopolitical rivalry continued to linger and present new challenges across the world. In spite of these challenges, I am glad that ASL Marine, as a long-standing business with a history of over 40 years, has stood the test of the time. I would like to express my sincere gratitude to the management and staff for their tremendous efforts and valuable contribution amid these trying times. My appreciation also goes to our business partners, banks and stakeholders for their trust in us, and to our board of directors for their valuable advice over the past years. I look forward your partnership with us on charting our pathways to new growth areas anchored in environmental sustainability.

**ANG SIN LIU**  
*Founder and Advisor*

# CHAIRMAN'S MESSAGE



**ANG KOK TIAN**  
*Chairman,  
Managing Director and CEO*

## DEAR SHAREHOLDERS,

As most countries adopt the “Living with COVID” policy, life has gradually returned to normality. The COVID-19 pandemic and Russia’s invasion of Ukraine resulted in great disruption in supply chain logistics which brought about inflation globally. The surge in energy prices, rising cost of raw materials and commodities, escalating labor costs due to labor shortage, as well as higher interest rates, have caused significant increase in the cost of doing business. The Group has been sandwiched between a higher cost of operation and a need for competitive pricing that suppress operating margins.

The Group’s revenue for full financial year ended 30 June 2022 (“FY2022”) was \$42.6 million (22.1%) higher as compared to the previous corresponding

year, on the back of higher revenue from all three business segments, namely shipbuilding, shiprepair and conversion as well as shipchartering. A lower loss before tax of \$31.8 million was recorded (FY2021: \$40.6 million) mainly attributed to reversal of prior years’ accumulated impairment losses on the Offshore Support Vessels (“OSVs”).

The Group’s earnings before interest, tax, depreciation, amortization, impairments and other non-cash flow items decreased by \$9.2 million (19.1%) to \$39.0 million in FY2022. However 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 Group's shipbuilding revenue increased by 1.5% to \$25.0 million in FY2022 mainly attributed to progressive recognition of 2 units of high-value oil spill recovery barges as well as delivery and completion of 3 barges, including 2 units of Eco-Ark ® Floating Fish Farms. The new shipbuilding market has been highly competitive, which weighed on margins.

As at 30 June 2022, the Group had an outstanding shipbuilding order book from external customers of approximately \$35 million for 3 vessels with progressive deliveries up to 2H FY2024. Subsequent to 30 June 2022, the Group secured additional shipbuilding contracts for 13 barges worth \$24 million, all of which is expected to be recognised in FY2023. We continue to focus on securing orders of standardized vessels like tugs, barges, tankers and dredgers which have shorter delivery cycles and are less capital intensive and to exercise caution with our review of customers based on their creditworthiness.

### SHIPREPAIR, CONVERSION AND ENGINEERING SERVICES

Our shipyard facilities and resources, strong capabilities, track record and client network in the shiprepair and conversion business is our anchorage in the current difficult business environment. The revenue from this segment increased by 32.9% to \$110.4 million in FY2022 mainly due to more high value shiprepair jobs undertaken during the financial year, with gross profit increased to \$14.3 million.

The Group is actively expanding its marketing network and engaging international customers. Seaborne transport is essential for international trade and upswing of shipping activities will spur the demand for maintenance and shiprepairs.

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

The Group will continue to improve its operational efficiency and tighten cost control to enhance our competitiveness.

### SHIPCHARTERING

The shipchartering segment registered revenue growth of 17.5% to \$100.2 million, mainly owing to (1) higher utilisation rate of OSVs deployed in Asian Pacific region; (2) contribution from new charter for rock shipment to Bangladesh; and (3) resumption of activities in major local infrastructure projects which were being affected by COVID-19 pandemic in Singapore. Despite higher revenue and lower depreciation charge, a gross loss of \$14.5 million was recorded due to higher operating costs (including fuel and upkeep expenses) in mobilizing vessels deployed in overseas infrastructure projects under towage and contract of affreightment arrangements. The Group experienced continuous pricing pressure under the current macroeconomic environment.

# CHAIRMAN'S MESSAGE

The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Approximately 28% of shipchartering revenue in FY2022 was attributed to long-term chartering contracts (meaning contracts with a duration of more than one year). As at 30 June 2022, the Group had an outstanding ship chartering order book of approximately \$41 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 transshipment sectors in South Asia and South East Asia.

## OUTLOOK AND STRATEGIES

As we gradually return to normality in 2022, there are encouraging signs that the marine service industry is recovering in tandem, barring the adverse impacts that may be caused by a) potential resurgence of COVID-19; b) geopolitical rivalry; c) rising interest rates and d) increase in the prices of energy, raw materials as well as labour costs. Whilst it is difficult to predict the impact of global events on the maritime industry, the overall long-term maritime industry outlook remains sustainable.

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 present. Having said that, the management is closely monitoring the market demands on our core businesses, optimizing our current business processes and strengthening our foothold in the local and global maritime industry. The Group had embarked on leveraging its integrated marine engineering capabilities to explore and expand to new growth areas anchored in environmental sustainability.

## APPRECIATION

I hereby extend my sincere thanks to our shareholders, noteholders, bankers, business partners, staff and management for your unfaltering trust and support, and thank our Board of Directors for their guidance. We believed the Group's unyielding efforts, core competencies, strategies and unwavering commitments will continue to position us well to ride out the downturn cycle, against the backdrop of inflationary environment, rising interest rate and heightened geopolitical tension amongst the global powers.

## 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 shipyards in Singapore and Indonesia (Batam), on a combined land areas of approximately 82 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 vessels including, Eco-Ark @ Floating Fish Farms, Terminal Escort Tug, tanker, and barges.

### SHIPREPAIR, CONVERSION AND ENGINEERING SERVICES



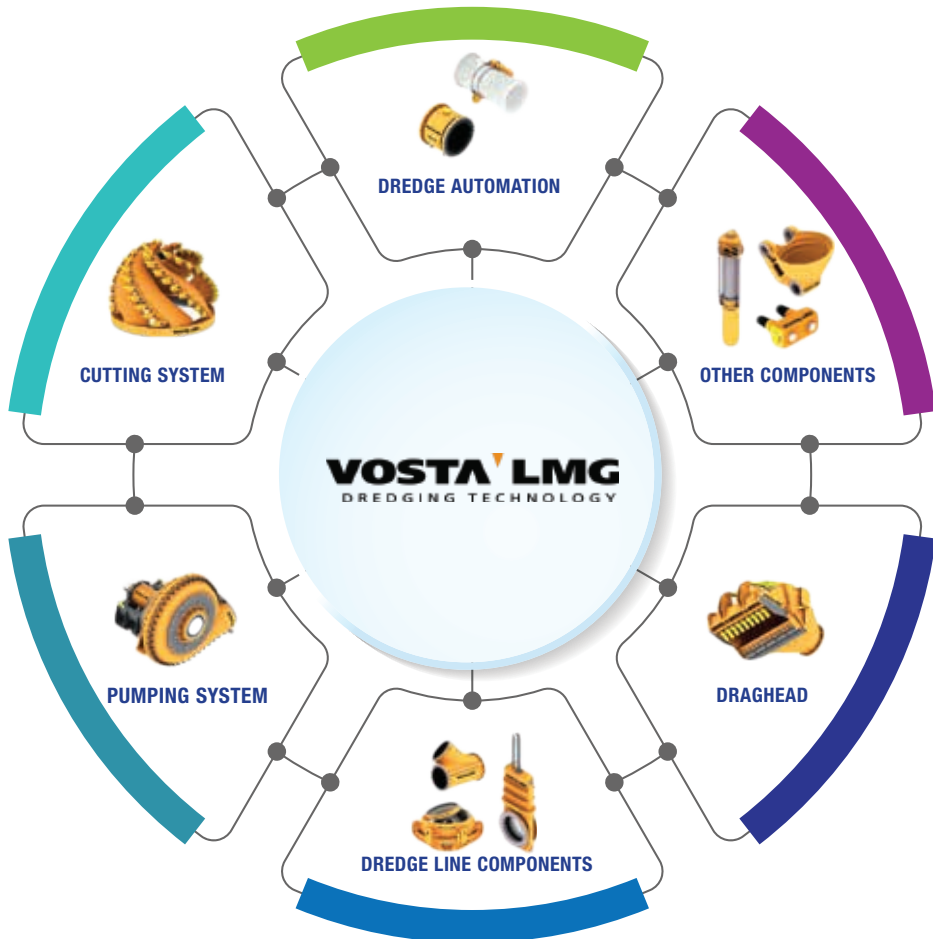
The Group provides a comprehensive range of repair and conversion services in its shipyards. The shipyard in Batam is situated on a fully developed land parcel of 46 hectares, with a berthing space of 4,000 metres, three graving docks (of combined dry-docking capacity of more than 300,000 tonne deadweight), 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, India and Europe. Approximately 46% of the customers are our regular group of customers that have had a business relationship with the Group for a few years.

# BUSINESS OVERVIEW

## SHIPREPAIR, CONVERSION AND ENGINEERING SERVICES (CONT'D)

VOSTA LMG 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 is specialized in developing and manufacturing dredging components as well as providing complete dredging engineering solutions. VOSTA LMG's global presence and 140-year-plus 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 and crane barges, split hopper barges, workboats, grab dredgers, landing crafts, 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 Vessels	No. of Vessels	Average Useful Life (years)
Tugs	63	11
Flat Top Barges	109	10
Split Hopper Barges	23	8
Workboats	10	11
Grab Dredgers	7	13
Landing Crafts	3	13
Chemical Tankers	2	12
AHT/AHTS	12	9
<b>Overall</b>	<b>229</b>	<b>10</b>

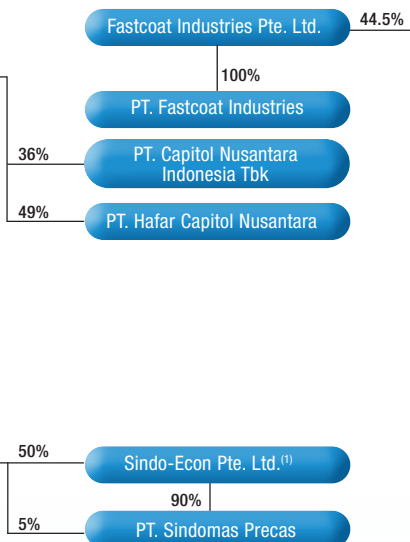
# GROUP STRUCTURE

As at 30 June 2022

## ASL MARINE HOLDINGS LTD.



## JOINT VENTURES AND ASSOCIATES



## ENGINEERING



**Note:**

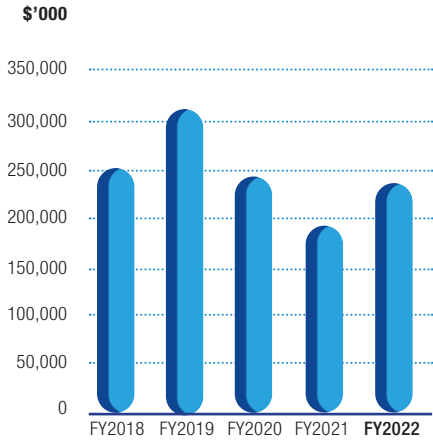
(1) Commenced creditors' voluntary winding up and has since been dormant.

# FINANCIAL SUMMARY

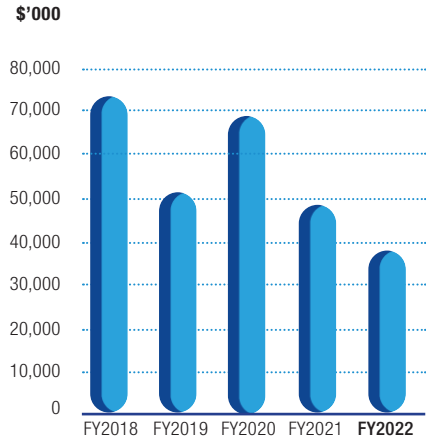
	FY2022	FY2021	FY2020	FY2019	FY2018
<b>For The Year (\$'000)</b>					
Revenue	<b>235,556</b>	192,960	243,637	312,882	252,988
Gross profit/(loss)	<b>(125)</b>	(1,214)	12,668	14,359	15,650
Earnings before interest, tax, depreciation, amortisation and other items* ("EBITDA")	<b>38,964</b>	48,173	68,954	51,541	73,437
Loss before tax	<b>(31,810)</b>	(40,609)	(21,259)	(141,679)	(69,582)
Loss attributable to owners of the Company	<b>(32,273)</b>	(35,015)	(23,633)	(141,027)	(71,361)
Operating cash flow	<b>55,404</b>	45,828	41,037	63,361	87,019
<b>At Year End (\$'000)</b>					
Total assets	<b>583,963</b>	608,479	681,093	746,065	1,046,039
Total liabilities	<b>516,208</b>	511,108	547,714	592,273	742,369
Total equity	<b>67,755</b>	97,371	133,379	153,792	303,670
Property, plant & equipment	<b>375,228</b>	395,623	443,928	490,244	577,087
Cash and bank balances	<b>22,072</b>	26,533	35,165	15,395	28,609
Borrowings	<b>308,916</b>	328,625	359,620	363,135	502,108
Shareholders' funds	<b>68,583</b>	98,168	132,427	156,956	302,004
<b>Per Share (cents)</b>					
Basic earnings per share	<b>(5.12)</b>	(5.56)	(3.76)	(22.41)	(11.34)
Net assets per share	<b>10.88</b>	15.57	21.04	24.94	47.99
<b>Financial Ratios</b>					
Gross Margin (%)	<b>(0.05)</b>	(0.63)	5.20	4.59	6.19
Net loss margin (%)	<b>(13.7)</b>	(18.1)	(9.7)	(45.1)	(28.2)
Return on equity (%)	<b>(47.6)</b>	(36.0)	(17.7)	(91.7)	(23.5)
Net gearing ratio (times)	<b>4.18</b>	3.08	2.45	2.22	1.57
<b>Number Of Vessels</b>	<b>229</b>	235	232	252	248

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

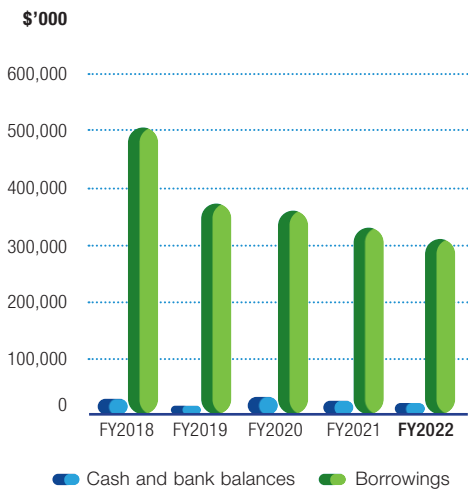
### Revenue



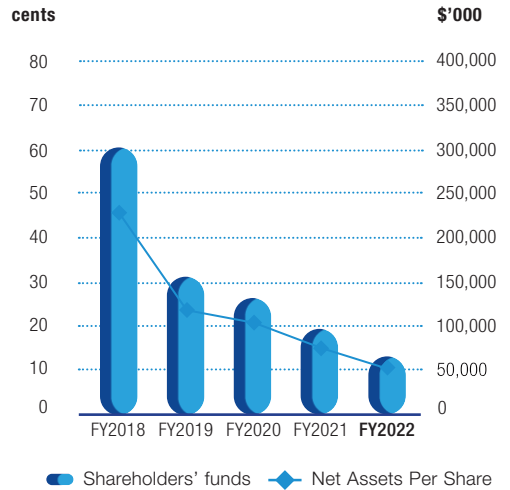
### EBITDA



### Cash and Bank Balances vs Borrowings



### Net Assets Per Share vs Shareholders' Funds



# FINANCIAL YEAR REVIEW

## CONSOLIDATED INCOME STATEMENT

	FY2022	FY2021	
	\$'000	\$'000	%
<b>1 Revenue</b>	<b>235,556</b>	<b>192,960</b>	<b>22.1</b>
Cost of sales	(235,681)	(194,174)	21.4
<b>2 Gross loss</b>	<b>(125)</b>	<b>(1,214)</b>	<b>(89.7)</b>
Other operating income	11,569	12,102	(4.4)
Administrative expenses	(17,135)	(17,031)	0.6
<b>3 Other operating expenses</b>	<b>(588)</b>	<b>(12,795)</b>	<b>(95.4)</b>
Finance costs	(23,883)	(24,519)	(2.6)
<b>4 (Impairment losses)/reversal of impairment losses on financial assets</b>	<b>(1,502)</b>	<b>4,625</b>	<b>Nm</b>
<b>5 Share of results of joint ventures and associates</b>	<b>(146)</b>	<b>(1,777)</b>	<b>(91.8)</b>
<b>Loss before tax</b>	<b>(31,810)</b>	<b>(40,609)</b>	<b>(21.7)</b>
<b>6 Income tax (expense)/credit</b>	<b>(385)</b>	<b>3,710</b>	<b>Nm</b>
<b>Loss for the year</b>	<b>(32,195)</b>	<b>(36,899)</b>	<b>(12.7)</b>
<b>Attributable to:</b>			
Owners of the Company	(32,273)	(35,015)	(7.8)
Non-controlling interests	78	(1,884)	Nm
	<b>(32,195)</b>	<b>(36,899)</b>	<b>(12.7)</b>

### 1 Increase in Revenue

Higher revenue from all three business segments, namely shipbuilding ("SB"), shiprepair, conversion & engineering ("SR") and ship chartering ("SC"). SR revenue increased by \$27.3 million due to more high value SR jobs undertaken during the year. SC revenue increased by \$14.9 million mainly due to higher utilisation of OSV, contribution from new charter for rock shipment to Bangladesh and full resumption of activities in major local infrastructure projects which were being affected by COVID-19 pandemic in Singapore.

### 2 Decrease in Gross Loss

In line with increase in revenue, a lower gross loss and improvement in margin was recorded.

### 3 Decrease in Other Operating Expenses

Absence of impairment losses on non-financial assets (inventories and vessels), foreign exchange loss and contract-related settlements recorded in FY2021.

### 4 (Impairment Losses)/Reversal of Impairment Losses on Financial Assets

FY2022 Impairment mainly pertained to impairment on trade receivables of \$4.3 million partially offset by reversal of impairment on amount due from joint ventures and associates of \$2.6 million.

### 5 Share of Results of Joint Ventures and Associates

Lower share of losses recorded by one of associates due to higher charters earnings recorded during the financial year.

### 6 Income Tax (Expense)/Credit

Tax credit in prior year arose from utilization of deferred tax assets previously not recognised where tax losses from certain subsidiaries had been utilized under group tax relief.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	FY2022	FY2021	
	\$'000	\$'000	%
<b>Non-current assets</b>			
1 Property, plant and equipment	375,228	395,623	(5.2)
Right-of-use assets	8,856	10,780	(17.8)
Investment in joint ventures and associates	2,116	2,083	1.6
2 Intangible assets	–	1,991	(100.0)
3 Finance lease receivables	4,580	6,441	(28.9)
<b>Total non-current assets</b>	<b>390,780</b>	<b>416,918</b>	<b>(6.3)</b>
<b>Current assets</b>			
4 Inventories	89,721	82,668	8.5
5 Contract assets	21,121	20,636	2.4
6 Trade and other receivables	51,528	55,744	(7.6)
Prepayments	3,660	3,779	(3.1)
3 Finance lease receivables	5,080	2,201	130.8
Derivative financial instruments	1	–	Nm
7 Cash and bank balances	22,072	26,533	(16.8)
<b>Total current assets</b>	<b>193,183</b>	<b>191,561</b>	<b>0.8</b>
<b>Current liabilities</b>			
8 Trade and other payables	149,436	124,338	20.2
5 Contract liabilities	25,883	15,701	64.8
9 Trust receipts	8,767	5,991	46.3
9 Interest-bearing loans and borrowings	37,364	37,620	(0.7)
Lease liabilities	1,658	2,069	(19.9)
Derivative financial instruments	1	–	Nm
Income tax payables	7,595	6,451	17.7
<b>Total current liabilities</b>	<b>230,704</b>	<b>192,170</b>	<b>20.1</b>
<b>Net current liabilities</b>	<b>(37,521)</b>	<b>(609)</b>	<b>NM</b>
<b>Non-current liabilities</b>			
Amount due to joint ventures and associates	1,494	1,280	16.7
Other liabilities	2,524	3,381	(25.3)
5 Contract liabilities	8,144	15,246	(46.6)
9 Interest-bearing loans and borrowings	262,785	285,014	(7.8)
Lease liabilities	3,635	5,387	(32.5)
Deferred tax liabilities	6,922	8,630	(19.8)
<b>Total non-current liabilities</b>	<b>285,504</b>	<b>318,938</b>	<b>(10.5)</b>
<b>Net assets</b>	<b>67,755</b>	<b>97,371</b>	<b>(30.4)</b>
<b>Equity attributable to owners of the Company</b>			
Share capital	108,140	108,133	0.0
Treasury shares	(923)	(923)	–
Reserves	(38,634)	(9,042)	327.3
	<b>68,583</b>	<b>98,168</b>	<b>(30.1)</b>
<b>Non-controlling interests</b>	<b>(828)</b>	<b>(797)</b>	<b>3.9</b>
<b>Total equity</b>	<b>67,755</b>	<b>97,371</b>	<b>(30.4)</b>

### 1 Decrease in Property, Plant & Equipment

Due to depreciation charge, partially offset by additions during the year.

### 2 Decrease in Intangible assets

Pertained to impairment of patented technology of VOSTA LMG Group made during the year.

### 3 Finance Lease Receivables

An overall increase was due to additional charter agreements of vessels entered, where ownership of vessels will be transferred to lessees at end of lease terms at a nominal value.

### 4 Increase in Inventories

Mainly due to vessels acquired which resulted from settlement-in-kind for debts owing to the Group and increase in fuel on board of vessels.

### 5 Increase in Net Contract Liabilities

Mainly attributable to milestone billing for a new shipbuilding project secured.

### 6 Decrease in Trade and Other Receivables

Mainly attributable to lower receivables from shiprepair segment at year end.

### 7 Decrease in Cash and Bank Balances

Mainly due to net repayment of interest-bearing loans and borrowings and interest paid as well as net acquisition of property, plant and equipment, partially offset by net cash inflow from operating activities.

### 8 Increase in Trade and Other Payables

Higher payables owing to suppliers and subcontractors with the pick-up of shipchartering and shiprepair activities during the year.

### 9 Decrease in Interest-bearing Loans and Borrowings

Total borrowings decreased by \$19.7 million (6.0%) mainly due to net repayment of interest-bearing loans and borrowings, partially offset by higher net proceeds of trust receipts and the accretion of interests on bank loans and bonds measured at fair value.

# OPERATIONS AND FINANCIAL REVIEW

The Group recorded a 22.1% year-on-year (“yoy”) rise in revenue to \$235.6 million in FY2022, on the back of higher revenue from all three business segments, namely shipbuilding, shiprepair and conversion as well as shipchartering. Loss before tax of \$31.8 million in FY2022 was lower mainly attributable to absence of impairment losses on non-financial assets including inventories and vessels, foreign exchange loss and contract-related settlements recorded in FY2021, partially offset by higher impairment losses on receivables.

## SHIPBUILDING

The Group’s shipbuilding revenue marginally by 1.5% yoy to \$25.0 million in FY2022 marginally. The lower gross margin of 0.3% in FY2022, as compared to 3.3% in FY2021, was mainly attributed to costs overrun on the construction of existing barges, which are due for completion in the first quarter of next financial year.

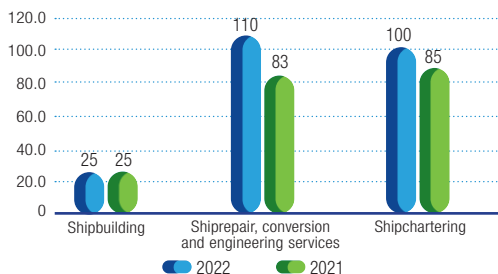
## SHIPREPAIR, CONVERSION AND ENGINEERING SERVICES

Revenue from the Group’s shiprepair, conversion and engineering services operations increased by 32.9% yoy to \$110.4 million in FY2022, mainly due to more high value shiprepair jobs undertaken during the financial year. The lower revenue in last financial year was affected by COVID-19 pandemic. In line with increase in revenue, the gross profit increased by 10.6% yoy to \$14.3 million in FY2022. The Gross profit margin however was lower at 12.9% in FY2022, mainly due to low margin derived from certain high value projects. The higher gross margin of 15.6% in FY2021 was attributed to closure and recognition of prior years’ projects from certain customers.

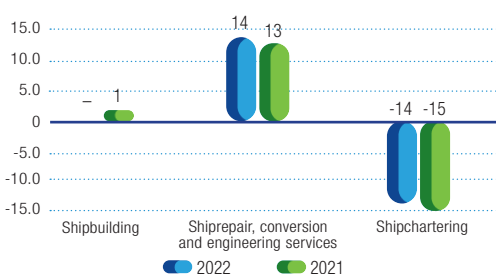
## SHIPCHARTERING

The overall utilisation rate of chartering fleet increased from 40% in FY2021 to 54% in FY2022. The Group’s shipchartering segment recorded 17.5% yoy increase in revenue to \$100.2 million in FY2022 mainly due to (1) higher utilisation rate of OSV due to deployment in Asian Pacific region; (2) contribution from new charter for rock shipment to Bangladesh; and (3) resumption of activities in major local infrastructure projects which were being affected by COVID-19 pandemic in Singapore. Despite higher revenue and lower depreciation charge, gross loss of \$14.5 million was recorded in FY2022 due to higher operating costs including fuel and upkeep expenses in mobilizing vessels deployed in overseas infrastructure projects under towage and contract of affreightment arrangements. The Group experienced continuous pricing pressure under the current economic environment.

Revenue (\$'million)



Gross Profit (\$'million)





During the current financial year, the Group conducted an operational review and assessment of the residual value of its fleet of vessels. With effect from 1 July 2021, the depreciation of vessels owned by the Group has been adjusted to take into account the residual value of its vessels. Accordingly, the ship chartering segment recorded a lower depreciation charge of \$32.9 million in FY2022 (FY2021: \$41.7 million).

### **ADMINISTRATIVE EXPENSES**

The Group's administrative expenses increased marginally by \$0.1 million to \$17.1 million in FY2022.

### **OTHER OPERATING INCOME**

Other operating income for the Group declined by 4.4% yoy to \$11.6 million in FY2022 mainly due to lower gain on the disposal of plant and equipment and government grants received partially offset by a net reversal of impairment losses on non-financial assets.

The net reversal of impairment losses on non-financial assets of \$2.0 million comprised (1) write-back of impairment of \$3.6 million on the Group's chartering fleet of vessels, based on fair market value assessed by independent professional valuers; and (2) impairment loss of \$1.6 million on the Group's patented technology, based on recoverable amount determined from value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

### **OTHER OPERATING EXPENSES**

Other operating expenses of \$0.6 million in FY2022 (FY2021: \$12.8 million) comprised mainly of a barge written off due to total loss. The lower other operating expenses in FY2022 was mainly due to absence of (1) impairment losses on non-financial assets including inventories and vessels, (2) foreign exchange loss and (3) contract-related settlements recorded in FY2021.

### **IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

The Group recorded impairment losses on financial assets of \$1.5 million (net) in FY2022 (FY2021: reversal of impairment losses of \$4.6 million (net)), which mainly pertained to impairment on trade receivables of \$4.3 million, partially offset by reversal of impairment on amount due from joint ventures and associates of \$2.6 million.

The trade receivables were impaired based on expected credit loss model and specific impairment made on certain debts where recovery is uncertain. Whereas, the reversal of impairment on amount due from joint ventures and associates arose from a) progressive settlement of debts; and b) reversal of prior year's impairment made in view of certainty of recoverability.

### **FINANCE COSTS**

Finance cost decreased marginally by \$0.6 million (2.6%) to \$23.9 million in FY2022 mainly due to higher interest expenses incurred in last financial year, brought about by the 6 months deferral of principal repayment for the period July 2020 to December 2020 in FY2021 granted by major lenders of the Group.

# OPERATIONS AND FINANCIAL REVIEW

## SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

The Group's share of results of joint venture and associates comprised the share of losses of \$0.1 million (FY2021: \$2.0 million) incurred by one of its associates, PT Hafar Capitol Nusantara ("PT Hafar"). The reduction in losses was mainly due to higher charter earnings recorded during the financial year.

## INTEREST-BEARING LOANS AND BORROWINGS

As at 30 June 2022, the Group's carrying value of total borrowings were as follows:

Group (\$' million)	Carrying Value		Face Value	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<b>Current</b>				
<b>Bonds</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
<b>Trust receipts</b>	<b>8.8</b>	<b>6.0</b>	<b>8.8</b>	<b>6.0</b>
<b>Term loans</b>				
– vessels loan	9.1	9.2	11.6	11.6
– assets financing	8.5	7.9	9.3	9.1
– working capital	17.9	18.7	18.3	19.2
	<b>35.5</b>	<b>35.8</b>	<b>39.2</b>	<b>39.9</b>
<b>Finance lease liabilities</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
	<b>46.1</b>	<b>43.6</b>	<b>49.8</b>	<b>47.7</b>
<b>Non-current</b>				
<b>Bonds</b>	<b>102.8</b>	<b>95.7</b>	<b>132.0</b>	<b>133.5</b>
<b>Term loans</b>				
– vessels loan	51.7	59.4	57.3	67.3
– assets financing	50.6	57.2	53.0	60.5
– working capital	57.5	72.2	58.0	72.9
	<b>159.8</b>	<b>188.8</b>	<b>168.3</b>	<b>200.7</b>
<b>Finance lease liabilities</b>	<b>0.2</b>	<b>0.5</b>	<b>0.2</b>	<b>0.5</b>
	<b>262.8</b>	<b>285.0</b>	<b>300.5</b>	<b>334.7</b>
<b>Total Borrowings</b>	<b>308.9</b>	<b>328.6</b>	<b>350.3</b>	<b>382.4</b>

## 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 shipyards. Mr AN Ang is also the non-executive director of Koon Holdings Limited.

## 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 the Deputy President of the Tribunal for the Maintenance of Parents. 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.



**DAVID HWANG  
SOO CHIN**  
*Independent Director*

Mr Hwang joined the Board in November 2021.

Mr Hwang brings with him more than 40 years of corporate experience in both manufacturing and property investment/development industries. Over the course of his career, he has held senior management positions and board appointments in various public listed and private companies in Singapore and abroad.

Mr Hwang graduated from the Queensland University in Australia with a Bachelor's Degree in Engineering (Chemical) and a Post-graduate Diploma in Computer Science.



**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



**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 auditors in public accounting firms prior to joining the Group in 2002.

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# 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 2022 (“**FY2022**”) 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.

On 1 November 2021, Mr David Hwang Soo Chin was appointed to the Board as an independent non-executive director. He was also appointed as the Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee, in replacement of Mr Tan Huay Lim who resigned on the same date. Mr David Hwang Soo Chin has prior experience as a director of companies listed on the SGX-ST. On 1 December 2021, Mr David Hwang Soo Chin was appointed to the Board as the lead independent director.

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 1967, the Listing Manual of SGX-ST and the 2018 Code.

# CORPORATE GOVERNANCE REPORT

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 FY2022, 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

# CORPORATE GOVERNANCE REPORT

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 FY2022 are as follows:

## Attendance at Board,

<b>Board Committee and general meetings</b>	<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>	<b>AGM</b>
<b>Total number of meetings held</b>	5	5	2	2	1
<b>Number of meetings attended</b>					
<b>Executive directors</b>					
Ang Kok Tian	5	5*	2*	2*	1
Ang Ah Nui	4	1*	–	–	1
Ang Kok Leong	5	–	–	–	1
<b>Independent directors</b>					
Andre Yeap Poh Leong (Chairman of NC)	5	5	2	2	1
David Hwang Soo Chin# (Chairman of AC)	3	3	–	1	–
Tan Huay Lim^ (Chairman of AC)	2	2	2	1	1
Tan Sek Khee (Chairman of RC)	5	5	2	2	1

\* Attendance by invitation of the respective committee

# Mr David Hwang Soo Chin was appointed as independent director, Chairman of the AC and member of the NC and RC on 1 November 2021. In FY2022 and during the period of Mr David Hwang Soo Chin's appointment as director of the Company, there were 3 meetings of the Board, 3 meetings of the AC and 1 meeting of the RC.

^ Mr Tan Huay Lim resigned as independent director, Chairman of the AC and member of the NC and RC on 1 November 2021. In FY2022 and during the period of Mr Tan Huay Lim's appointment as director of the Company, there were 2 meetings of the Board, 2 meetings of the AC, 2 meetings of the NC and 1 meeting of the RC.

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.

# CORPORATE GOVERNANCE REPORT

## 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 54 and 74, 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 has more than 40 years of corporate experience holding senior management positions for both public listed and private companies in various industries in Singapore, Malaysia, Indonesia, China and Australia. 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.

# CORPORATE GOVERNANCE REPORT

## PROVISION 2.5

### Meeting of independent directors without management

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 David Hwang Soo Chin, 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

# CORPORATE GOVERNANCE REPORT

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 FY2022.

## **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. Currently the NC consists of three directors, namely Mr Andre Yeap Poh Leong (Chairman of the NC), Mr Tan Sek Khee and Mr David Hwang Soo Chin (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. 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.

# 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 Andre Yeap Poh Leong and Mr Ang Kok Leong will be retiring pursuant to Regulation 91 of the Company's Constitution. Both of them, being eligible for re-election, have offered themselves for re-election. Mr David Hwang Soo Chin will cease to hold office at the forthcoming AGM in accordance with Regulation 97 of the Company's Constitution and, being eligible, he has offered himself for re-election.

Save as disclosed in the section on Provision 4.4 below, Mr David Hwang Soo Chin and Mr Andre Yeap Poh Leong do 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 Leong and the other executive directors, 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:

<b>Name of director</b>	<b>Date of first appointment/ last re-election</b>	<b>Current directorships in listed companies</b>	<b>Past directorships in other listed companies (from 1 July 2019 to 30 June 2022)</b>
Ang Kok Tian <i>(Chairman, Managing Director and CEO)</i>	4 October 2000/ 28 October 2021	ASL Marine Holdings Ltd.	Nil
Ang Ah Nui <i>(Deputy Managing Director)</i>	4 October 2000/ 28 October 2021	ASL Marine Holdings Ltd. Koon Holdings Limited <sup>1</sup>	Nil
Ang Kok Leong <i>(Executive Director)</i>	18 October 2002/ 26 November 2020	ASL Marine Holdings Ltd.	Nil

<b>Name of director</b>	<b>Date of first appointment/ last re-election</b>	<b>Current directorships in listed companies</b>	<b>Past directorships in other listed companies (from 1 July 2019 to 30 June 2022)</b>
Andre Yeap Poh Leong (Independent Director)	17 January 2003/ 26 November 2020	ASL Marine Holdings Ltd.	Nil
David Hwang Soo Chin (Lead Independent Director)	1 November 2021	ASL Marine Holdings Ltd.	Singhaiyi Group Ltd <sup>2</sup> LCT Holdings Limited <sup>3</sup>
Tan Sek Khee (Independent Director)	1 January 2014/ 28 October 2021	ASL Marine Holdings Ltd. Ying Li International Real Estate Limited	Nil

<sup>1</sup> Delisted from the Australian Stock Exchange on 6 September 2021 and SGX-ST on 22 September 2021

<sup>2</sup> Delisted from the SGX-ST on 31 January 2022

<sup>3</sup> Delisted from the SGX-ST on 23 December 2020

#### **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.

# CORPORATE GOVERNANCE REPORT

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 David Hwang Soo Chin on independent director Mr Andre Yeap Poh Leong, who has served on the Board for more than 19 years.

The rigorous review and the factors taken into consideration by the NC and the Board to assess and determine Mr Andre Yeap Poh Leong'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 Andre Yeap Poh Leong 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 Andre Yeap Poh Leong would not compromise his independence.

Mr Andre Yeap Poh Leong, 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 Andre Yeap Poh Leong 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. The aggregate amount of fees paid to R&T in FY2022 for legal services provided by other partners of R&T had not exceeded the threshold amount of \$200,000 (which is provided as a general guide in the Practice Guidance), Mr Andre Yeap Poh Leong's interest in R&T is 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 Andre Yeap Poh Leong to be independent.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, 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 Andre Yeap Poh Leong, who will be retiring and offering himself for re-election at the forthcoming AGM, will seek approval for his continued appointment as an independent director under a two-tier shareholders' vote. Mr Andre Yeap Poh Leong's first continued appointment as an independent director was approved under a two-tier shareholders' vote at the 2020 AGM.

The NC and Board have ascertained that Mr Tan Sek Khee, Mr Andre Yeap Poh Leong and Mr David Hwang Soo Chin 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 FY2022, the NC and Board are satisfied with the independence of the Company's independent directors.

# CORPORATE GOVERNANCE REPORT

## 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, in determining if a director is able to and has been adequately carrying out his 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 FY2022.

### Directors' multiple board representations

Pursuant to Section 156(6) of the Companies Act 1967, 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. 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 their duties as directors of the Company. None of the directors hold more than two concurrent directorship in other listed companies. The NC, after taking into account the directors' participation of meetings, has reviewed and is satisfied that all the directors 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 directors of the Company.

The listed company directorships and principal commitments of each director are disclosed under the section on Provision 4.3 in this report. For FY2022, the NC and Board were of the view that no director held a significant number of such directorships and commitments, and were 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 FY2022.

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 FY2022, 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.

# CORPORATE GOVERNANCE REPORT

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. Currently the RC consists of three directors, namely Mr Tan Sek Khee (Chairman of the RC), Mr Andre Yeap Poh Leong and Mr David Hwang Soo Chin, 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 FY2022, 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 FY2022 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 ESOS will expire and lapse on 25 October 2022.

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 FY2022.

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;

# CORPORATE GOVERNANCE REPORT

- 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;
- (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.

# CORPORATE GOVERNANCE REPORT

## 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.

## Remuneration of directors

The breakdown of the directors' remuneration for FY2022, rounded off to the nearest thousand dollars including a breakdown in percentage terms of the components of the remuneration, is set out below:

<b>Name of director</b>	<b>Total remuneration</b>	<b>Salary<sup>1</sup></b>	<b>Other benefits<sup>2</sup></b>	<b>Directors' fees<sup>3</sup></b>	<b>Total</b>
	<b>\$'000</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Payable by the Company:</b>					
<b>Independent directors</b>					
Andre Yeap Poh Leong	66	–	–	100	100
Tan Huay Lim (Resigned on 1 November 2021)	28	–	–	100	100
David Hwang Soo Chin (Appointed on 1 November 2021)	54	–	–	100	100
Tan Sek Khee	66	–	–	100	100
	<u>214</u>				
<b>Payable by subsidiaries:</b>					
<b>Executive directors</b>					
Ang Kok Tian	275	97	3	–	100
Ang Ah Nui	272	93	7	–	100
Ang Kok Leong	230	93	7	–	100
	<u>777</u>				
<b>Total for directors of the Company</b>	<u>991</u>				

<sup>1</sup> Inclusive of employer's Central Provident Fund contributions

<sup>2</sup> Other benefits refer to car benefits

<sup>3</sup> The directors' fees for FY2022 were approved at the 2021 AGM held on 28 October 2021

# CORPORATE GOVERNANCE REPORT

## 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 FY2022 is set out below:

Name of key management personnel	Salary <sup>1</sup> %	Other benefits <sup>2</sup> %	Total %
<b>Payable by subsidiaries:</b>			
<b>Below \$250,000</b>			
Ang Kok Eng	97	3	100
Chia Yew Seng	93	7	100
Koh Kai Kheng	100	–	100
Leong Yow Seng	97	3	100
You Bom Lee	97	3	100
<b>Total remuneration</b>			<b>\$1,016,000</b>

<sup>1</sup> Inclusive of employer's Central Provident Fund contributions

<sup>2</sup> 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 FY2022 is set out below:

Name of employee	Salary <sup>1</sup> %	Other benefits <sup>2</sup> %	Total %
<b>Payable by subsidiaries:</b>			
<b>\$200,000 to below \$300,000</b>			
Ang Kok Eng	97	3	100
<b>\$100,000 to below \$200,000</b>			
Ang Sin Liu	96	4	100

<sup>1</sup> Inclusive of employer's Central Provident Fund contributions

<sup>2</sup> 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 FY2022 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 shareholder 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 FY2022 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;

# CORPORATE GOVERNANCE REPORT

- (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:

### Macro-Economic Risk

The Group's business is sensitive to global economic conditions, which include the potential resurgence of COVID-19 pandemic, geopolitical rivalry, rising interest rates and further inflationary increase in the prices of energy, raw materials, as well as labour and staff costs due to shortages. Global economic downturn and global economic contraction would cause disruptions in demand and supply chains. This will result in disruption in operations and higher operating costs across all segments.

### 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 downturn and contraction. In FY2022, the Group recorded a net impairment loss on financial assets of \$1,502,000 which mainly comprised (a) impairment losses of \$4,056,000 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, partially offset by (b) reversal of impairment losses of \$2,554,000 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.

# CORPORATE GOVERNANCE REPORT

## 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 FY2022,

- (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. Currently the AC consists of three directors, namely, Mr David Hwang Soo Chin (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 David Hwang Soo Chin, who has more than 40 years of corporate experience holding senior management positions for both public listed and private companies in various industries, possesses sufficient accounting and auditing knowledge and financial management expertise 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.

# CORPORATE GOVERNANCE REPORT

## 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 FY2022, 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 170 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 2023, 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.

# CORPORATE GOVERNANCE REPORT

## AC's commentary on significant financial reporting matters

In relation to the Group's financial statements for FY2022, 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 impairment losses of \$1,502,000 on financial assets and a net reversal of impairment losses of \$2,034,000 on non-financial assets as disclosed in Note 27 and Note 24 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 FY2022.

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.

#### Whistle-blowing policy

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.

# CORPORATE GOVERNANCE REPORT

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 FY2022.

## PROVISION 10.5

### Meeting auditors without the management

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 2021 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 (6) of the Companies Act 1967 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.

# CORPORATE GOVERNANCE REPORT

In view of the COVID-19 situation in Singapore, the AGM in respect of FY2021 (“**2021 AGM**”) was convened and held by way of electronic means on 28 October 2021 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 “**COVID-19 Order**”). Alternative arrangements relating to attendance at the 2021 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, were put in place for the 2021 AGM. 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 published minutes of the 2021 AGM on 1 November 2021 within one month after the AGM on SGXNET and the Company’s corporate website.

As a precautionary measure due to the current COVID-19 situation in Singapore and to keep physical interactions and COVID-19 transmission risk to a minimum, the forthcoming 2022 AGM is being convened, and will again be held, by way of electronic means pursuant to the COVID-19 Order. The Company is not providing for physical attendance by shareholders at the 2022 AGM. Details of the steps for pre-registration, submission of questions and voting at the 2022 AGM by shareholders, including CPF and SRS investors, are set out in the Letter to Shareholders which will be announced on SGXNET on 12 October 2022.

## **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 FY2022, 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](http://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

# CORPORATE GOVERNANCE REPORT

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 2022 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 31 October 2022.

#### 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](http://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 2022, or if not then subsisting, entered into since 30 June 2021.

### **Use of Proceeds**

As at 30 June 2022, 1,360,000 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 565,770,713 (30 June 2021: 565,890,713). 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.

# CORPORATE GOVERNANCE REPORT

The Group currently does not have a general mandate from shareholders for interested person transactions. 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 FY2022.

	<b>Nature of relationship</b>	<b>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</b>	<b>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</b>
<b><u>Sales of goods and service</u></b>			
Sintech Metal Industries Pte Ltd	Wholly owned by Mr. Ang Sin Liu	676	–
<b><u>Purchase of goods and services</u></b>			
Sintech Metal Industries Pte Ltd	Wholly owned by Mr. Ang Sin Liu	820	–
		<b>1,496</b>	–

**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 179 to 192 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 2022.

## 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 2022 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  
Hwang Soo Chin

(Appointed on 1 November 2021)

## 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 Companies Act 1967, an interest in shares, debentures and warrants of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

<u>Name of Directors</u>	<b>Direct interest</b>		<b>Deemed interest</b>	
	<b>At the beginning of financial year</b>	<b>At the end of financial year</b>	<b>At the beginning of financial year</b>	<b>At the end of financial year</b>
<b>The Company</b>				
<b>ASL Marine Holdings Ltd.</b>				
<b>(Ordinary shares)</b>				
Ang Kok Tian	88,214,300	88,214,300	335,065,050*	335,065,050*
Ang Ah Nui	30,660,000	30,660,000	392,619,350*	392,619,350*
Ang Kok Leong	72,841,500	72,841,500	350,437,850*	350,437,850*
Andre Yeap Poh Leong	350,000	350,000	–	–
Hwang Soo Chin	–	–	–	200,000^
<b>ASL Marine Holdings Ltd.</b>				
<b>(Warrants)</b>				
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	–	–

On 25 July 2019, the Company completed the issuance of renounceable non-underwritten rights warrants and allotted 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").

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 2022, 1,360,000 warrants were exercised since the date of issuance.

# DIRECTORS' STATEMENT

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

\* 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).

^ Hwang Soo Chin is deemed to have interest in 200,000 shares held by his spouse.

Name of Directors	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<b>Subsidiaries</b>				
<b>ASL Triaksa Offshore Pte. Ltd.</b>				
<b>(Ordinary shares)</b>				
Ang Kok Tian	–	–	60,000	60,000
Ang Ah Nui	–	–	60,000	60,000
Ang Kok Leong	–	–	60,000	60,000
<b>PT. Cipta Nusantara Abadi</b>				
<b>(Ordinary shares of Rp. 50,000 each)</b>				
Ang Kok Tian	–	–	30,300	30,300
Ang Ah Nui	–	–	30,300	30,300
Ang Kok Leong	–	–	30,300	30,300
<b>Hongda Investment Pte. Ltd.</b>				
<b>(Ordinary shares)</b>				
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 2022.

By virtue of Section 7 of the Companies Act 1967, 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 which will expire on 25 October 2022 was administered by the Remuneration Committee (the “RC”) comprising three Independent Directors, Tan Sek Khee, Andre Yeap Poh Leong and Hwang Soo Chin 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.

# DIRECTORS' STATEMENT

## 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 Companies Act 1967, 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  
10 October 2022

# INDEPENDENT AUDITOR'S REPORT

to the members of ASL Marine Holdings Ltd.  
For the financial year ended 30 June 2022

## 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 2022, 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 1967 (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 2022 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 \$32,195,000 for the financial year ended 30 June 2022 and as at that date, the Group's current liabilities exceeded its current assets by \$37,521,000. As at 30 June 2022, the Group's and the Company's total borrowings amounted to \$308,916,000 and \$167,270,000 of which \$46,131,000 and \$10,536,000 were classified as current liabilities respectively and exceed the Group's cash and cash equivalents as at 30 June 2022. 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 to 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. 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.

# INDEPENDENT AUDITOR'S REPORT

to the members of ASL Marine Holdings Ltd.  
For the financial year ended 30 June 2022

## 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 \$281,606,000 as at 30 June 2022. As disclosed in Note 4, management performed an annual impairment test on the Vessels due to existence of impairment indicators as at 30 June 2022. 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 72.1% of the Group's total non-current assets as at 30 June 2022. 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 reversal of impairment of \$3,680,000 on the Group's Vessels for the current financial year.

We obtained an understanding of management's impairment assessment process. 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)**

#### ***Recoverability of trade receivables and finance lease 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 \$4,298,000 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.

As part of the audit, we assessed the Group's enhanced processes and controls 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, 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.

# INDEPENDENT AUDITOR'S REPORT

to the members of ASL Marine Holdings Ltd.  
For the financial year ended 30 June 2022

## 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***

Investments in subsidiaries and amounts due from subsidiaries were \$38,166,000 and \$241,166,000 respectively as at 30 June 2022. 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 investment in subsidiaries and amounts due from subsidiaries of \$1,366,000 and \$3,000 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 98.6% of the Company's total assets as at 30 June 2022 and the impairment assessment involves significant management judgement.

We reviewed the impairment assessment performed by management by comparing the carrying values of the investment 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 *Investment 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.

# INDEPENDENT AUDITOR'S REPORT

to the members of ASL Marine Holdings Ltd.  
For the financial year ended 30 June 2022

## **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

10 October 2022

# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	<b>375,228</b>	395,623	-	-
Right-of-use assets	5	<b>8,856</b>	10,780	-	-
Investment in subsidiaries	6	-	-	<b>38,166</b>	39,532
Investment in joint ventures and associates	7	<b>2,116</b>	2,083	-	-
Intangible assets	8	-	1,991	-	-
Other receivables	12	-	-	<b>5,167</b>	4,650
Finance lease receivables	9	<b>4,580</b>	6,441	-	-
		<b>390,780</b>	416,918	<b>43,333</b>	44,182
<b>Current assets</b>					
Inventories	10	<b>89,721</b>	82,668	-	-
Contract assets	11	<b>21,121</b>	20,636	-	-
Trade and other receivables	12	<b>51,528</b>	55,744	<b>236,019</b>	237,168
Prepayments		<b>3,660</b>	3,779	<b>190</b>	185
Finance lease receivables	9	<b>5,080</b>	2,201	-	-
Derivative financial instruments		<b>1</b>	-	-	-
Cash and bank balances	13	<b>22,072</b>	26,533	<b>3,700</b>	4,407
		<b>193,183</b>	191,561	<b>239,909</b>	241,760
Assets classified as held for sale	14	-	-	-	-
		<b>193,183</b>	191,561	<b>239,909</b>	241,760
<b>Total assets</b>					
		<b>583,963</b>	608,479	<b>283,242</b>	285,942
<b>Current liabilities</b>					
Trade and other payables	15	<b>149,436</b>	124,338	<b>82,873</b>	82,044
Contract liabilities	11	<b>25,883</b>	15,701	-	-
Trust receipts	17	<b>8,767</b>	5,991	-	-
Interest-bearing loans and borrowings	18	<b>37,364</b>	37,620	<b>10,536</b>	10,436
Lease liabilities	5	<b>1,658</b>	2,069	-	-
Derivative financial instruments		<b>1</b>	-	-	-
Income tax payables		<b>7,595</b>	6,451	<b>14</b>	14
		<b>230,704</b>	192,170	<b>93,423</b>	92,494
<b>Net current (liabilities)/assets</b>					
		<b>(37,521)</b>	(609)	<b>146,486</b>	149,266

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



	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current liabilities</b>					
Other payables	15	1,494	1,280	-	-
Other liabilities	19	2,524	3,381	-	-
Contract liabilities	11	8,144	15,246	-	-
Interest-bearing loans and borrowings	18	262,785	285,014	156,734	160,621
Lease liabilities	5	3,635	5,387	-	-
Deferred tax liabilities	20	6,922	8,630	-	-
		<b>285,504</b>	318,938	<b>156,734</b>	160,621
<b>Total liabilities</b>		<b>516,208</b>	511,108	<b>250,157</b>	253,115
<b>Net assets</b>		<b>67,755</b>	97,371	<b>33,085</b>	32,827
<b>Equity attributable to owners of the Company</b>					
Share capital	21	108,140	108,133	108,140	108,133
Treasury shares	21	(923)	(923)	(923)	(923)
Reserves	22	(38,634)	(9,042)	(74,132)	(74,383)
		<b>68,583</b>	98,168	<b>33,085</b>	32,827
<b>Non-controlling interests</b>		<b>(828)</b>	(797)	-	-
<b>Total equity</b>		<b>67,755</b>	97,371	<b>33,085</b>	32,827

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 2022

	Note	2022 \$'000	2021 \$'000
<b>Revenue</b>	23	<b>235,556</b>	192,960
Cost of sales		<b>(235,681)</b>	(194,174)
<b>Gross loss</b>		<b>(125)</b>	(1,214)
Other operating income	24	<b>11,569</b>	12,102
Administrative expenses		<b>(17,135)</b>	(17,031)
Other operating expenses	25	<b>(588)</b>	(12,795)
Finance costs	26	<b>(23,883)</b>	(24,519)
(Impairment losses)/reversal of impairment losses on financial assets		<b>(1,502)</b>	4,625
Share of results of joint ventures and associates		<b>(146)</b>	(1,777)
<b>Loss before tax</b>	27	<b>(31,810)</b>	(40,609)
Income tax (expense)/credit	28	<b>(385)</b>	3,710
<b>Loss for the year</b>		<b>(32,195)</b>	(36,899)
<b>Attributable to:</b>			
Owners of the Company	29	<b>(32,273)</b>	(35,015)
Non-controlling interests		<b>78</b>	(1,884)
		<b>(32,195)</b>	(36,899)
<b>Earnings per share (cents per share)</b>			
Basic and diluted	29	<b>(5.12)</b>	(5.56)

*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 2022

	Note	2022 \$'000	2021 \$'000
<b>Loss for the year</b>		<b>(32,195)</b>	(36,899)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation differences relating to financial statements of foreign subsidiaries		<b>2,135</b>	986
Share of other comprehensive income of joint ventures and associates		<b>127</b>	(208)
Realisation of foreign currency translation reserves upon disposal of a subsidiary	6d	<b>(401)</b>	(89)
Net fair value changes to cash flow hedges		<b>(1)</b>	–
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement of defined benefit pension plans	19	<b>712</b>	127
<b>Other comprehensive income for the year, net of tax</b>		<b>2,572</b>	816
<b>Total comprehensive income for the year</b>		<b>(29,623)</b>	(36,083)
<b>Attributable to:</b>			
Owners of the Company		<b>(29,592)</b>	(34,334)
Non-controlling interests		<b>(31)</b>	(1,749)
		<b>(29,623)</b>	(36,083)

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 2022

		Attributable to owners of the Company							Equity attributable to owners of the Company		
		Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Group 2022</b>											
	<b>At 1 July 2021</b>	108,133	(923)	411	-	897	(10,350)	(9,042)	98,168	(797)	97,371
	<b>Loss for the year</b>	-	-	-	-	-	(32,273)	(32,273)	(32,273)	78	(32,195)
	Other comprehensive income										
	Translation differences relating to financial statements of foreign subsidiaries	-	-	2,260	-	-	-	2,260	2,260	(125)	2,135
	Share of other comprehensive income of joint ventures and associates	-	-	111	-	-	-	111	111	16	127
	Realisation of foreign currency translation reserves upon dissolution of a subsidiary	-	-	(401)	-	-	-	(401)	(401)	-	(401)
	Re-measurement of defined benefit pension plans	-	-	-	-	-	712	712	712	-	712
	Net fair value changes to cash flow hedges	-	-	-	(1)	-	-	(1)	(1)	-	(1)
	<b>Other comprehensive income for the year, net of tax</b>	-	-	1,970	(1)	-	712	2,681	2,681	(109)	2,572
	<b>Total comprehensive income for the year</b>	-	-	1,970	(1)	-	(31,561)	(29,592)	(29,592)	(31)	(29,623)
	Contributions by owners	7	-	-	-	-	-	-	7	-	7
	Conversion of warrants	108,140	(923)	2,381	(1)	897	(41,911)	(38,634)	68,583	(828)	67,755
	<b>At 30 June 2022</b>										

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

**Attributable to owners of the Company**

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

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 2022

Company	Share capital \$'000	Treasury shares \$'000	Warrant reserve \$'000	Accumulated losses \$'000	Total reserves \$'000	Total equity \$'000
<b>At 1 July 2021</b>	108,133	(923)	897	(75,280)	(74,383)	32,827
<b>Loss for the year, representing total comprehensive income for the year</b>	-	-	-	251	251	251
<u>Contributions by owners</u>						
Conversion of warrants	7	-	-	-	-	7
<b>At 30 June 2022</b>	108,140	(923)	897	(75,029)	(74,132)	33,085
<b>At 1 July 2020</b>	108,056	(923)	899	(58,951)	(58,052)	49,081
<b>Loss for the year, representing total comprehensive income for the year</b>	-	-	-	(16,329)	(16,329)	(16,329)
<u>Contributions by owners</u>						
Conversion of warrants	77	-	(2)	-	(2)	75
<b>At 30 June 2021</b>	108,133	(923)	897	(75,280)	(74,383)	32,827

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 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(31,810)	(40,609)
Adjustments for:			
Amortisation of intangible assets	8	296	308
Depreciation of property, plant and equipment	4	44,731	55,450
Depreciation of right-of-use assets	5	2,399	3,212
Gain on disposal of assets classified as held for sale	24	–	(981)
Gain on disposal of property, plant and equipment	24	(3,921)	(5,291)
Property, plant and equipment written off	4	528	2
Gain on dissolution of a subsidiary	24	(401)	(89)
Loss/(gain) on remeasurement of lease liabilities	24, 25	60	(537)
Inventories written off	25	–	13
(Reversal of)/impairment losses on financial assets (net):			
– amounts due from:			
– joint ventures and associates	12	(2,554)	(5,354)
– related parties	12	–	42
– contract assets	11	55	69
– other receivables	12	(297)	108
– trade receivables (third parties), (net)	12	4,298	510
Impairment losses/(reversal of) on non-financial assets:			
– intangible assets	8	1,626	–
– inventories	10	–	6,578
– property, plant and equipment	4	(3,660)	2,150
Interest income	24	(677)	(602)
Interest expense	26	23,883	24,519
Reversal of provision for warranty (net)	16	(7)	(9)
Provision for/(reversal of) pension liabilities	19	110	(20)
Share of results of joint ventures and associates		146	1,777
<b>Operating cash flows before changes in working capital</b>		<b>34,805</b>	<b>41,246</b>
<b>Changes in working capital:</b>			
Inventories		(4,193)	(2,785)
Contract assets and liabilities		3,716	24,726
Trade and other receivables		(1,882)	2,006
Prepayments		119	(289)
Trade and other payables		24,366	(19,418)
Finance lease receivables		170	(3,142)
Other liabilities		(97)	(97)
Balances with related parties (trade)		(1,108)	3,207
<b>Cash flows generated from operations</b>		<b>55,896</b>	<b>45,454</b>
Interest received from finance lease receivables		233	380
Income tax paid		(725)	(6)
<b>Net cash flows generated from operating activities</b>		<b>55,404</b>	<b>45,828</b>

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 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from investing activities</b>			
Interest received		23	38
Purchase of assets classified as held for sale	14	–	(1,000)
Purchase of property, plant and equipment	4	<b>(18,229)</b>	(18,896)
Proceeds from disposal of property, plant and equipment		<b>5,584</b>	13,433
Proceeds from disposal of assets classified as held for sale	14	–	4,800
Prepaid rent for a finance lease		<b>(549)</b>	–
Movement in balances with related parties (non-trade)		<b>1,038</b>	182
<b>Net cash flows used in investing activities</b>		<b>(12,133)</b>	(1,443)
<b>Cash flows from financing activities</b>			
Interest paid		<b>(11,196)</b>	(12,660)
Repayment of interest-bearing loans and borrowings	18	<b>(37,606)</b>	(25,599)
Principal repayment of lease liabilities	5	<b>(2,066)</b>	(1,580)
Repayment of trust receipts		<b>(26,101)</b>	(29,063)
Proceeds from trust receipts		<b>28,869</b>	15,901
Proceeds from issuance of ordinary shares upon warrants exercise		<b>7</b>	75
Cash and bank balances (restricted use)		<b>(2,226)</b>	5,107
<b>Net cash flows used in financing activities</b>		<b>(50,319)</b>	(47,819)
Net decrease in cash and cash equivalents		<b>(7,048)</b>	(3,434)
Cash and cash equivalents at 1 July		<b>14,125</b>	17,650
Effect of exchange rate changes on cash and cash equivalents		<b>361</b>	(91)
<b>Cash and cash equivalents at 30 June</b>	13	<b>7,438</b>	14,125

*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 2022

## 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 \$32,195,000 (2021: \$36,899,000) for the financial year ended 30 June 2022 and as at that date, the Group’s was in a net current liabilities position of \$37,521,000 (2021: net current liabilities position of \$609,000). As at 30 June 2022, the Group’s and Company’s total borrowings amounted to \$308,916,000 and \$167,270,000 (2021: \$328,625,000 and \$171,057,000) of which \$46,131,000 and \$10,536,000 (2021: \$43,611,000 and \$10,436,000) 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 2022, the aggregate value of property, plant and equipment and right-of-use assets amounted to \$384,084,000 (2021: \$406,403,000), which represented 66% (2021: 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 \$305,442,000 (2021: \$330,090,000), which represented 59% (2021: 65%) of its total liabilities as of 30 June 2022. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 \$38,964,000 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 principal 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;
  - Diversify supply sources for competitive procurement;
  - Cutting overheads and administrative expenses which include measures such as redesigning of job scope for employees and controlling of headcount to reduce expenses of recurring nature;
  - Close collaboration with contractors and suppliers to improve working capital management, such as on credit terms, payment plans and debt settlements;
  - Stricter customer credit control;
  - Strengthening of coordination among marketing, operations and finance departments for better credit control; 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, a further request for the waiver may be sought, as appropriate. The Group has undrawn bank facilities of \$28,939,000 as at 30 June 2022; and
- (iv) 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 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 <i>Interest Rate Benchmark Reform</i>	1 January 2022
Amendments to SFRS(I) 3 Reference to the Conceptual Framework	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 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.

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.

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

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

#### **(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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 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.

### 2.8 *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.



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

### **2.9 *Joint ventures and associates (cont'd)***

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 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.

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.

#### **(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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.11 Intangible assets (cont'd)

#### (b) Other intangible assets (cont'd)

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.

### 2.12 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.

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

### **2.12 Impairment of non-financial assets (cont'd)**

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.

### **2.13 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.13 *Financial instruments (cont'd)*

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

##### **Initial recognition and measurement (cont'd)**

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.

#### (b) **Financial liabilities**

##### **Initial recognition and measurement**

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

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

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

### **2.13 Financial instruments (cont'd)**

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

##### **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).

### **2.15 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).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.15 *Impairment of financial assets (cont'd)*

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

### 2.16 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **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.

### **2.18 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.18 Provisions (cont'd)

#### (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.

### 2.19 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

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

### **2.19 Employee benefits (cont'd)**

#### **(b) Defined benefit plan (cont'd)**

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.

#### **(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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.19 *Employee benefits (cont'd)*

#### (d) **Employee share option plans (cont'd)**

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.

### 2.20 *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 (i.e. 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.

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

### 2.20 Leases (cont'd)

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

##### *Right-of-use assets (cont'd)*

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.

##### *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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.20 Leases (cont'd)

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

##### *Lease liabilities (cont'd)*

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.

##### *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.

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

### **2.20 Leases (cont'd)**

#### **(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.

### **2.22 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.22 Revenue (cont'd)

#### (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.

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.



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

### **2.22 Revenue (cont'd)**

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

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.22 Revenue (cont'd)

#### (c) Shipchartering (cont'd)

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.

### 2.23 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.

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

### 2.23 Taxes (cont'd)

#### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 2.23 Taxes (cont'd)

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

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.

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.

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

### **2.23 Taxes (cont'd)**

#### **(c) Sales tax**

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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.

### **2.26 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 2022 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 2022 are disclosed in Note 12.

#### (d) Residual value of vessels

During the financial year, the Group conducted a review on the residual value of its vessels. The Group revised the residual value of its vessels to be recovered at the end of their useful lives by taking into consideration the scrap sales value. The residual value of the Group's vessels is influenced by the future prices of steel, the type and class of vessels, the overall condition of its vessel as well as the evolution of the vessel market at the date when the Group scraps its vessels. The carrying amount of the Group's vessels are disclosed in Note 4.

#### 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
<b>Cost</b>										
At 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 and 1 July 2021	58,811	217	133,020	20,603	107,812	14,956	403,070	233,143	2,187	973,819
Additions	–	30	–	8,049	2,094	68	904	8,459	64	19,668
Disposals	–	(30)	(153)	(54)	(1,053)	–	(6,131)	(5,167)	–	(12,688)
Write-off	–	–	–	–	–	–	–	(1,152)	–	(1,152)
Transfers	–	(153)	–	–	153	–	–	–	–	–
Net exchange differences	4	–	–	180	(401)	(600)	9,346	2,091	–	10,620
At 30 June 2022	58,815	64	132,867	28,778	108,605	14,424	407,189	237,374	2,251	990,367

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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
<b>Accumulated depreciation and impairment loss</b>										
At 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 and 1 July 2021	28,853	-	70,500	12,127	96,051	13,025	212,245	143,262	2,133	578,196
Depreciation charge for the year	2,836	-	6,766	5,783	4,461	537	14,559	10,807	18	45,767
Impairment charge/ (reversal of) impairment charge for the year	-	-	20	(18)	-	-	(3,992)	330	-	(3,660)
Disposals	-	-	(153)	(54)	(649)	-	(5,037)	(3,437)	-	(9,330)
Write-off	-	-	-	-	-	-	-	(624)	-	(624)
Net exchange differences	-	-	-	87	(401)	(593)	4,404	1,293	-	4,790
At 30 June 2022	31,689	-	77,133	17,925	99,462	12,969	222,179	151,631	2,151	615,139
<b>Net carrying amount</b>										
At 30 June 2021	29,958	217	62,520	8,476	11,761	1,931	190,825	89,881	54	395,623
At 30 June 2022	27,126	64	55,734	10,853	9,143	1,455	185,010	85,743	100	375,228

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

##### ***Impairment loss and subsequent reversal of impairment loss on 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 in remains weak in terms of volume and margins. An impairment charge of \$439,000 (2021: \$2,150,000) representing the write-down of these property, plant and equipment to their recoverable amounts was recognised.

In view of the improved market outlook for certain types and classes of vessels, the Group reversed impairment loss of \$4,099,000 (2021: \$Nil) in the current financial year.

The net reversal of impairment losses of \$3,660,000 (2021: impairment losses of \$2,150,000) (Note 24), representing the write-back/(write-down) of these property, plant and equipment to their recoverable amounts, were recognised in “other operating income/(expenses)” line in the consolidated income statement for the financial year ended 30 June 2022. 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation charge for the year	<b>45,767</b>	54,210
Depreciation included in construction work-in-progress carried forward (Note 11)	<b>(4,252)</b>	(3,216)
Depreciation previously included in inventories and construction work-in-progress now charged to profit or loss	<b>3,216</b>	4,456
Depreciation charge as disclosed in Note 27	<b>44,731</b>	55,450

##### ***Assets under construction***

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 \$19,668,000 (2021: \$22,270,000), of which \$Nil (2021: \$286,000) were acquired by means of finance lease and \$1,439,000 (2021: \$3,088,000) were acquired from a customer arising from the settlement of debts owing to the Group.

The cash outflow on acquisition of property, plant and equipment amounted to \$18,229,000 (2021: \$18,896,000).

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

	Group	
	2022 \$'000	2021 \$'000
Plant and machinery	451	1,292

### ***Assets pledged as security***

	Group	
	2022 \$'000	2021 \$'000
Assets pledged as security for interest-bearing loans and borrowings and trust receipts:		
Leasehold property and buildings	18,105	20,934
Plant and machinery	668	137
Tugs and other vessels	164,925	172,255
Barges	56,904	63,144
Drydocks, quays and ancillary	48,500	55,324
	<b>289,102</b>	<b>311,794</b>

### ***Changes in residual value for vessels***

During the financial year, the Group conducted a review on the residual value of its vessels to be recovered at the end of their useful lives by taking into consideration the anticipated scrap sales value. The effect of the revision in estimate has been applied on a prospective basis from 1 July 2021. The effect of the revision on depreciation charge in the current and future periods are as follows:

	2022 \$'000	2023 \$'000	2024 \$'000	Later \$'000
Decrease in depreciation charge	6,970	5,616	3,752	4,949

## 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 operate. In addition to land use rights, the Group has entered commercial leases on its office premises, yard space, plant and machinery and office equipment. There are no restrictions placed upon the Group by entering these leases. Two of the leases are located in Singapore and 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	Leasehold	Leasehold	Plant and	Office	Total
	rights	land	buildings	machinery	furniture and	
	\$'000	\$'000	\$'000	\$'000	fittings	\$'000
<b>Cost</b>						
At 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 and 1 July 2021	4,606	5,939	2,237	4,318	74	17,174
Additions	549	29	–	–	–	578
Net exchange differences	–	–	(191)	–	(6)	(197)
At 30 June 2022	5,155	5,968	2,046	4,318	68	17,555

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 5. LEASES (CONT'D)

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

Group	Land use	Leasehold	Leasehold	Plant and	Office	Total
	rights	land	buildings	machinery	equipment, furniture and fittings	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Accumulated depreciation</b>						
At 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 and 1 July 2021	648	1,833	642	3,248	23	6,394
Depreciation charge for the year	294	930	380	767	9	2,380
Net exchange differences	–	–	(73)	–	(2)	(75)
At 30 June 2022	942	2,763	949	4,015	30	8,699
<b>Net carrying amount</b>						
At 30 June 2021	3,958	4,106	1,595	1,070	51	10,780
At 30 June 2022	4,213	3,205	1,097	303	38	8,856

The leasehold land and land use rights amounting to \$5,099,000 (2021: \$6,032,000) are pledged as security for interest-bearing loans and borrowings.



## 5. LEASES (CONT'D)

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

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

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation charge for the year	<b>2,380</b>	3,195
Depreciation included in construction work-in-progress carried forward (Note 11)	<b>(6)</b>	(26)
Depreciation capitalised in prior year construction work-in-progress now charged to consolidated income statement	<b>25</b>	43
Depreciation charge as disclosed in Note 27	<b>2,399</b>	3,212

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 July	<b>7,456</b>	7,973
Additions	<b>29</b>	1,779
Accretion of interest (Note 26)	<b>623</b>	729
Payments/payables	<b>(2,689)</b>	(2,309)
Remeasurement	<b>-</b>	(749)
Net exchange differences	<b>(126)</b>	33
As at 30 June	<b>5,293</b>	7,456
Current	<b>1,658</b>	2,069
Non-current	<b>3,635</b>	5,387
	<b>5,293</b>	7,456

In the prior financial year, the lease liabilities were remeasured as the Group had terminated a lease 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 (Note 24) in "other operating income" line in the consolidated income statement for the financial year ended 30 June 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 5. LEASES (CONT'D)

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

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

	Group	
	2022	2021
	\$'000	\$'000
Depreciation expense of right-of-use assets	2,399	3,212
Interest expense on lease liabilities	623	729
Expense relating to short-term leases	37	39
Expense relating to leases of low-value assets	10	11
Loss/(gain) on remeasurement of lease liabilities	60	(537)
<b>Total amount recognised in profit or loss</b>	<b>3,129</b>	<b>3,454</b>

For the financial year ended 30 June 2022, the Group made principal repayments of \$2,066,000 (2021: \$1,580,000) and interest payments of \$623,000 (2021: \$729,000).

### *As lessor*

The Group entered into operating leases on its fleet of vessels. As at 30 June 2022, these non-cancellable leases have remaining lease terms ranging from 0.25 to 3.2 years (2021: 1 to 4.1 years).

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

	Group	
	2022	2021
	\$'000	\$'000
Not later than one year	24,102	32,259
Later than one year but not later than five years	17,416	22,988
	<b>41,518</b>	<b>55,247</b>

## 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
Unquoted equity shares, at cost	69,374	69,374
Impairment losses	(31,208)	(29,842)
	<b>38,166</b>	39,532

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	
	2022 \$'000	2021 \$'000
At 1 July	29,842	29,641
Charge for the year	1,366	201
At 30 June	<b>31,208</b>	29,842

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
			2022 %	2021 %
<b><i>Held by the Company</i></b>				
ASL Shipyard Pte Ltd <sup>1</sup>	Shipbuilding, shiprepair and conversion and general engineering	Singapore	100	100
PT. ASL Shipyard Indonesia <sup>2, (a)</sup>	Shipbuilding, shiprepair and conversion and general engineering	Indonesia	10	10
ASL Offshore & Marine Pte. Ltd. <sup>1</sup>	Chartering of vessels and ship management	Singapore	100	100
Capitol Marine Pte Ltd <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Offshore Pte Ltd <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Tug & Barge Pte Ltd <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Shipping Pte Ltd <sup>1</sup>	Chartering of vessels	Singapore	100	100
Lightmode Pte Ltd <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Logistics Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Navigation Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Aquaria Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	100	100
Capitol Oceans Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	100	100
ASL Maritime Services Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	100	100
Intan Maritime Investments Pte. Ltd. <sup>1</sup>	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	
			2022 %	2021 %
<b><i>Held by the Company (cont'd)</i></b>				
Intan Synergy Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
Intan Offshore Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
Intan Oceans Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
Intan Scorpio Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
Intan OSV Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
ASL Triaksa Offshore Pte. Ltd. <sup>1, (b)</sup>	Chartering of vessels	Singapore	<b>60</b>	60
Harmony PSV Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
ASL Leo Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
ASL Marine Contractor Pte. Ltd. <sup>1</sup>	Chartering of vessels and ship management	Singapore	<b>100</b>	100
ASL Project Logistics Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
ASL Towage & Salvage Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
Capitol Workboats Pte. Ltd. <sup>1</sup>	Chartering of vessels	Singapore	<b>100</b>	100
VOSTA LMG India Pvt. Ltd. <sup>5, 7</sup>	Chartering of vessels	India	<b>100</b>	100
Hongda Investment Pte. Ltd. <sup>1</sup>	Investment holding	Singapore	<b>60</b>	60
Intan Overseas Investments Pte. Ltd. <sup>1</sup>	Investment holding	Singapore	<b>100</b>	100
Singa Tenaga Investments Pte. Ltd. <sup>1</sup>	Investment holding	Singapore	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
			2022 %	2021 %
<b><i>Held through subsidiaries</i></b>				
PT. ASL Shipyard Indonesia <sup>2</sup>	Shipbuilding, shiprepair and conversion and general engineering	Indonesia	90	90
PT. Cipta Nusantara Abadi <sup>4, 7</sup>	Investment holding and provision of agency, handling and consultancy services	Indonesia	75	75
PT. Bina Kontinental Lestari <sup>4, 7</sup>	Investment holding and provision of agency, handling and consultancy services	Indonesia	100	100
PT. Awak Samudera Transportasi <sup>2</sup>	Chartering of vessels	Indonesia	100	100
PT. Cemara Intan Shipyard <sup>2</sup>	Shipbuilding, shiprepair and general engineering	Indonesia	100	100
PT. Sukses Shipyard Indonesia <sup>4, 7</sup>	Shipbuilding and fabrication services	Indonesia	100	100
Leo Dynamische Investerings B.V. <sup>6</sup>	Investment holding	Netherlands	100	100
VOSTA LMG International B.V. <sup>6</sup>	Investment holding	Netherlands	100	100
VOSTA LMG Component & Services B.V. <sup>6</sup>	Dredge engineering, design, trading and repair of dredging equipment	Netherlands	100	100
VOSTA LMG Dredges B.V. <sup>4, 7, d</sup>	Dredge engineering, design, trading and repair of dredging equipment	Netherlands	–	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	
			2022 %	2021 %
<b><i>Held through subsidiaries (cont'd)</i></b>				
VOSTA LMG B.V. <sup>6</sup>	Dredge engineering, design, trading and repair of dredging equipment	Netherlands	100	100
VOSTA LMG IP & Software B.V. <sup>4, 7, d</sup>	Leasing of intellectual property	Netherlands	–	100
CFT Netherlands B.V. <sup>4, 7, d</sup>	Market research and public opinion polling	Netherlands	–	100
VOSTA LMG Design GmbH <sup>4, 7</sup>	Building of dredgers and dredging equipment	Germany	100	100
VOSTA LMG (Asia Pacific) Pte Ltd <sup>1, c</sup>	Shipbuilding and repair of maritime dredging systems and equipment	Singapore	–	100
VOSTA LMG (Zhuhai) Ltd. <sup>3, 7</sup>	Manufacturing and trading of dredging equipment	People's Republic of China	100	100
VOSTA LMG Manufacturing Ltd <sup>3, 7</sup>	Production, sales, import and export of equipment and components, provision of technical support and after-sales services	People's Republic of China	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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) The striking off application to the Accounting and Corporate Regulatory Authority of Singapore was approved on 17 August 2021
  - (d) Dissolved on 1 July 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 %	Gain/(loss) allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000
<b>30 June 2022</b>			
ASL Triaksa Offshore Pte. Ltd.	40	353	424
Hongda Investment Pte. Ltd.	40	(2)	(1,197)
PT. Cipta Nusantara Abadi	25	(24)	(23)
<b>30 June 2021</b>			
ASL Triaksa Offshore Pte. Ltd.	40	(4)	60
Hongda Investment Pte. Ltd.	40	(4)	(1,157)
PT. Cipta Nusantara Abadi	25	(509)	(25)



## 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	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	1,091	177	173	171	1	1
Non-current assets	–	–	–	–	2,228	2,195
Total assets	1,091	177	173	171	2,229	2,196
Current liabilities	32	28	3,166	3,064	2,322	2,297
Total liabilities	32	28	3,166	3,064	2,322	2,297
<b>Net assets/(liabilities)</b>	<b>1,059</b>	<b>149</b>	<b>(2,993)</b>	<b>(2,893)</b>	<b>(93)</b>	<b>(101)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	—	—	—	—	—	—
Profit/(loss) before tax	884	(11)	(4)	(11)	(95)	(2,034)
Income tax expense	—	—	—	—	—	—
Profit/(loss) after tax	884	(11)	(4)	(11)	(95)	(2,034)
Other comprehensive income	26	(6)	(96)	104	103	(115)
Total comprehensive income	910	(17)	(100)	93	8	(2,149)

#### Other summarised information

	ASL Triaksa Offshore Pte. Ltd.		Hongda Investment Pte. Ltd.		PT. Cipta Nusantara Abadi	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash flows generated from/(used in) operations	885	(3)	(4)	(12)	—	(28)
Acquisitions of significant property, plant and equipment	—	—	—	—	—	—

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

### d. Disposal of subsidiary

#### Transaction in 2022

During the financial year, Singa Tenaga Investments Pte. Ltd., a wholly owned subsidiary of the Company dissolved its dormant subsidiaries, VOSTA LMG Dredges B.V., VOSTA LMG IP & Software B.V., and CFT Netherlands B.V.. Arising from the dissolution, the Group has recorded an amount of \$401,000 from its foreign currency reserve to the Consolidated Statement of Comprehensive Income.

#### Transaction in 2021

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.

## 7. INVESTMENT IN JOINT VENTURES AND ASSOCIATES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Interest in joint ventures</b>				
Unquoted equity shares, at cost	909	909	-	-
Share of post-acquisition reserves	(909)	(909)	-	-
	-	-	-	-
	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Interest in associates</b>				
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	(8,008)	(7,914)	-	-
Impairment loss	-	-	(1,558)	(1,558)
Exchange differences	893	766	-	-
	2,116	2,083	-	-
<b>Total interest in joint ventures and associates</b>	<b>2,116</b>	<b>2,083</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

### *Investment in joint ventures*

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

	Group	
	2022 \$'000	2021 \$'000
Sindo-Econ Pte. Ltd. and its subsidiary, PT. Sindomas Precas	-	-

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Place of incorporation and business	Proportion of ownership interest	
			2022 %	2021 %
<b><i>Held through subsidiaries</i></b>				
Sindo-Econ Pte. Ltd.	Investment holding	Singapore	50	50
PT. Sindomas Precas <sup>1</sup>	Manufacture of reinforced concrete piles and precast components	Indonesia	50	50

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

On 21 July 2020, Sindo-Econ Pte. Ltd. commenced a creditors' voluntary winding up which is still on going in the current financial year.

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 (2021: \$17,861,000). The Group has no obligation in respect of these losses as the Group has restricted its share of losses to its cost of investment.

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

### *Investment in associates*

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

	Group	
	2022 \$'000	2021 \$'000
PT. Hafar Capitol Nusantara	2,116	2,083
PT. Capitol Nusantara Indonesia Tbk <sup>1</sup>	-	-
Other associates	-	-
	<b>2,116</b>	2,083

1 The quoted market price of PT. Capitol Nusantara Indonesia Tbk is \$3,102,397 (2021: \$3,432,139).

Details of the associates are as follows:

Name of associates	Principal activities	Place of incorporation and business	Proportion of ownership interest	
			2022 %	2021 %
<b><i>Held by the Company</i></b>				
Fastcoat Industries Pte. Ltd. <sup>(a)</sup>	Investment holding and metal galvanising, coating and protecting operations	Singapore	<b>44.50</b>	44.50
<b><i>Held through an associate</i></b>				
PT. Fastcoat Industries <sup>3, (a)</sup>	Metal galvanising, coating and protecting operations	Indonesia	<b>44.50</b>	44.50
<b><i>Held through a subsidiary</i></b>				
PT. Hafar Capitol Nusantara <sup>1</sup>	Chartering of vessels	Indonesia	<b>36.75</b>	36.75
PT. Capitol Nusantara Indonesia Tbk <sup>2</sup>	Chartering of vessels and ship management	Indonesia	<b>27.00</b>	27.00

1 Audited by KAP Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, Indonesia

2 Audited by KAP Irwanto, Hary dan Usman, Indonesia

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and cash equivalents	20	25	1,597	53
Current assets	16,703	6,853	3,166	3,955
Non-current assets	29,249	31,431	23,890	30,482
Total assets	45,972	38,309	28,653	34,490
Current liabilities	35,911	26,551	64,820	66,648
Non-current liabilities	5,743	7,505	1,365	1,412
Total liabilities	41,654	34,056	66,185	68,060
<b>Net assets/(liabilities)</b>	<b>4,318</b>	<b>4,253</b>	<b>(37,532)</b>	<b>(33,570)</b>
Proportion of the Group's ownership	49%	49%	36%	36%
Group's share of net assets	2,116	2,083	-	-
Other adjustments	-	-	-	-
Carrying amount of the investment	2,116	2,083	-	-

## 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue</b>	<b>7,513</b>	2,767	<b>4,141</b>	4,359
Cost of sales	<b>(6,979)</b>	(3,828)	<b>(8,118)</b>	(9,833)
	<b>534</b>	(1,061)	<b>(3,977)</b>	(5,474)
Other operating income	<b>480</b>	508	<b>873</b>	138
Administrative expenses	<b>(615)</b>	(295)	<b>(529)</b>	(2,122)
Other operating expenses	<b>(239)</b>	(2,279)	<b>82</b>	(7,899)
Finance costs	<b>(224)</b>	(256)	<b>(37)</b>	(86)
<b>Loss before tax</b>	<b>(64)</b>	(3,383)	<b>(3,588)</b>	(15,443)
Income tax (expense)/ credit	<b>(129)</b>	(711)	<b>(15)</b>	262
<b>Loss after tax</b>	<b>(193)</b>	(4,094)	<b>(3,603)</b>	(15,181)
Other comprehensive income	<b>257</b>	(424)	<b>(359)</b>	(1,366)
<b>Total comprehensive income</b>	<b>64</b>	(4,518)	<b>(3,962)</b>	(16,547)

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 \$13,699,000 (2021: \$12,402,000), of which \$1,297,000 (2021: \$5,465,000) 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 2022

## 8. INTANGIBLE ASSETS

Group	Goodwill \$'000	Patented technology \$'000	Customer relationship \$'000	Brand \$'000	Order backlog \$'000	Total \$'000
<b>Cost</b>						
At 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 and 1 July 2021	9,281	7,352	4,414	963	933	22,943
Net exchange differences	(810)	(642)	(385)	(84)	(81)	(2,002)
At 30 June 2022	<b>8,471</b>	<b>6,710</b>	<b>4,029</b>	<b>879</b>	<b>852</b>	<b>20,941</b>
<b>Accumulated amortisation and impairment loss</b>						
At 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 and 1 July 2021	9,281	5,361	4,414	963	933	20,952
Amortisation	–	296	–	–	–	296
Impairment charge for the year	–	1,626	–	–	–	1,626
Net exchange differences	(810)	(573)	(385)	(84)	(81)	(1,933)
At 30 June 2022	<b>8,471</b>	<b>6,710</b>	<b>4,029</b>	<b>879</b>	<b>852</b>	<b>20,941</b>
<b>Net carrying amount</b>						
At 30 June 2021	–	1,991	–	–	–	1,991
At 30 June 2022	–	–	–	–	–	–



## 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 in 2021 had a remaining amortisation period of 6 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 16.8% (2021: 17.1%) and 1.61% (2021: 0.26%) 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 2023 and 2024 to 2027 are based on annual revenue growth of 106.1% and 15.0% respectively.

*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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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, impairment losses of \$1,626,000 (2021: \$Nil) were 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.

## 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	
	2022	2021
	\$'000	\$'000
Gross receivables due:		
– Not later than 1 year	5,766	2,859
– Later than 1 year but within 5 years	7,112	7,529
– After 5 years	–	1,863
	<b>12,878</b>	12,251
Less: Unearned finance income	<b>(1,625)</b>	(2,067)
Less: Allowance for impairment	<b>(1,593)</b>	(1,542)
Net investment in finance lease (Note 12)	<b>9,660</b>	8,642

## 9. FINANCE LEASE RECEIVABLES (CONT'D)

The net investment in finance lease is analysed as follows:

	Group	
	2022	2021
	\$'000	\$'000
– Not later than 1 year	5,080	2,201
– Later than 1 year but within 5 years	4,580	6,230
– After 5 years	–	211
	<b>9,660</b>	<b>8,642</b>

The weighted average effective interest rate for finance lease receivables is 7.1% (2021: 7.9%) per annum.

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

	Group	
	2022	2021
	\$'000	\$'000
Balance at 1 July	1,542	1,598
Net exchange differences	51	(56)
At 30 June	<b>1,593</b>	<b>1,542</b>

Finance lease receivables are denominated in the following currencies:

	Group	
	2022	2021
	\$'000	\$'000
Singapore Dollar (“SGD”)	3,905	3,863
United States Dollar (“USD”)	5,755	4,779
	<b>9,660</b>	<b>8,642</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 10. INVENTORIES

	Group	
	2022	2021
	\$'000	\$'000
<b>Statement of financial position:</b>		
Raw materials and consumables (at cost or net realisable value)	15,182	13,993
Finished goods (at cost or net realisable value)	74,539	68,675
Total inventories	89,721	82,668

	Group	
	2022	2021
	\$'000	\$'000
<b>Consolidated income statement:</b>		
Inventories recognised as an expense in cost of sales	2,305	2,711
Inventories written down recognised as an expense in other operating expenses	–	6,578

Included in finished goods in the current financial year are vessels with an aggregate carrying value of \$72,534,000 (2021: \$67,419,000) of which \$67,966,000 (2021: \$67,117,000) respectively have been pledged as security for the Group's interest-bearing loans and borrowings (Note 18).

Included in inventories as at 30 June 2022 are raw materials of \$2,266,000 (2021: \$2,335,000) 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 – Management has reviewed the net realisable value of vessels and determined that no write down was required in the current financial year. The Group recognised impairment losses of \$6,578,000 in the previous financial year. The net realisable values of vessels were determined by external independent valuation expert and management had estimated the cost of disposal.

## 11. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	Group	
	2022	2021
	\$'000	\$'000
<b>Contract assets</b>		
<i>Current</i>		
Accrued revenue (Note 12)	13,010	10,008
Construction work-in-progress	8,111	10,628
Total contract assets	<b>21,121</b>	20,636
<b>Contract liabilities</b>		
<i>Current</i>		
Deferred income and deposits received from customers	<b>(16,293)</b>	(8,051)
Progress billings in excess of construction work-in-progress	<b>(9,590)</b>	(7,650)
	<b>(25,883)</b>	(15,701)
<i>Non-current</i>		
Deferred income	<b>(8,144)</b>	(15,246)
Total contract liabilities	<b>(34,027)</b>	(30,947)

### ***Expected credit losses***

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

	Group	
	2022	2021
	\$'000	\$'000
Balance at 1 July	135	66
Charge for the year	190	135
Reversal	<b>(135)</b>	(66)
At 30 June	<b>190</b>	135

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract assets reclassified to receivables	<b>9,073</b>	4,681
Impairment loss on contract assets	<b>55</b>	69

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<b>13,834</b>	4,047

## 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 \$32,841,000 (2021: \$20,911,000) 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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
At gross:		
Construction work-in-progress and attributable profits (less recognised losses) to date	<b>32,535</b>	20,672
Less: Progress billings	<b>(34,014)</b>	(17,694)
	<b>(1,479)</b>	2,978
Presented on a contract basis, net:		
Construction work-in-progress	<b>8,111</b>	10,628
Progress billings in excess of construction work-in-progress	<b>(9,590)</b>	(7,650)
	<b>(1,479)</b>	2,978

Construction work-in-progress includes depreciation of property, plant and equipment, right-of-use assets and interest capitalised amounting to \$4,252,000 (2021: \$3,216,000) (Note 4), \$6,000 (2021: \$26,000) (Note 5) and \$3,000 (2021: \$8,000) (Note 26), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current</b>				
Other receivables:				
Amount due from a subsidiary				
– non-trade	-	-	5,167	4,650
<b>Current</b>				
Trade receivables	57,135	69,970	-	-
Less: Allowance for impairment	(22,261)	(28,647)	-	-
	34,874	41,323	-	-
<b>Add:</b>				
Other receivables	8,916	8,808	-	-
Deposits	1,035	1,136	20	20
Amounts due from subsidiaries				
– non-trade	-	-	311,778	325,488
Amounts due from joint ventures and associates				
– trade	30,684	29,266	-	-
– non-trade	32,367	33,589	2,683	2,596
Amounts due from related parties (Note 32(b))				
– trade	8	8	-	-
– non-trade	429	425	-	-
	73,439	73,232	314,481	328,104
Less: Allowance for impairment				
Other receivables	(818)	(1,111)	-	-
Amounts due from subsidiaries				
– non-trade	-	-	(75,779)	(88,340)
Amounts due from joint ventures and associates				
– trade	(28,988)	(28,281)	-	-
– non-trade	(26,934)	(29,375)	(2,683)	(2,596)
Amounts due from related parties (Note 32(b))				
– non-trade	(45)	(44)	-	-
	16,654	14,421	236,019	237,168
<b>Total trade and other receivables (current)</b>	<b>51,528</b>	<b>55,744</b>	<b>236,019</b>	<b>237,168</b>



## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Total trade and other receivables (current and non-current)</b>	<b>51,528</b>	55,744	<b>241,186</b>	241,818
Add: Accrued revenue (Note 11)	<b>13,010</b>	10,008	-	-
Add: Finance lease receivables (Note 9)	<b>9,660</b>	8,642	-	-
Add: Cash and bank balances (Note 13)	<b>22,072</b>	26,533	<b>3,700</b>	4,407
<b>Financial assets at amortised cost</b>	<b>96,270</b>	100,927	<b>244,886</b>	246,225

### ***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 \$158,537,000 (2021: \$162,649,000) with wholly owned subsidiaries which bear interest ranging from 2.66% to 3.82% (2021: 2.62% to 3.00%) per annum.

The non-current portion of non-trade balances with a subsidiary of \$5,167,000 (2021: \$4,650,000) is unsecured, bears interest at effective interest rate of 3.02% (2021: 2.37%) 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 recoverable from customers.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
	2022	2021
	\$'000	\$'000
Balance at 1 July	28,647	31,655
Charge for the year	6,070	8,807
Reversal	(940)	(5,258)
Written-back	(862)	(3,039)
Written-off	(10,975)	(3,087)
Net exchange differences	321	(431)
At 30 June	22,261	28,647

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	
	2022	2021
	\$'000	\$'000
At 1 July	1,111	1,014
Charge for the year	22	272
Written-back	(319)	(164)
Net exchange differences	4	(11)
At 30 June	818	1,111

## 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:

	<b>Group</b>			
	<b>Amounts due from joint ventures and associates</b>		<b>Amounts due from related parties</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July	<b>57,656</b>	68,376	<b>44</b>	8
Charge for the year	<b>130</b>	113	-	42
Reversal	<b>(2,684)</b>	(5,467)	-	-
Written off	-	(4,429)	-	(6)
Net exchange differences	<b>820</b>	(937)	<b>1</b>	-
At 30 June	<b>55,922</b>	57,656	<b>45</b>	44

### ***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:

	<b>Company</b>			
	<b>Amount due from subsidiaries</b>		<b>Amount due from joint ventures and associates</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July	<b>88,340</b>	82,099	<b>2,596</b>	2,691
Charge for the year	<b>3</b>	11,995	-	-
Reversal	<b>(12,021)</b>	(5,754)	-	(95)
Net exchange differences	<b>(543)</b>	-	<b>87</b>	-
At 30 June	<b>75,779</b>	88,340	<b>2,683</b>	2,596

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore Dollar ("SGD")	<b>18,198</b>	23,410	<b>241,186</b>	241,818
United States Dollar ("USD")	<b>18,431</b>	15,937	-	-
Euro ("EUR")	<b>743</b>	719	-	-
Indonesian Rupiah ("IDR")	<b>12,559</b>	13,967	-	-
Chinese Yuan Renminbi ("RMB")	<b>1,096</b>	358	-	-
Indian Rupee ("Rupee")	<b>353</b>	914	-	-
Others	<b>148</b>	439	-	-
	<b>51,528</b>	55,744	<b>241,186</b>	241,818

## 13. CASH AND BANK BALANCES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash on hand	<b>21</b>	15	-	-
Cash at banks	<b>22,051</b>	26,518	<b>3,700</b>	4,407
	<b>22,072</b>	26,533	<b>3,700</b>	4,407

Cash at banks amounting to \$915,000 (2021: \$9,091,000) earns interest based on daily bank deposit rates.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
SGD	<b>14,413</b>	13,433	<b>3,700</b>	4,407
USD	<b>5,477</b>	11,067	-	-
EUR	<b>107</b>	501	-	-
IDR	<b>1,413</b>	1,001	-	-
RMB	<b>179</b>	114	-	-
Others	<b>483</b>	417	-	-
	<b>22,072</b>	26,533	<b>3,700</b>	4,407

### 13. CASH AND BANK BALANCES (CONT'D)

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

	Group	
	2022	2021
	\$'000	\$'000
Bank balances and cash	22,072	26,533
Less: Restricted cash		
– Cash at banks	(14,634)	(12,408)
Cash and cash equivalents	7,438	14,125

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	
	2022	2021
	\$'000	\$'000
<b>Vessels</b>		
At 1 July	–	1,047
Additions	–	4,878
Disposals	–	(5,925)
At 30 June	–	–

In 2021, 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 in 2021 with an aggregate carrying value of \$5,925,000 for a consideration of \$6,906,000. A gain on disposal of \$981,000 (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Non-current</b>				
Amounts due to an associate				
– non-trade	1,494	1,280	–	–
<b>Current</b>				
Trade payables	96,700	80,521	28	580
Accrued operating expenses	34,126	27,051	3,562	3,320
Payables for property, plant and equipment	2,192	1,187	–	–
Other payables	2,308	2,437	–	–
Other liabilities				
– Deferred income	987	1,332	–	–
– Deposits received from customers	1,837	3,966	–	–
Amounts due to subsidiaries				
– non-trade	–	–	79,283	78,144
Amounts due to joint ventures and associates				
– trade	263	263	–	–
Amounts due to related parties (Note 32(b))				
– trade	3,850	749	–	–
– non-trade	337	–	–	–
Amounts due to non-controlling interests of subsidiaries				
– non-trade	213	206	–	–
Amounts due to a shareholder				
– non-trade	6,620	6,620	–	–
Provision for warranty (Note 16)	3	6	–	–
	<b>149,436</b>	124,338	<b>82,873</b>	82,044
<b>Total trade and other payables (current and non-current)</b>	<b>150,930</b>	125,618	<b>82,873</b>	82,044
Less: Other liabilities				
– Deferred income	(987)	(1,332)	–	–
– Deposits received from customers	(1,837)	(3,966)	–	–
– Provision for warranty (Note 16)	(3)	(6)	–	–
Add: Trust receipts (Note 17)	8,767	5,991	–	–
Add: Interest bearing loans and borrowings (Note 18)	300,149	322,634	167,270	171,057
Add: Lease liabilities (Note 5)	5,293	7,456	–	–
<b>Financial liabilities at amortised cost</b>	<b>462,312</b>	456,395	<b>250,143</b>	253,101

## 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
SGD	65,442	59,958	82,825	79,904
USD	17,804	16,270	-	-
EUR	3,083	4,208	48	2,140
IDR	61,413	39,443	-	-
RMB	77	34	-	-
Others	284	401	-	-
	<b>148,103</b>	120,314	<b>82,873</b>	82,044

### ***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 \$1,494,000 (2021: \$1,280,000) is unsecured, bears interest at effective interest rate of 5.1% (2021: 3.91%) 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	
	2022 \$'000	2021 \$'000
At 1 July	6	14
Charge for the year	-	11
Amounts written back	(7)	(20)
Amounts written off	4	-
Net exchange differences	-	1
At 30 June	<b>3</b>	6

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 16. PROVISION FOR WARRANTY (CONT'D)

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 \$7,000 (2021: \$20,000) have been reversed as the warranty periods have lapsed.

## 17. TRUST RECEIPTS

	Group	
	2022	2021
	\$'000	\$'000
Secured	<b>8,767</b>	5,991

Trust receipts of the Group are secured by certain vessels under construction. Trust receipts are denominated in the following currencies:

	Group	
	2022	2021
	\$'000	\$'000
SGD	<b>7,196</b>	4,911
USD	<b>1,096</b>	1,056
EUR	<b>475</b>	24
	<b>8,767</b>	5,991

The average effective interest rate is 2.26% (2021: 2.46%) per annum.

A reconciliation of trust receipts arising from financing activities is as follows:

	Group	
	2022	2021
	\$'000	\$'000
At 1 July	<b>5,991</b>	19,137
Cash flows		
– cash proceeds	<b>28,868</b>	15,901
– cash payments	<b>(26,101)</b>	(29,063)
Non-cash items		
– foreign exchange movement	<b>9</b>	16
At 30 June	<b>8,767</b>	5,991



## 18. INTEREST-BEARING LOANS AND BORROWINGS

	Nominal interest rates %	Effective interest rates %	Maturity dates	Group	
				2022	2021
				\$'000	\$'000
<b>Current</b>					
SGD Finance lease liabilities – secured (Note 30(b))	2.50	6.61	2023	<b>285</b>	362
SGD Floating rate – secured	1.77 – 5.35	8.46 <sup>(1, 2, 3)</sup>	2023	<b>23,446</b>	23,664
USD Floating rate – secured	2.28 – 3.95	3.07 <sup>1</sup>	2023	<b>9,940</b>	9,416
SGD Fixed rate – secured	5.50	10.00	2023	<b>1,244</b>	1,238
SGD Fixed rate – unsecured	3.25 – 4.75	3.64	2023	<b>2,449</b>	2,940
				<b>37,364</b>	37,620
<b>Non-current</b>					
SGD Finance lease liabilities – secured (Note 30(b))	2.50	6.61	2024	<b>172</b>	457
SGD Floating rate – secured	1.77 – 5.35	8.46 <sup>1, 2, 3</sup>	2024 – 2028	<b>194,288</b>	205,482
USD Floating rate – secured	2.28 – 3.95	3.07 <sup>1</sup>	2024 – 2027	<b>64,709</b>	71,742
SGD Fixed rate – secured	5.50	10.00	–	<b>–</b>	1,294
SGD Fixed rate – unsecured	3.25 – 4.75	3.64	2024 – 2025	<b>3,616</b>	6,039
				<b>262,785</b>	285,014
				<b>300,149</b>	322,634

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

	Nominal interest rates %	Effective interest rates %	Maturity dates	Company	
				2022	2021
				\$'000	\$'000
<b>Current</b>					
SGD Floating rate – secured	2.65 – 4.00	8.93 <sup>1,2,3</sup>	2023	<b>10,536</b>	10,436
<b>Non-current</b>					
SGD Floating rate – secured	2.65 – 4.00	8.93 <sup>1,2,3</sup>	2024 – 2026	<b>156,734</b>	160,621
				<b>167,270</b>	171,057

1 The interest rates of floating rate loans are repriced at intervals ranging from 1 – 3 months (2021: 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 \$71,631,000 (2021: 66,653,000) and \$32,687,000 (2021: 30,581,000) 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		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
SGD	<b>225,501</b>	241,476	<b>167,270</b>	171,057
USD	<b>74,648</b>	81,158	–	–
	<b>300,149</b>	322,634	<b>167,270</b>	171,057

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:

	2022		2021	
	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>Group</b>				
<b><u>Current</u></b>				
SGD Finance lease liabilities – secured (Note 30(b))	285	285	362	362
SGD Floating rate – secured	25,662	23,447	26,229	23,664
USD Floating rate – secured	11,409	9,939	11,002	9,416
SGD Fixed rate – secured	1,244	1,244	1,238	1,238
SGD Fixed rate – unsecured	2,449	2,449	2,914	2,940
	<b>41,049</b>	<b>37,364</b>	41,745	37,620
<b><u>Non-current</u></b>				
SGD Finance lease liabilities – secured (Note 30(b))	172	172	457	457
SGD Floating rate – secured	228,461	194,288	250,297	205,482
USD Floating rate – secured	68,188	64,709	76,520	71,742
SGD Fixed rate – secured	–	–	1,294	1,294
SGD Fixed rate – unsecured	3,616	3,616	6,065	6,039
	<b>300,437</b>	<b>262,785</b>	334,633	285,014
	<b>341,486</b>	<b>300,149</b>	376,378	322,634
<b>Company</b>				
<b><u>Current</u></b>				
SGD Floating rate – secured	10,801	10,536	10,801	10,436
<b><u>Non-current</u></b>				
SGD Floating rate – secured	186,350	156,734	199,083	160,621
	<b>197,151</b>	<b>167,270</b>	209,884	171,057

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

### *Reconciliation of liabilities arising from financing activities*

	Loans and borrowings \$'000	Finance lease liabilities \$'000	Total \$'000
<b>Group</b>			
At 1 July 2021	321,815	819	322,634
Cash flows			
– cash payments	(37,244)	(362)	(37,606)
Non-cash items			
– foreign exchange movement	2,715	–	2,715
– amortisation	12,406	–	12,406
At 30 June 2022	<b>299,692</b>	<b>457</b>	<b>300,149</b>
<b>Company</b>			
At 1 July 2021	171,057	–	171,057
Cash flows			
– cash payments	(12,733)	–	(12,733)
Non-cash items			
– amortisation	8,946	–	8,946
At 30 June 2022	<b>167,270</b>	<b>–</b>	<b>167,270</b>
	Loans and borrowings \$'000	Finance lease liabilities \$'000	Total \$'000
<b>Group</b>			
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

## 18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

### *Reconciliation of liabilities arising from financing activities (cont'd)*

	<b>Loans and borrowings \$'000</b>	<b>Finance lease liabilities \$'000</b>	<b>Total \$'000</b>
<b>Company</b>			
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

## 19. OTHER LIABILITIES

	<b>Group</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Pension plans	<b>2,505</b>	3,356
Other long term obligations	<b>19</b>	25
	<b>2,524</b>	3,381

### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 19. OTHER LIABILITIES (CONT'D)

### *Pension plans (cont'd)*

Changes in present value of the defined benefit obligation are as follows:

	Germany Plan		Indonesia Plan		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 July	<b>2,373</b>	2,414	<b>983</b>	1,198	<b>3,356</b>	3,612
Provision/(reversal) during the year (Note 31)	<b>132</b>	133	<b>(22)</b>	(153)	<b>110</b>	(20)
Provision utilised	<b>(94)</b>	(99)	<b>-</b>	-	<b>(94)</b>	(99)
Actuarial gain arising from changes in financial assumptions	<b>(679)</b>	(119)	<b>(33)</b>	(8)	<b>(712)</b>	(127)
Net exchange differences	<b>(172)</b>	44	<b>17</b>	(54)	<b>(155)</b>	(10)
At 30 June	<b>1,560</b>	2,373	<b>945</b>	983	<b>2,505</b>	3,356
Net benefit expense:						
Interest costs	<b>15</b>	18	<b>62</b>	59	<b>77</b>	77
Current service costs	<b>117</b>	115	<b>(84)</b>	(212)	<b>33</b>	(97)
	<b>132</b>	133	<b>(22)</b>	(153)	<b>110</b>	(20)

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:

	2022	2021
<i>Discount rates:</i>		
Indonesia plan	<b>7.7%</b>	7.1%
Germany plan	<b>3.2%</b>	0.7%
<i>Future salary increases:</i>		
Indonesia plan	<b>5.0%</b>	5.0%
Germany plan	<b>0.0%</b>	0.0%
<i>Future pension increases:</i>		
Indonesia plan	<b>5.0%</b>	5.0%
Germany plan	<b>1.5%</b>	1.5%
<i>Normal retirement age:</i>		
Indonesia plan	<b>56 years</b>	55 years
Germany plan	<b>65 years</b>	65 years

## 19. OTHER LIABILITIES (CONT'D)

### *Pension plans (cont'd)*

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 2019 (TMI 4 (2019)).

The average duration of the post-employment benefits at the end of the financial year is 10.45 to 19.32 years (2021: 10.10 to 20.07 years).

## 20. DEFERRED TAX LIABILITIES

	Group			
	Statement of financial position		Consolidated income statement	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Deferred tax assets</b>				
Unutilised tax losses and wear and tear allowances	<b>(1,290)</b>	(1,524)	<b>234</b>	541
Allowance for doubtful receivables	<b>(9)</b>	(9)	-	-
Others	<b>(255)</b>	(255)	-	-
	<b>(1,554)</b>	(1,788)		
<b>Deferred tax liabilities</b>				
Difference in depreciation for tax purposes	<b>8,137</b>	9,885	<b>(1,779)</b>	(4,689)
Fair value adjustments on business combinations	<b>450</b>	524	<b>(74)</b>	(77)
Others	<b>(18)</b>	-	<b>(18)</b>	-
Net exchange differences	<b>(93)</b>	9	<b>(64)</b>	10
	<b>8,476</b>	10,418		
Net deferred tax liabilities	<b>6,922</b>	8,630		
Deferred tax credit (Note 28)			<b>(1,701)</b>	(4,215)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 20. DEFERRED TAX LIABILITIES (CONT'D)

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 \$11,179,000 (2021: \$12,429,000). The deferred tax liabilities are estimated to be \$2,754,000 (2021: \$3,145,000).

## 21. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
	'000	'000	\$'000	\$'000
<b>Fully paid ordinary shares, with no par value</b>				
<u>2022</u>				
Balance at beginning of year	630,507	2,512	108,133	(923)
Issue of ordinary shares from exercise of warrants	120	–	7	–
Balance at end of year	<b>630,627</b>	<b>2,512</b>	<b>108,140</b>	<b>(923)</b>
<u>2021</u>				
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)

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 2022 and 2021, 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Accumulated losses	<b>(41,911)</b>	(10,350)	<b>(75,029)</b>	(75,280)
Foreign currency translation reserve	<b>2,381</b>	411	-	-
Warrant reserve	<b>897</b>	897	<b>897</b>	897
Hedging reserve	<b>(1)</b>	-	-	-
	<b>(38,634)</b>	(9,042)	<b>(74,132)</b>	(74,383)

### ***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 2022, 1,360,000 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 565,770,713 (2021: 565,890,713).

### ***Hedging reserve***

Hedging reserve records the portion of the fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be effective hedges.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 23. REVENUE

Disaggregation of revenue	Group					
	2022			2021		
	At a point in time \$'000	Over time \$'000	Total \$'000	At a point in time \$'000	Over time \$'000	Total \$'000
<i>Shipbuilding segment</i>						
– Construction of tugs	–	992	992	9,318	7,123	16,441
– Construction of barges and others	7,362	16,632	23,994	6,714	1,451	8,165
	<b>7,362</b>	<b>17,624</b>	<b>24,986</b>	16,032	8,574	24,606
<i>Shiprepair, conversion and engineering services segment</i>						
– Provision of shiprepair and related services	–	104,389	104,389	–	75,230	75,230
– Provision of engineering service and sales of components	1,938	4,053	5,991	3,411	4,411	7,822
	<b>1,938</b>	<b>108,442</b>	<b>110,380</b>	3,411	79,641	83,052
<i>Shipchartering segment</i>						
– Leasing income	–	36,337	36,337	–	30,157	30,157
– Mobilisation and demobilisation income	–	1,043	1,043	–	9,675	9,675
– Freight income	–	20,311	20,311	–	9,610	9,610
– Other charter ancillary and marine related service income	6,556	34,564	41,120	9,994	23,824	33,818
– Ship management income	–	662	662	–	600	600
– Trade sales	555	162	717	1,274	168	1,442
	<b>7,111</b>	<b>93,079</b>	<b>100,190</b>	11,268	74,034	85,302
	<b>16,411</b>	<b>219,145</b>	<b>235,556</b>	30,711	162,249	192,960

## 24. OTHER OPERATING INCOME

	Group	
	2022 \$'000	2021 \$'000
Gain on disposal of assets classified as held for sale	–	981
Gain on disposal of property, plant and equipment	<b>3,921</b>	5,291
Gain on dissolution of a subsidiary	<b>401</b>	89
Gain on foreign exchange (net)	<b>363</b>	–
Gain on remeasurement of lease liabilities	–	537
Government grants	<b>1,523</b>	2,848
Insurance claims	<b>1,257</b>	612
Interest income from debt instruments at amortised costs		
– deposits and bank balances	<b>23</b>	38
– finance lease receivables	<b>654</b>	564
Miscellaneous income	<b>892</b>	646
Rental income	<b>501</b>	496
Reversal of impairment losses/(impairment losses) on non-financial assets (net)		
– property, plant and equipment	<b>3,660</b>	–
– intangible assets	<b>(1,626)</b>	–
	<b>2,034</b>	–
	<b>11,569</b>	12,102

Included in government grants in the current financial year are amounts of \$321,000 (2021: \$1,625,000) and \$897,000 (2021: \$1,057,000) relating to jobs support scheme and foreign worker levy rebates respectively, funded by Singapore Government.

## 25. OTHER OPERATING EXPENSES

	Group	
	2022 \$'000	2021 \$'000
Impairment losses on non-financial assets:		
– inventories (Note 10)	–	6,578
– property, plant and equipment (Note 4)	–	2,150
	–	8,728
Inventories written off	–	13
Loss on foreign exchange (net)	–	2,234
Loss on remeasurement of lease liabilities	<b>60</b>	–
Property, plant and equipment written off (Note 4)	<b>528</b>	2
Contract-related settlements	–	1,818
	<b>588</b>	12,795

Contract-related settlements pertain to the settlement of certain contractual claims without any admission of liability by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 26. FINANCE COSTS

	Group	
	2022	2021
	\$'000	\$'000
Interest expense on:		
– bank loans and notes	23,231	23,672
– finance lease	29	118
– lease liabilities	623	729
– trust receipts	175	422
	<b>24,058</b>	24,941
Less:		
Interest expense capitalised in contract assets		
– trust receipts	(3)	(8)
Interest expense charged to cost of sales		
– trust receipts	(172)	(414)
	<b>23,883</b>	24,519

## 27. LOSS BEFORE TAX

	Note	Group	
		2022	2021
		\$'000	\$'000
<b>Loss before tax is stated after charging/(crediting):</b>			
Amortisation of intangible assets	8	296	308
Audit fees paid/payable:			
– auditor of the Company		330	305
– overseas affiliates of the auditors of the Company		85	84
– other auditors		56	18
Non-audit fees paid/payable to auditor of the Company		10	4
Depreciation of property, plant and equipment	4	44,731	55,450
Depreciation of right-of-use assets	5	2,399	3,212
Employee benefits expense	31	37,459	34,539
(Reversal of)/impairment losses on financial assets (net):			
– amount due from:			
– joint ventures and associates	12	(2,554)	(5,354)
– related parties	12	–	42
– contract assets	11	55	69
– other receivables	12	(297)	108
– trade receivables (third parties)	12	4,298	510

## 28. INCOME TAX (EXPENSES)/CREDIT

### *Major components of income tax credit*

The major components of income tax credit for the financial years ended 30 June 2022 and 2021 are:

	Group	
	2022	2021
	\$'000	\$'000
<b>Current income tax:</b>		
Current income tax	(1,602)	(2,400)
(Under)/overprovision in respect of prior years	(485)	1,895
	<b>(2,087)</b>	(505)
<b>Deferred tax:</b>		
Movements in temporary differences	2,057	1,905
(Under)/overprovision in respect of prior years	(355)	2,310
	<b>1,702</b>	4,215
Total income tax (expense)/credit	<b>(385)</b>	3,710
<u>Relationship between tax (expense)/credit and</u> <u>accounting loss</u>		
Loss before tax	<b>(31,810)</b>	(40,609)
Income tax using Singapore statutory tax rate of 17% (2021: 17%)	<b>5,408</b>	6,904
Adjustments:		
Expenses not deductible for tax purposes	<b>(5,341)</b>	(5,507)
Income not subject to tax	<b>3,288</b>	2,524
Partial tax exemption	<b>48</b>	66
Net tax exempt loss under Section 13A or 13F of the Singapore Income Tax Act	<b>(2,539)</b>	(2,271)
Effect of different tax rates in foreign countries	<b>311</b>	(334)
Deferred tax assets not recognised	<b>(3,524)</b>	(3,195)
Utilisation of deferred tax assets previously not recognised	<b>2,185</b>	1,160
Share of results of joint ventures and associates	<b>(25)</b>	(302)
(Under)/overprovision in respect of prior years	<b>(840)</b>	4,205
Losses not available for carry-forward	<b>(1,571)</b>	(1,309)
Others	<b>2,215</b>	1,769
	<b>(385)</b>	3,710

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 28. INCOME TAX (EXPENSES)/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 \$69,583,000 and \$34,611,000 (2021: \$66,475,000 and \$29,843,000), 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 \$Nil (2021: \$2,313,000) and \$6,093,000 (2021: \$6,995,000), respectively which would expire between 2027 and 2030 (2021: between 2022 and 2030).

## 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	
	2022	2021
	\$'000	\$'000
Basic earnings per share is based on:		
(i) Loss for the year attributable to owners of the Company	<u>(32,273)</u>	(35,015)
	<b>No. of Shares</b>	<b>No. of shares</b>
(ii) Weighted average number of ordinary shares in issue during the financial year applicable to basic and diluted earnings per share	<u>630,619,051</u>	629,290,831

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	
	2022	2021
	\$'000	\$'000
Purchase of:		
Plant and machineries	<u>191</u>	10

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 2 years (2021: 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 2.50% (2021: 2.49%) 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			
	2022		2021	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	\$'000	\$'000	\$'000	\$'000
Not later than one year	300	285	391	362
Later than one year but not later than five years	175	172	475	457
Total minimum lease payments	475	457	866	819
Less: Amounts representing finance charges	(18)	–	(47)	–
Present value of minimum lease payments	457	457	819	819



### 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	
	2022 \$'000	2021 \$'000
Subsidiaries	<b>176,086</b>	165,996

#### (d) *Financial support*

The Company has agreed to provide continuing financial support to certain subsidiary companies.

### 31. EMPLOYEE BENEFITS

	Group	
	2022 \$'000	2021 \$'000
<b>Employee benefits expense (including Executive Directors)</b>		
Salaries and bonuses	<b>34,445</b>	31,866
Employer's contribution to defined contribution plans, including Central Provident Fund contributions	<b>1,611</b>	1,855
Expenses/(reversal) from defined benefits plan (Note 19)	<b>78</b>	(22)
Other staff benefits	<b>1,325</b>	840
	<b>37,459</b>	34,539

#### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
	2022	2021
	\$'000	\$'000
<b>Joint ventures and associates</b>		
Charter and trade expenses	(2,390)	(2,081)
Shipcharter income	-	(15) <sup>1</sup>
Shiprepair income	321	64
<b>Related parties</b>		
Charter and trade expenses	(10)	(2)
Miscellaneous income	-	39
Purchase of materials	-	(226)
Purchase of plant and machinery	(810)	-
Shipcharter income	676	-

1 The credit balance arose from discounts granted.

	Company	
	2022	2021
	\$'000	\$'000
<b>Subsidiaries</b>		
Interest income	5,433	5,535

### (b) *Settlement of liabilities on behalf by/(for) the Group*

	Group	
	2022	2021
	\$'000	\$'000
Joint ventures and associates	1,344	861
Joint ventures and associates	(12)	(939)
Related parties	-	(1,381)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 32. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Settlement of liabilities on behalf of/(for) the Group (cont'd)

#### Related parties

The related parties are Koon Holdings Limited ("KHL") and its subsidiaries (collectively known as "Koon Group") and Sintech Metal Industries Pte. Ltd. ("Sintech"). Two of the directors and the founder of the Company, Mr Ang Sin Liu have a deemed equity interest of 53.76% (2021: 53.76%) in Koon Group. One of the directors of the Company is also a director of KHL. Mr. Ang Sin Liu wholly owns Sintech, which is an exempt private company limited by share.

KHL was delisted from the Australian Stock Exchange on 6 September 2021 and the SGX-ST on 22 September 2021. KHL was subsequently placed under Creditors' Voluntary Liquidation on 12 May 2022.

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	<b>2,028</b>	2,084
Central Provident Fund contributions	<b>88</b>	88
Other long-term benefits	<b>81</b>	98
Total compensation paid to key management personnel	<b>2,197</b>	2,270
Comprise amounts paid to:		
– Directors of the Group	<b>1,210</b>	1,319
– Other key management personnel	<b>987</b>	951
	<b>2,197</b>	2,270

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 2022 and 2021. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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% (2021: 0.5%) in interest rate at 30 June would increase loss before tax by the amounts shown below. A decrease of 0.5% (2021: 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	
	2022	2021	2022	2021
	Loss	Loss	Loss	Loss
	before tax	before tax	before tax	before tax
	\$'000	\$'000	\$'000	\$'000
Floating rate instruments	<b>1,506</b>	1,581	<b>836</b>	855

#### (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	
	2022	2021	2022	2021
	Loss	Loss	Loss	Loss
	before tax	before tax	before tax	before tax
	\$'000	\$'000	\$'000	\$'000
USD	<b>(3,284)</b>	(3,161)	–	–
IDR	<b>(2,372)</b>	(1,224)	–	–

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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:

<b>Segment</b>	<b>Default days</b>
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	
	Gross carrying amount	Loss allowance provision	Gross carrying amount	Loss allowance provision
30 June 2022	\$'000	\$'000	\$'000	\$'000
Current	12,460	(392)	13,200	(190)
Past due up to 3 months	13,715	(1,767)	-	-
Past due 3 to 6 months	4,014	(1,170)	-	-
Past due 6 to 12 months	5,094	(1,932)	-	-
More than 1 year	21,852	(17,000)	-	-
	<b>57,135</b>	<b>(22,261)</b>	<b>13,200</b>	<b>(190)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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)	
	Gross carrying amount \$'000	Loss allowance provision \$'000	Gross carrying amount \$'000	Loss allowance provision \$'000
<b>30 June 2022</b>				
Current	8	-	-	-
Past due up to 3 months	388	-	-	-
Past due 3 to 6 months	-	-	-	-
Past due 6 to 12 months	324	-	-	-
More than 1 year	29,964	(28,988)	8	-
	<b>30,684</b>	<b>(28,988)</b>	<b>8</b>	<b>-</b>
	Trade receivables		Contract assets	
	Gross carrying amount \$'000	Loss allowance provision \$'000	Gross carrying amount \$'000	Loss allowance provision \$'000
<b>30 June 2021</b>				
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)	-	-
	<b>69,970</b>	<b>(28,647)</b>	<b>10,143</b>	<b>(135)</b>

### 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)

	<b>Amounts due from joint ventures and associates (trade)</b>		<b>Amounts due from related parties (trade)</b>	
	<b>Gross carrying amount</b>	<b>Loss allowance provision</b>	<b>Gross carrying amount</b>	<b>Loss allowance provision</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30 June 2021</b>				
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	–
	<b>29,266</b>	<b>(28,281)</b>	<b>8</b>	<b>–</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 2022				
Category	Definition of category	Basis for recognition of ECL	Group		Company	
			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	429	(45)	-	-
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	32,367	(26,934)	319,628	(78,462)

### 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 2021				
Category	Definition of category	Basis for recognition of ECL	Group		Company	
			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)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Credit risk (cont'd)

#### 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.

At 30 June 2022 and 2021, 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	
	2022	2021
	\$'000	\$'000
<b>By business activities</b>		
Shipbuilding	3,205	647
Shiprepair and engineering	14,925	23,237
Shipchartering	16,744	17,439
	<b>34,874</b>	41,323
<b>By geographical areas</b>		
Singapore	12,342	15,019
Indonesia	7,667	12,152
Rest of Asia	9,250	11,932
Europe	1,072	868
Australia	1,908	62
Other countries	2,635	1,290
	<b>34,874</b>	41,323

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (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.

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
<b>Group</b>					
<b>30 June 2022</b>					
<b>Non-derivative financial instruments</b>					
Trade and other receivables	51,528	51,528	51,528	-	-
Contract assets	13,010	13,010	13,010	-	-
Finance lease receivables	9,660	10,695	5,766	4,929	-
Cash and bank balances	22,072	22,072	22,072	-	-
Trade and other payables*	(148,103)	(148,415)	(146,679)	(1,736)	-
Trust receipts	(8,767)	(8,815)	(8,815)	-	-
Interest-bearing loans and borrowings	(300,149)	(371,184)	(50,516)	(320,623)	(45)
Lease liabilities	(5,293)	(6,301)	(2,095)	(3,914)	(292)
	<b>(366,042)</b>	<b>(437,410)</b>	<b>(115,729)</b>	<b>(321,344)</b>	<b>(337)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Liquidity risk (cont'd)

	Carrying amounts \$'000	Contractual Cash Flows			
		Total \$'000	Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
<b>30 June 2021</b>					
<b>Non-derivative financial instruments</b>					
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)
	<b>(355,468)</b>	<b>(448,852)</b>	<b>(84,929)</b>	<b>(239,736)</b>	<b>(124,187)</b>

\* 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.

	Carrying amounts \$'000	Contractual Cash Flows			
		Total \$'000	Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
<b>Company</b>					
<b>30 June 2022</b>					
<b>Non-derivative financial instruments</b>					
Trade and other receivables	241,186	247,669	241,795	5,874	-
Cash and bank balances	3,700	3,700	3,700	-	-
Trade and other payables	(82,873)	(82,873)	(82,873)	-	-
Interest-bearing loans and borrowings	(167,270)	(215,063)	(16,366)	(198,697)	-
	(5,257)	(46,567)	146,256	(192,823)	-
<b>30 June 2021</b>					
<b>Non-derivative financial instruments</b>					
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)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 is allocated to the earliest period in which the guarantee could be called.

	Company			Total \$'000
	Within 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000	
<b>2022</b>				
Corporate guarantees provided to subsidiaries	<b>49,370</b>	<b>126,671</b>	<b>45</b>	<b>176,086</b>
<b>2021</b>				
Corporate guarantees provided to subsidiaries	33,004	83,110	49,882	165,996

## 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 2022 and 2021.

	Group	
	2022 \$'000	2021 \$'000
Net loss attributable to owners of the Company	<b>32,273</b>	35,015
Equity attributable to the owners of the Company	<b>68,583</b>	98,168
Return on shareholders' funds	<b>(47.06%)</b>	(35.67%)
Interest-bearing loans and borrowings (Note 18)	<b>300,149</b>	322,634
Trust receipts (Note 17)	<b>8,767</b>	5,991
Less: Cash and bank balances (Note 13)	<b>(22,072)</b>	(26,533)
Net borrowings	<b>286,844</b>	302,092
Net gearing ratio (times)	<b>4.18</b>	3.08

### **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 2022 and 2021.

### **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 2022 and 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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 \$118,113,000 (2021: \$45,699,000), 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 in 2021 was carried at fair value less cost of disposal of \$72,884,000, 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.

##### 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Financial liabilities</b>				
Finance lease liabilities				
(Non-current) (Note 18)	<b>172</b>	457	<b>160</b>	434
Fixed rate loans				
(Non-current) (Note 18)	<b>3,616</b>	7,333	<b>3,241</b>	6,638

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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, 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
<b>Revenue and expenses</b>							
<b>2022</b>							
Revenue from external customers	24,986	110,380	100,190	-	-	235,556	
Inter-segment revenue	8,439	51,920	25,628	-	(85,987)	-	A
Total revenue	33,425	162,300	125,818	-	(85,987)	235,556	
Segment results	(6,186)	2,557	(4,069)	(737)	-	(8,435)	
Interest income from finance lease receivables	-	-	654	-	-	654	
Finance costs	-	-	-	-	-	(23,883)	
Share of results of joint ventures and associates	-	-	-	-	-	(146)	
Income tax expense	-	-	-	-	-	(385)	
Loss for the year	-	-	-	-	-	(32,195)	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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
<b>Revenue and expenses</b>							
<b>2021</b>							
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
<b>Assets and liabilities</b>							
<b>30 June 2022</b>							
Segment assets	75,393	166,783	335,588	4,083	-	581,847	
Unallocated assets						2,116	B
Total assets						583,963	
Segment liabilities	27,392	90,486	71,289	3,608	-	192,775	
Unallocated liabilities						323,433	C
Total liabilities						516,208	
<b>30 June 2021</b>							
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	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 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	
	2022	2021
	\$'000	\$'000
Investment in joint ventures and associates	<b>2,116</b>	2,083

Note C The following unallocated liabilities are added to segment liabilities to arrive at total liabilities reported in the statement of financial position:

	Group	
	2022	2021
	\$'000	\$'000
Interest bearing loans and borrowings (Note 18)		
– Current	<b>37,364</b>	37,620
– Non-current	<b>262,785</b>	285,014
Trust receipts (Note 17)	<b>8,767</b>	5,991
Income tax payables	<b>7,595</b>	6,451
Deferred tax liabilities (Note 20)	<b>6,922</b>	8,630
	<b>323,433</b>	343,706

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
<b>Other segmental information</b>					
<b>2022</b>					
Capital expenditure	348	1,247	18,073	-	19,668
Depreciation and amortisation	3,901	10,586	32,939	-	47,426
Other non-cash (income)/expenses	(5)	76	528	-	599
Impairment loss on financial assets, net	-	1,892	(390)	-	1,502
Impairment loss/(reversal of impairment loss) on property, plant and equipment	5	15	(3,680)	-	(3,660)
Impairment loss on intangible assets	-	1,626	-	-	1,626
Finance cost	2,095	7,056	5,066	9,666	23,883
Interest income	(2)	(13)	(661)	(1)	(677)
<b>2021</b>					
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)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

## 36. SEGMENT REPORTING (CONT'D)

### (i) Business segments (cont'd)

#### Information about a major customer<sup>1</sup>

Revenue from a major customer amounting to \$26,216,000 (2021: \$36,452,000) is attributable to sales across all three segments.

<sup>1</sup> 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

	Rest of					Consolidated \$'000
	Singapore \$'000	Indonesia \$'000	Asia \$'000	Europe \$'000	Australia \$'000	
<b>2022</b>						
Revenue from external customers	90,502	35,168	48,711	18,712	10,394	235,556
Non-current assets	218,714	127,393	43,343	1,330	-	390,780
<b>2021</b>						
Revenue from external customers	94,710	32,438	39,163	7,875	12,418	192,960
Non-current assets	231,044	138,641	43,349	3,884	-	416,918

## **36. SEGMENT REPORTING (CONT'D)**

### **(ii) Geographical segments (cont'd)**

Non-current assets relate to property, plant and equipment, 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. EVENTS SUBSEQUENT TO THE REPORTING DATE**

In July 2022, 2 barges belonging to wholly owned subsidiaries of the Company, encountered total losses. The barges have been mortgaged as part of the Group's CTL Facility. Based on ongoing discussions with the underwriters, the Group expects to receive its claims of approximately \$2,600,000, which sufficiently covered the net carrying value of the barges as at 30 June 2022. Pursuant to the deed of assignment of insurance, the proceeds of the claims from the underwriters would be used to prepay the CTL Facility. Accordingly, no provisions have been made for these accidents.

## **38. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 10 October 2022.

# STATISTICS OF SHAREHOLDINGS

As at 21 September 2022

Class of shares	:	Ordinary shares
No. of treasury shares held	:	2,511,600
No. of subsidiary holdings held	:	0
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	72	2.52	772	0.00
100 – 1,000	133	4.65	65,424	0.01
1,001 – 10,000	1,083	37.87	5,725,980	0.91
10,001 – 1,000,000	1,542	53.91	84,723,391	13.38
1,000,001 and above	30	1.05	542,622,974	85.70
	<b>2,860</b>	<b>100.00</b>	<b>633,138,541</b>	<b>100.00</b>

## 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	Raffles Nominees (Pte) Ltd	54,954,213	8.71
6	CGS-CIMB Securities (S) Pte Ltd	52,781,700	8.37
7	Ang Ah Nui	30,660,000	4.86
8	Ang Swee Kuan	27,195,000	4.31
9	Maybank Securities Pte. Ltd.	14,370,650	2.28
10	Citibank Nominees Singapore Pte Ltd	10,785,900	1.71
11	United Overseas Bank Nominees Pte Ltd	10,580,650	1.68
12	Chua Leong Aik	5,306,000	0.84
13	DBS Nominees Pte Ltd	5,274,700	0.84
14	Phillip Securities Pte Ltd	4,431,261	0.70
15	TKB C-E Contractor Pte. Ltd.	3,500,000	0.56
16	Ang Jui Khoon	3,246,750	0.51
17	Morgan Stanley Asia (S) Securities Pte Ltd	2,999,800	0.48
18	Ong Bee Dee	2,309,000	0.37
19	OCBC Nominees Singapore Pte Ltd	2,284,700	0.36
20	Goh Guan Siong (Wu Yuanxiang)	2,144,300	0.34
		<b>526,547,774</b>	<b>83.49</b>

\* 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 21 September 2022.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company and to the best knowledge of the Company as at 21 September 2022, approximately 32.79% 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

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Ang Kok Tian <sup>(2)(3)(4)</sup>	88,214,300	13.99	335,065,050	53.13
Ang Ah Nui <sup>(2)(3)(4)</sup>	30,660,000	4.86	392,619,350 <sup>(5)</sup>	62.26
Ang Kok Eng <sup>(2)(3)(4)</sup>	73,799,100	11.70	349,480,250	55.42
Ang Kok Leong <sup>(2)(3)(4)</sup>	72,841,500	11.55	350,437,850	55.57
Ang Sin Liu <sup>(3)(4)</sup>	58,868,250	9.33	364,411,100 <sup>(6)</sup>	57.79
Ang Swee Kuan <sup>(3)(4)</sup>	27,195,000	4.31	396,084,350	62.81
FMR LLC	–	–	53,723,413 <sup>(7)</sup>	8.52
Fidelity Management & Research Company LLC	–	–	53,723,413 <sup>(8)</sup>	8.52
Abigail P. Johnson	–	–	53,723,413 <sup>(9)</sup>	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 21 September 2022.
- (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 a 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 21 September 2022

Size of Warrantholdings	No. of Warranholders		No. of Warrants	
		%		%
1 – 99	2	0.65	75	0.00
100 – 1,000	1	0.33	1,000	0.00
1,001 – 10,000	77	25.08	494,692	0.09
10,001 – 1,000,000	186	60.59	37,874,736	6.69
1,000,001 and above	41	13.35	527,400,250	93.22
	<b>307</b>	<b>100.00</b>	<b>565,770,753</b>	<b>100.00</b>

## TOP 20 WARRANTHOLDERS

No.	Name of Warranholders	No. of Warrants	%
1	DBS Nominees Pte Ltd	102,495,725	18.12
2	Phillip Securities Pte Ltd	58,767,400	10.39
3	Ang Kok Tian	44,106,400	7.80
4	Ang Kok Eng	36,899,550	6.52
5	Ang Kok Leong	36,420,750	6.44
6	Citibank Nominees Singapore Pte Ltd	34,386,550	6.08
7	Ang Sin Liu	29,316,675	5.18
8	Raffles Nominees (Pte) Limited	27,133,000	4.80
9	CGS-CIMB Securities (Singapore) Pte Ltd	26,297,500	4.65
10	Toh Ong Tiam	15,489,900	2.74
11	Ang Ah Nui	15,330,000	2.71
12	Ang Swee Kuan	13,597,500	2.40
13	Law Yean Muay	11,000,000	1.94
14	United Overseas Bank Nominees Pte Ltd	9,837,850	1.74
15	Maybank Securities Pte. Ltd.	6,127,900	1.08
16	Tan Tong Guan	5,550,000	0.98
17	RHB Bank Nominees Pte Ltd	5,087,500	0.90
18	HSBC (Singapore) Nominees Pte Ltd	4,848,625	0.86
19	OCBC Securities Private Limited	3,957,500	0.70
20	Er Cheng Seng Benjamin	3,526,000	0.62
		<b>490,176,325</b>	<b>86.65</b>



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of ASL Marine Holdings Ltd. (the “Company”) will be convened and held by way of electronic means on Thursday, 27 October 2022 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 2022 and the auditors’ report thereon. **Resolution 1**
- 2 To approve directors’ fees of S\$214,400 for the year ending 30 June 2023, to be paid quarterly in arrears. (2022: S\$214,400) **Resolution 2**
- 3 To re-elect Mr Andre Yeap Poh Leong, 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 Kok Leong, 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 David Hwang Soo Chin, a director who will cease to hold office in accordance with Regulation 97 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 modifications, the following resolutions as ordinary resolutions:

### 7 **Share issue mandate**

That pursuant to Section 161 of the Companies Act 1967 (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

# NOTICE OF ANNUAL GENERAL MEETING

- (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

# NOTICE OF ANNUAL GENERAL MEETING

“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 **Approval for the continued appointment of Mr Andre Yeap Poh Leong as an independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST by all shareholders**

That contingent upon the passing of Resolution 3 and the passing of Resolution 10 and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST:

- (a) the continued appointment of Mr Andre Yeap Poh Leong as an independent director be and is hereby approved; and
- (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Mr Andre Yeap Poh Leong as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

**Resolution 9**

[See Explanatory Note 6]

10 **Approval for the continued appointment of Mr Andre Yeap Poh Leong as an independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and the chief executive officer of the Company and their respective associates**

That contingent upon the passing of Resolution 3 and the passing of Resolution 9 and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST:

- (a) the continued appointment of Mr Andre Yeap Poh Leong as an independent director be and is hereby approved; and

- (b) the authority conferred by this resolution shall continue in force until the earlier of the retirement or resignation of Mr Andre Yeap Poh Leong as a director or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

**Resolution 10**

[See Explanatory Note 6]

- 11 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  
12 October 2022

**Explanatory Notes**

- 1 Detailed information on Mr Andre Yeap Poh Leong 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. Mr Andre Yeap Poh Leong is an independent director, a member of the audit committee, a member and the chairman of the nominating committee and a member of the remuneration committee. Upon the passing of Resolution 3 for his re-election as a director and Resolutions 9 and 10 for his continued appointment as an independent director, he will continue in the said capacities.
- 2 Detailed information on Mr Ang Kok Leong 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. Mr Ang Kok Leong is an executive director. Upon his re-election as a director, he will continue in the said capacity.
- 3 Detailed information on Mr David Hwang Soo Chin 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. Mr David Hwang Soo Chin is an independent director, a member and the chairman of the audit committee, a member of the nominating committee and a member of the remuneration committee. Upon his re-election as a director, he will continue in the said capacities.

# NOTICE OF ANNUAL GENERAL MEETING

- 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 12 October 2022.
- 6 The ordinary resolutions proposed in Resolutions 9 and 10 are for the purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST provides that a director will not be independent if 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 separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the Company and their respective associates.

Mr Andre Yeap Poh Leong is an independent director who has served on the board of directors of the Company for more than nine years. The Company is seeking the requisite approval from shareholders for his continued appointment as an independent director via a two-tier voting process, as he will be due for retirement in accordance with Regulation 91 of the Company's Constitution at the Twenty-Second Annual General Meeting.

## Notes

- 1 The Twenty-Second 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:
  - (a) attendance at the Twenty-Second 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);

- (b) submission of textual questions to the Chairman of the Meeting in advance of, or “live” at, the Twenty-Second Annual General Meeting, and addressing of substantial and relevant questions in advance of, or “live” at, the Twenty-Second Annual General Meeting; and
- (c) voting at the Twenty-Second Annual General Meeting (i) “live” by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member’s behalf at the Twenty-Second Annual General Meeting,

are set out in the Company’s Letter to Shareholders dated 12 October 2022 (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 As a precautionary measure due to the current COVID-19 situation in Singapore and to keep physical interactions and COVID-19 transmission risk to a minimum, the Company is not providing for physical attendance by members at the Twenty-Second Annual General Meeting. A member who wishes to exercise his/her/its voting rights at the Twenty-Second Annual General Meeting may:

- (a) (where the member is an individual) vote “live” via electronic means at the Twenty-Second Annual General Meeting, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote “live” via electronic means at the Twenty-Second Annual General Meeting on his/her/its behalf; or
- (b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Twenty-Second Annual General Meeting.

The proxy form for the Twenty-Second Annual General Meeting may be accessed on SGXNet and the Company’s website at the URL <https://aslmarine.listedcompany.com/home.html>. A member may also appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>.

- 4 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member’s instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

“Relevant intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act.

- 5 A proxy need not be a member of the Company.
- 6 The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
- (a) if submitted by post, be deposited at the Company’s registered office at 19 Pandan Road, Singapore 609271; or

# NOTICE OF ANNUAL GENERAL MEETING

(b) if submitted electronically, be submitted:

- (i) via email to the Company's Share Registrar, M & C Services Private Limited, at [gpb@mncsingapore.com](mailto:gpb@mncsingapore.com); or
- (ii) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>,

in each case, by 2.00 p.m. on 24 October 2022 (being not less than 72 hours before the time appointed for the holding of the Twenty-Second Annual General Meeting).

A member who wishes to submit an instrument appointing a proxy(ies) by post or via email must first download, complete and sign the proxy form before submitting it by post to the address provided above, or before submitting it via email (e.g. by enclosing a completed and signed PDF copy of the proxy form) to the email address provided above. A member may also appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>.

Members are strongly encouraged to submit completed proxy forms electronically via email or appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>.

7 CPF and SRS investors:

- (a) may vote "live" via electronic means at the Twenty-Second Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Twenty-Second Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 October 2022.

## Personal Data Privacy

By submitting an instrument appointing a proxy(ies) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company (i) 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 proxies appointed 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 (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the warranty.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 21 September 2022

The following information relating to Mr Andre Yeap Poh Leong, Mr Ang Kok Leong and Mr David Hwang Soo Chin, each of whom is standing for re-election as a director at the Annual General Meeting of ASL Marine Holding Ltd. on 27 October 2022, is provided pursuant to Rule 720(6) of the Listing Manual of the SGX-ST:

<b>Name of Director</b>	<b>Andre Yeap Poh Leong</b>	<b>Ang Kok Leong</b>	<b>David Hwang Soo Chin</b>
Date of first appointment as a director	17/01/2003	18/10/2002	17/01/2003 (resigned on 13/10/2005, appointed again on 01/11/2021)
Date of last re-appointment (if applicable)	26/11/2020	26/11/2020	Not applicable
Age	61	54	74
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 Yeap's experience, skills and qualification and the assessment on his overall contribution and performance, is of the view that Mr Yeap 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 and 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 Hwang's experience, skills and qualification and the assessment on his overall contribution and performance, is of the view that Mr Hwang is suitable for re-election and will continue to contribute to the Board.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 21 September 2022

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Executive  Responsible for the Group's marketing and business development function for Europe, Middle East and other regions. Also in charge of overseeing engineering and research development division of the Group.	Non-executive
Job title	Independent Non-executive Director  Chairman of Nominating Committee  Member of Audit and Remuneration Committees	Executive Director	Independent Non-executive Director  Chairman of Audit Committee  Member of Nominating and Remuneration Committees
Professional qualifications	Bachelor of Law from National University of Singapore  Fellow of the Singapore Institute of Arbitrators  Appointed to rank of Senior Counsel, Supreme Court of Singapore in 2003	Bachelor of Science (Industrial Management) from Carnegie Mellon University	Bachelor of Engineering (Chemical) and a Post-graduate Diploma in Computer Science from Queensland University in Australia

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
Working experience and occupation(s) during the past 10 years	<p><u>2003 to present</u> Non-executive Director and Chairman of Nominating Committee of ASL Marine Holdings Ltd.</p> <p><u>2008 to present</u> Senior Partner, Rajah &amp; Tann Singapore LLP</p> <p><u>2014 to 2021</u> Director of The Esplanade Co Ltd</p> <p><u>2015 to 2021</u> Board Member of Energy Market Authority (Statutory Board)</p>	<p><u>2002 to present</u> Executive Director of ASL Marine Holdings Ltd.</p>	<p><u>2003 to 2005, 2021 to present</u> Non-executive Director and Chairman of Audit Committee of ASL Marine Holdings Ltd.</p> <p><u>2012 to 2015</u> Senior Advisor to Sunway Group's China CEO</p> <p><u>2013 to 2022</u> Non-executive Director and Chairman of Remuneration Committee of Singhaiyi Group Ltd.</p> <p><u>2007 to 2019</u> Non-executive Director and Chairman of Nominating Committee of LCT Holdings Limited</p>
Shareholding interest in ASL Marine Holdings Ltd. and its subsidiaries	<p>(1) 350,000 ordinary shares in ASL Marine Holdings Ltd. (direct interest)</p> <p>(2) 175,000 warrants over ordinary shares in ASL Marine Holdings Ltd. (direct interest)</p>	<p>(1) 72,841,500 ordinary shares in ASL Marine Holdings Ltd. (direct interest)</p> <p>(2) 350,437,850 ordinary shares in ASL Marine Holdings Ltd. (deemed interest)</p> <p>(3) 36,420,750 warrants over ordinary shares in ASL Marine Holdings Ltd. (direct interest)</p>	<p>200,000 ordinary shares in ASL Marine Holdings Ltd. (deemed interest)</p>

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 21 September 2022

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
		<p>(4) 175,100,725 warrants over ordinary shares in ASL Marine Holdings Ltd. (deemed interest)</p> <p>Mr Ang is deemed to have interests in the shares of the subsidiaries of ASL Marine Holdings Ltd.</p>	
<p>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</p>	No	<p>Brother of Ang Kok Tian and Ang Ah Nui, both of whom are Directors and substantial shareholders of ASL Marine Holdings Ltd.</p> <p>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.</p>	No
<p>Conflict of interest (including any competing business)</p>	No	No	No
<p>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to ASL Marine Holdings Ltd.</p>	Yes	Yes	Yes

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
<p>Other principal commitments including directorships</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<p><u>Present (Partner)</u> Rajah &amp; Tann Singapore LLP</p> <p><u>Past (Directorships)</u> The Esplanade Co Ltd Energy Market Authority (Statutory Board)</p>	<p><u>Present (Directorships)</u> Ang Sin Liu Construction (Pte) Ltd. ASL Leo Pte. Ltd. ASL Marine Contractor Pte. Ltd ASL Maritime Services Pte. Ltd. ASL Offshore &amp; Marine Pte. Ltd. ASL Project Logistics Pte. Ltd. ASL Shipyard Pte Ltd ASL Towage &amp; Salvage Pte. Ltd. Capitol Logistics Pte. Ltd. Capitol Marine Pte Ltd Capitol Navigation Pte. Ltd. Capitol Offshore Pte Ltd Capitol Shipping 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 Scorpio Pte. Ltd. Intan Synergy Pte. Ltd. Singa Tenaga Investments Pte. Ltd.</p>	<p><u>Present (Directorships)</u> Fu Pin Pte. Ltd. One Levelup Pte. Ltd.</p> <p><u>Past (Directorships)</u> LCT Holdings Limited Park Mall Pte. Ltd. Singhaiyi Group Ltd.</p>

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 21 September 2022

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
<b>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.</b>			
(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
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

<b>Name of Director</b>	<b>Andre Yeap Poh Leong</b>	<b>Ang Kok Leong</b>	<b>David Hwang Soo Chin</b>
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	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

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 21 September 2022

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
(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



<b>Name of Director</b>	<b>Andre Yeap Poh Leong</b>	<b>Ang Kok Leong</b>	<b>David Hwang Soo Chin</b>
(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
(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:–  (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

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 21 September 2022

Name of Director	Andre Yeap Poh Leong	Ang Kok Leong	David Hwang Soo Chin
(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
(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

<b>Name of Director</b>	<b>Andre Yeap Poh Leong</b>	<b>Ang Kok Leong</b>	<b>David Hwang Soo Chin</b>
(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

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# ASL MARINE HOLDINGS LTD.

(Incorporated In The Republic Of Singapore)

Company Registration No. 200008542N

## PROXY FORM

### IMPORTANT

- The Twenty-Second Annual General Meeting (the "AGM") 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. The Notice of AGM dated 12 October 2022 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>.
- 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 textual questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advance of, or "live" at, the AGM; and
  - voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM,are set out in the accompanying Company's Letter to Shareholders dated 12 October 2022. This letter may be accessed at SGXNet and the Company's website at the URL <https://aslmarine.listedcompany.com/home.html>.
- As a precautionary measure due to the current COVID-19 situation in Singapore and to keep physical interactions and COVID-19 transmission risk to a minimum, the Company is not providing for physical attendance by members at the AGM. A member who wishes to exercise his/her/its voting rights at the AGM may:
  - may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 October 2022.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
- This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS investors. CPF and SRS investors:
  - may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 October 2022.
- By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 October 2022.

I/We \_\_\_\_\_ (Name), NRIC/Passport/Co. Reg. No. \_\_\_\_\_ of \_\_\_\_\_ (Address) being a member/members of ASL Marine Holdings Ltd. (the "Company") hereby appoint:

Name	Address	Email Address^	NRIC/ Passport No.	Proportion of Shareholdings	
				No. of Shares	%
and/or (delete as appropriate)					

^ Appointed proxy(ies) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted instrument appointing a proxy(ies)) to pre-register at the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>, in order to access the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings

or if no proxy is named, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on Thursday, 27 October 2022 at 2.00 p.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against	Abstain
<b>Ordinary Business</b>				
1	Adoption of directors' statement and audited financial statements			
2	Approval of directors' fees for the year ending 30 June 2023			
3	Re-election of Mr Andre Yeap Poh Leong as director			
4	Re-election of Mr Ang Kok Leong as director			
5	Re-election of Mr David Hwang Soo Chin as director			
6	Re-appointment of Ernst & Young LLP as auditors and authorisation to directors to fix their remuneration			
<b>Special Business</b>				
7	Authority to issue shares pursuant to the share issue mandate			
8	Authority to renew the share purchase mandate			
9	Approval for the continued appointment of Mr Andre Yeap Poh Leong as independent director for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST			
10	Approval for the continued appointment of Mr Andre Yeap Poh Leong as independent director for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST			

**Note:** Voting will be conducted by poll. If you wish your proxy/proxies 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 your proxy/proxies 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 any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature(s) of Member(s) or Common Seal

Total Number of Ordinary Shares Held

Contact Number/Email Address of Member(s)

### 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 instrument appointing a proxy(ies) will be deemed to relate to all the shares held by the member.
- 2 As a precautionary measure due to the current COVID-19 situation in Singapore and to keep physical interactions and COVID-19 transmission risk to a minimum, the Company is not providing for physical attendance by members at the AGM. A member who wishes to exercise his/her/its voting rights at the AGM may:
  - (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or
  - (b) (whether the member is an individual or corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

This proxy form may be accessed on SGXNet and the Company's website at the URL <https://aslmachine.listedcompany.com/home.html>. A member may also appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>.

- 3 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

- 4 A proxy need not be a member of the Company.

- 5 The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

- (a) if submitted by post, be deposited at the Company's registered office at 19 Pandan Road, Singapore 609271; or
- (b) if submitted electronically, be submitted:
  - (i) via email to the Company's Share Registrar, M & C Services Private Limited, at [gpb@mncsingapore.com](mailto:gpb@mncsingapore.com); or
  - (ii) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>,

in each case, by 2.00 p.m. on 24 October 2022 (being not less than 72 hours before the time appointed for the holding of the AGM).

A member who wishes to submit an instrument appointing a proxy(ies) by post or via email must first download, complete and sign the proxy form before submitting it by post to the address provided above, or before submitting it via email (e.g. by enclosing a completed and signed PDF copy of the proxy form) to the email address provided above. A member may also appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>.

Members are strongly encouraged to submit completed proxy forms electronically via email or appoint a proxy(ies) via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>.

- 6 Completion and return of the instrument appointing a proxy(ies) does not preclude a member from attending, speaking and voting at the AGM. A member who accesses the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings may revoke the appointment of a proxy(ies) at any time before voting commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the "live" audio-visual webcast and "live" audio-only stream of the AGM proceedings.
- 7 The instrument appointing a proxy(ies) must, if submitted by post or electronically via email, be signed under the hand of the appointor or of his/her attorney duly authorised in writing, or if submitted electronically via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>, be authorised by the appointor via the online process through the website. Where the instrument appointing a proxy(ies) is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its common seal or under the hand of an officer or attorney duly authorised, or if submitted electronically via the online process through the pre-registration website at the URL <https://conveneagm.com/sg/ASLMarine2022>, be authorised by the appointor via the online process through the website. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.
- 8 The Company shall be entitled to reject the instrument appointing a proxy(ies) 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 a proxy(ies) 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.

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Ang Kok Tian

*(Chairman, Managing Director and CEO)*

Ang Ah Nui *(Deputy Managing Director)*

Ang Kok Leong

### Non-Executive and Independent Directors

Andre Yeap Poh Leong

David Hwang Soo Chin

*(Lead Independent Director)*

Tan Sek Khee

## Audit Committee

David Hwang Soo Chin *(Chairman)*

Andre Yeap Poh Leong

Tan Sek Khee

## Nominating Committee

Andre Yeap Poh Leong *(Chairman)*

David Hwang Soo Chin

Tan Sek Khee

## Remuneration Committee

Tan Sek Khee *(Chairman)*

Andre Yeap Poh Leong

David Hwang Soo Chin

## 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 HOLDINGS LTD.**  
Company Registration No. 200008542N

19 Pandan Road Singapore 609271  
Tel: (65) 6264 3833, Fax: (65) 6268 0274  
[www.aslmarine.com](http://www.aslmarine.com)

