



ANNUAL REPORT 2021

Making Waves

SEIZING OPPORTUNITIES



MISSION

To be our customers' preferred partner and strive for service excellence by ensuring safe, reliable and efficient vessel operations with a best-in-class fleet to support the global offshore energy industry.

VISION

To become a leading provider of offshore marine services in the global energy markets.



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The contact person for the Sponsor is Ms. Wong Bee Eng, Chief Executive Officer, who can be contacted at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, telephone: (65) 6227 5810, email: wongbe@provenancecapital.com.

CORPORATE PROFILE

Vallianz Holdings Limited (“Vallianz” and together with its subsidiaries, the “Group”) and its associated companies are established providers of offshore support vessels (“OSVs”) and integrated offshore marine solutions to serve the needs of the global energy industry.

With a progressive mindset, Vallianz is sharpening our core services to seize opportunities in the evolving energy industry. We focus on our core values of forging trusting partnerships with customers and suppliers; instilling systematic vigour to deliver executional excellence; and creating adaptive solutions to respond to customers’ evolving needs.

Headquartered in Singapore, the Group and its associated companies serve major energy and national oil companies worldwide, and focus on supporting customers’ offshore exploration, development and production operations. Vallianz and its associated companies in the Middle East and Indonesia own and operate a fleet of 74 OSVs.

The Group and its associated companies cover markets in the Middle East, Asia Pacific and Gulf of Mexico. We are continually working to enhance customer value-add by broadening the spectrum of our marine services and creating adaptive solutions to address the unique requirements of customers’ offshore field operations.

Our flagship vessel - Rawabi Integrity, which is the world’s first specialised offshore floating storage and supply vessel, was conceptualised and developed by the Group and its associated company in the Middle East, to provide a cost-effective and productivity enhancing solution for a key customer in the Middle East.

We have invested in industry experts to operate and manage our fleet of OSVs. These include anchor handling tugs with supply capabilities, platform supply vessels, offshore floating storage and supply vessel, submersible launch barges, maintenance and accommodation vessel, utility support vessels, flat top cargo barges, accommodation work barge, towing tugs, utility vessel, liftboats and crew boat.

The Group also owns a shipyard in Batam, Indonesia which serves as a marine base for vessel docking, repair and maintenance works. Our shipyard possesses strong in-house fabrication and engineering capabilities such as ship building, fabrication works, ship repair, machining works, piping repairs and installation and mechanical repair of marine equipment.

Leveraging on our established track record, the Group’s strategy is to seek opportunities to increase our penetration in the major and emerging offshore energy markets, including expansion into the growing renewable energy segments. We will continue to focus on delivering operational and service excellence, and building a dynamic range of marine assets and solutions to meet customers’ evolving needs.

Vallianz is listed on the Catalist Board of the Singapore Exchange.





Our goal is to forge trusting partnerships, instil systematic vigour and create adaptive solutions.

CORE BUSINESS

VESSEL OWNERSHIP

Vallianz, together with our associates in the Middle East and Indonesia, currently own and operate 74 offshore support vessels (“OSVs”), which are available for charter. The Group’s vessels are deployed for offshore energy projects in the Middle East, Asia Pacific and Gulf of Mexico. To enhance our market competitiveness, we are focused on forging trusting partnership with our customers, instilling systematic vigour to deliver executional excellence, and creating adaptive solutions to respond to customer’s evolving needs. The Group is continually assessing plans to expand our range of vessels and modernise our fleet.

CHARTERING

The Group charters its OSVs to customers throughout various stages of their offshore exploration, development and production projects. Our vessels are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of oil and gas fields, towing, mooring and handling of ship anchors and transportation of supplies during the production period and the removal of rig structures at de-commissioning. The Group is also assessing opportunities to expand our services in the wider energy industry, particularly the offshore wind power segment.

FABRICATION AND SHIPYARD SERVICES

The Group’s wholly-owned subsidiary, PT. United Sindo Perkasa, operates a shipyard located in the Kabil Industry Zone of Batam, Indonesia. Besides serving as a marine base for vessel docking, repair, and maintenance works, our shipyard possesses strong in-house fabrication and engineering capabilities such as ship building, fabrication works, ship repair, machining works, piping repairs and installation and mechanical repair of marine equipment.



GEOGRAPHICAL PRESENCE



MEXICO



GULF OF MEXICO



EXISTING AND TARGET MARKETS:

Middle East
Asia Pacific
Gulf of Mexico



LOCAL PRESENCE:

Singapore (Headquarters)
Kingdom of Saudi Arabia
Mexico
Indonesia (Jakarta & Batam)





MIDDLE EAST



Kingdom of SAUDI ARABIA



SINGAPORE (Headquarters)



ASIA PACIFIC



INDONESIA (Jakarta & Batam)

GLOBAL OPERATIONS

From our headquarters in Singapore, Vallianz has developed local presence in key geographical markets to provide fast, effective support and adaptive solutions to our customers to better capture business opportunities in the global energy industry.

Today, the Group's market presence extends into the Middle East, Asia Pacific and Gulf of Mexico. We have established offices in Singapore, the Kingdom of Saudi Arabia, Mexico and Indonesia. In addition, our associate in the Middle East has built a strong foothold as one of the key suppliers of offshore support vessels to the Kingdom of Saudi Arabia's national oil company.

Going forward, the Group intends to continue deepening our market penetration in existing geographical regions and expanding our global footprint and expanding our services into the offshore wind power segment.

VALLIANZ FLEET

FLEET OPERATED BY THE GROUP

Offshore Floating Storage & Supply Vessel				
Name	DWT	No. of Pax	Deck Cargo Capacity	Year
Rawabi Integrity	32,174T	110 men	4,500T	2015
Pipelay/Crane/Accommodation Work Barge				
Name	Crane Capacity	No. of Pax	Dimensions (m)	Year
Swiber Triumphant	300T	300 men	100.58 x 31.70 x 7.32	2012
Submersible Launch Barge				
Name	DWT	Topside	Jacket Launch	Year
Holmen Atlantic	16,600T	15,000T	Up to 13,000T	2012
Holmen Pacific	34,400T	20,000T	Up to 20,000T	2012
Maintenance Accommodation Vessel				
Name	BHP	No. of Pax	Clear Deck Area	Year
Rawabi 501	5,900	166 men	1,100 sqm	2016
Rawabi 502	5,900	166 men	1,100 sqm	2019
Platform Supply Vessel (DP2)				
Name	BHP	DWT	Year	
Rawabi 18	5,150	3,000	2011	
Rawabi 23	6,000	3,300	2012	
Rawabi 26	6,000	3,300	2013	
Towing Tug				
Name	BHP	Bollard Pull	Year	
USP15	1,200	12T	2014	
Anchor Handling Tug Supply (DP1)				
Name	BHP	Bollard Pull	Year	
Rawabi 1	5,150	63T	2011	
Rawabi 2	5,150	66T	2012	
Rawabi 8	5,150	62T	2012	
Rawabi 11	6,400	80T	2013	
Rawabi 14	6,000	70T	2013	
Rawabi 15	6,000	72T	2013	
Rawabi 20	6,000	68T	2014	
Equitoria Kingfisher	6,000	75T	2014	
Swiber Ruby	5,150	69T	2013	
Swiber Sapphire	5,150	68T	2013	
Anchor Handling Tug Supply (DP2)				
Name	BHP	Bollard Pull	Year	
Rawabi 3	5,150	60T	2012	
Rawabi 4	5,150	61T	2012	
Rawabi 5	5,150	60T	2012	
Rawabi 6	5,150	64T	2012	
Rawabi 7	5,150	62T	2012	
Rawabi 9	6,000	67T	2013	
Rawabi 10	6,000	67T	2013	
Rawabi 11R	6,000	71T	2014	
Rawabi 12	6,000	82T	2013	
Rawabi 17	6,000	82T	2013	
Rawabi 28	6,000	66T	2014	
Rawabi 30	6,300	82T	2020	
Rawabi 31	8,200	100T	2010	
Rawabi 32	8,200	100T	2011	
Rawabi 33	6,300	82T	2020	
Rawabi 35	7,200	90T	2012	
Rawabi 36 (f.k.a. Vallianz Champion)	6,400	89T	2011	
Rawabi 37 (f.k.a. Vallianz Swift)	7,000	104T	2011	
Rawabi 201	5,300	60T	2016	
Rawabi 202	5,300	60T	2016	
Rawabi 204	5,300	61T	2020	
Rawabi 320	5,150	65T	2015	

Rawabi 321	5,150	65T	2015
Rawabi 322	5,150	65T	2015
Rawabi 323	5,150	65T	2015
Vallianz Premier	8,080	120T	2011
Vallianz Prelude	8,080	108T	2011
Vallianz Supreme	7,300	101T	2012
Vallianz Commander	9,000	120T	2012
Vallianz Steadfast	9,000	120T	2012

Anchor Handling Tug Supply

Name	BHP	Bollard Pull	Year
Swiber Challenger	5,150	64T	2007
Swiber Venturer	5,150	60T	2007

Anchor Handling Tug

Name	BHP	Bollard Pull	Year
Swiber Anna	3,500	43T	2007

Utility Support Vessel

Name	BHP	Clear Deck Area	Year
Rawabi 401	3,200	160 sqm	2015
Rawabi 402	3,200	160 sqm	2016
Rawabi 403	2,400	170 sqm	2016
Rawabi 404	2,400	170 sqm	2016
Rawabi 405	3,200	140 sqm	2012
Rawabi 406	2,400	140 sqm	2017
Rawabi 407	2,400	140 sqm	2017
Rawabi 408	2,400	140 sqm	2017
Rawabi 409	2,400	140 sqm	2018
Rawabi 410	2,400	140 sqm	2018
Rawabi 411	2,400	140 sqm	2018
Rawabi 412	2,400	140 sqm	2018
Rawabi 413	2,400	140 sqm	2018
Rawabi 414	2,400	140 sqm	2020
Rawabi 415	2,400	140 sqm	2020

Utility Vessel

Name	BHP	Bollard Pull	Year
Vallianz 99	2,500	30T	1998

Flat Top Cargo Barge

Name	Dimensions (ft)	Year
Vallianz 281	282 x 90 x 18	2014
Vallianz 282	282 x 90 x 18	2014
Vallianz 331	330 x 100 x 20	2014
USP10	180 x 56 x 12	2008
Kreuz 281	282 x 90 x 18	2008

VESSELS UNDER CONSTRUCTION

Fast Supply Intervention Vessels

Name	Max speed	No. of Pax	Capabilities
Rawabi 133	30 knots	96 men	DP2 & Fifi 1
Rawabi 134	30 knots	96 men	DP2 & Fifi 1
Rawabi 135	30 knots	96 men	DP2 & Fifi 1

Towing Tug

Name	BHP	Bollard Pull
Rawabi Liberty	2,400	45T
Rawabi Pearl	2,400	45T
Rawabi Freedom	2,400	45T
Rawabi Alpha	3,000	70T
Rawabi Omega	3,000	70T
Rawabi Diamond	3,000	70T
Rawabi 807	1,800	45T

Maintenance Accommodation Vessel

Name	BHP	No. of Pax	Clear Deck Area
Rawabi 503	6,000	116	1,100sqm

CHAIRMAN'S MESSAGE

The Group is exploring opportunities to secure contracts to utilise our vessels for the development of offshore wind farms.



Dear Shareholders,

On behalf of the Board of Directors, I would like to present the annual report of Vallianz Holdings Limited (the "Company", and together with its subsidiaries, the "Group") for the 12 months ended 31 March 2021 ("FY2021").

The past one and the half years have proven to be a challenging time for businesses as the Covid-19 pandemic and subsequent resurgence of new waves of infections resulted in multiple rounds of lockdowns worldwide. This stalled any potential recovery in economic activities and led to many business operations grinding to a standstill.

For companies operating in the global energy industry, the steep and sudden decline in global oil demand brought about by the pandemic had a devastating impact across the entire value chain. As crude oil prices plummeted, the Organization of Petroleum Exporting Countries (OPEC) and its allies responded by cutting production to support the market and keep a lid on crude oil inventories. This had a ripple effect across the global supply chain as it caused a slowdown in exploration activities, deferment of new projects and a general decline in the demand for oilfield support services.

FINANCIAL PERFORMANCE FOR FY2021

During FY2021, the Group de-consolidated the financial results of Rawabi Vallianz Offshore Services Limited ("RVOS"), which is a company incorporated in the Kingdom of Saudi Arabia with effect from 1 October 2020. The reasons for the de-consolidation of RVOS are contained in the Company's circular to shareholders dated 9 July 2021 in relation to the ratification of the renunciation of the Group's entitlement to the RVOS rights issue and the ratification of the cessation of RVOS as a principal subsidiary of the Company. (For further information on the de-consolidation of RVOS, please refer to the Company's announcements on 31 March 2021, 20 April 2021 and 30 May 2021).

The de-consolidation of RVOS resulted in the Group recording lower revenue of US\$88.6 million in FY2021, as compared to US\$188.6 million in FY2020. The reduced revenue contribution from the Group's chartering business was partially offset by higher revenue from our fabrication and shipyard services business, as we secured a higher volume of jobs at our shipyard in Batam, Indonesia.



While the de-consolidation of RVOS resulted in a reduction of the Group's gross profit and gross profit margin in FY2021, it also led to a significant decline in the Group's finance costs as well as an increase in the share of results of associates. As a result, the Group's operating loss from ordinary activities narrowed to US\$16.5 million in FY2021 from US\$32.1 million in FY2020.

In FY2021, the Group recorded an exceptional item of US\$8.5 million compared to the exceptional items of US\$100.2 million it recognized in FY2020. Accordingly, the Group reported a net loss attributable to owners of the Company of US\$23.0 million in FY2021, down from the net loss of US\$134.9 million in FY2020.

GLOBAL OIL AND GAS OUTLOOK STILL FACING CHALLENGES

With the rise in oil prices to pre-pandemic levels since the start of 2021, recent market indicators are now pointing to a potential recovery in the global oil and gas segment. In the June 2021 issue of its monthly oil report, OPEC estimates that world oil demand will average 96.6 million barrels per day (bpd) in 2021, up 5.95 million bpd from 2020, with growth expected to pick up in the second half of the year based on improving mobility in major economies that support fuel demand, improvements in pandemic containment efforts and seasonal summer demand.

In anticipation of rising oil demand, OPEC and its allies have been relaxing the production output cuts that were made in 2020. However, OPEC has warned that numerous challenges remain. It said new virus variants and/or mutations could diminish, or even neutralise, ongoing containment strategies. OPEC also pointed out that a strong economic recovery could lead to rising inflation and higher interest rates that could place a fiscal burden on economies with high sovereign debt.

In its World Economic Outlook Update released in April 2021, the International Monetary Fund (IMF) raised its global economic growth forecast for 2021 to 6.0% from its previous forecast of 5.2% in October 2020. However, the IMF also cautioned that the outlook presents daunting challenges related to divergences in the speed of recovery and the potential for persistent economic damage from the Covid-19 pandemic.

While the global oil and gas segment may be on the mend, the emergence of new Covid-19 infections and variants together with ongoing geopolitical tensions continue to pose risks and uncertainties to the global economic outlook. As such, the Group remains cautious of its prospects for FY2022.

SEIZING OPPORTUNITIES

During FY2021, the weak demand for OSVs resulted in low vessel utilisation and heightened competition which kept vessel charter rates at depressed levels. However, the recent rise in oil prices is having beneficial effects for the global oil and gas segment. With the resumption of exploration and production activities, the OSV industry has begun to show positive signs. According to a report in May 2021 by Clarkson Research Services, the demand for OSVs had risen by 12% since November 2020, albeit from a low base.

In tandem with the improving operating environment, the Group has seen improved utilisation of our vessel fleet as well as a higher level of inquiries from customers. However, OSV charter rates have yet to attain a similar recovery as there is still an oversupply of vessels.

In Asia Pacific, the majority of the Group's vessels have successfully secured charters with durations up to March 2022. In the Middle East, RVOS' vessels continue to focus on servicing our key customer's offshore production requirements. To reinforce its market position, RVOS will continue to develop its local expertise and strengthen

CHAIRMAN'S MESSAGE

its commitment to Saudi Aramco's IKTVA program requirements. With the support of Rawabi Holding Company Limited ("RHC"), RVOS will continue to pursue opportunities to tender for offshore projects that expand both the breadth and depth of its services to its customer.

To build another growth pillar for the Group, we have also been channeling our energies towards the development of our fabrication and shipyard services business in Batam which has shown encouraging progress. While it serves primarily as a marine base for vessel docking and repair and maintenance works, the shipyard has developed strong in-house fabrication and engineering capabilities to carry out a wide range of services such as ship building, fabrication works and ship repair, among others.

Leveraging on the shipyard's capabilities, the Group has successfully strengthened our customer portfolio with the addition of globally renowned companies to clinch contracts for fabrication projects and vessel construction. One of these projects marks the expansion of the Group's fabrication capabilities into FPSO (Floating Production Storage and Offloading) topside module fabrication with a global leader in the FPSO topside module fabrication space. The Group was also awarded a newbuild project from a Taiwan state-owned company, which will help to pave the way for Vallianz to make further inroads into Taiwan's shipbuilding market.

Although the revenue contribution is relatively small compared to our chartering business in FY2021, these contracts will enable our fabrication and shipyard services business to build a strong track record in these new markets.

Beyond the traditional offshore oil and gas segment, the Group is also assessing opportunities in the wider energy industry, in particular the offshore wind power segment as we seek to expand the breadth of our OSV services.

The global energy industry has been undergoing a transformation in recent years. The development of, and transition towards more sustainable sources of energy is gaining greater momentum, driven by sustainability and environmental issues as well as a decline in the production cost of renewable energy, in particular solar and wind power. This is spurring strong growth of offshore wind power farms in Asia.

According to the Global Wind Energy Council (GWEC), which is the international trade association for the wind power industry, the Asia Pacific region has taken the lead in global wind power development and accounted for almost 50% of all new global installations in 2020. The GWEC expects annual global offshore wind power to quadruple from 6.1 Gigawatts (GW) in 2020 to 23.9 GW by 2025. Most of the new installations will be in North Asia with China being the largest contributor, followed by Taiwan, Vietnam, Japan and South Korea.

To ride on the growth of offshore wind market in Asia, the Group is assessing opportunities to secure contracts to utilize our vessels for the development of offshore wind farms. In addition, we plan to seek joint-ventures and partnerships to provide and operate specialised OSVs to support the operations of offshore windfarms.

Vallianz has also taken concrete steps to reinforce the Group's financial footing for the challenges ahead. At an Extraordinary General Meeting held on 22 June 2021, the Group received shareholders' approval for a US\$145.1 million debt restructuring exercise ("Restructuring") to restructure part of our existing borrowings to convertible bonds, while the remaining principal amount will have a final maturity date of 96 months. Under the Restructuring, Vallianz will issue US\$50.0 million convertible bonds to DBS Bank Ltd. ("DBS") and Malayan Banking Bhd, Singapore Branch ("Maybank"). These convertible bonds are due in 2029 and convertible into new shares based on the issue price of S\$0.10 for each share.

The Group believes this Restructuring is beneficial as it will extend our debt maturity profile by eight years, reduce the finance costs of existing borrowings, and provide sufficient operational and financial flexibility for the Group to ride out the present turbulence in the offshore energy sector, as well as the persistent economic uncertainty brought about by the Covid-19 pandemic. Moreover, the convertible bonds, upon conversion into new shares, will reduce the Group's borrowings and enhance our equity base.

In addition, Vallianz will issue up to US\$125.0 million convertible bonds to RHC. These convertible bonds are also due in 2029 and convertible into new shares based on the issue price of S\$0.10 for each share.

Indeed, DBS and Maybank's agreement to the issue price of \$0.10 per share for conversion of the convertible bonds, together with the contributions from RHC to help the Group to service its interim debt obligations amounting to US\$5.3 million, demonstrate these parties' continuing support for the Group and their confidence in our long term business viability.

The Group is also moving towards settlement of the owings to Swiber Holdings Limited (Judicial Managers Appointed) ("Swiber") and Swiber Corporate Pte. Ltd. (In Creditors' Voluntary Liquidation) ("SCPL"). Pursuant to the set-off and settlement agreements that the Group had entered into with the respective entities on 29 June 2020, the Company shall allot and issue shares to Swiber and SCPL at an issue price of S\$0.09 per share, for the agreed settlement amounts of US\$15.5 million and US\$0.5 million respectively owing by the Company to the respective entities. Upon issuance of the new shares, Swiber will waive the balance of US\$18.2 million from the net amount of US\$33.7 million owing by the Group to Swiber. Vallianz will also be seeking shareholders' approval to

undertake the waiver of the net owings of the Excluded Swiber Entities ("ESE") to the relevant Group entities as at 31 December 2016 amounting to around US\$27.0 million ("ESE Owings"), to the extent such ESE Owings are not reasonably recoverable from the ESE.

The above subscription and set-off and settlement agreements with Swiber and SCPL will be put forth at the Company's Extraordinary General Meeting ("SOSA EGM") on 29 July 2021 for shareholders' approval.

The approval from shareholders for the above proposals will be an important step to close the chapter between the Group and the Swiber group of entities, and enable us to steer the Group forward on a firmer footing.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, customers, vendors, business partners, bankers and associates for their continued trust and support of Vallianz.

I also wish to extend our deepest appreciation to our management team and staff for their hardwork and contributions during these challenging period. As our people are valued asset, we will continue to ensure a safe working environment for everyone.

In closing, our directors and management team continue to offer their heartfelt prayers for our people and their loved ones to remain safe and healthy, and for the world to emerge better and stronger from this pandemic.

SHEIKH ABDULAZIZ ALI ALTURKI
Non-Executive Chairman

FINANCIAL REVIEW

During FY2021, the Group de-consolidated the financial results of RVOS. The detailed explanation and reasons for the de-consolidation are set out in the Company's announcement dated 30 May 2021 on the unaudited financial statements for FY2021 and the Company's circular dated 9 July 2021 in relation to the ratification of the renunciation of the Group's entitlement to the RVOS rights issue and the ratification of the cessation of RVOS as a principal subsidiary of the Company.

Arising from the reasons as set out in the above documents, for the first half year period from 1 April 2020 to 30 September 2020, the results of RVOS were consolidated as a wholly-owned subsidiary. For the third quarter of FY2021 from 1 October 2020 to 31 December 2020, the results of RVOS were equity accounted on the basis of the Group having full economic interest in RVOS and equity accounted on the basis of the Group having 40.7% interest in RVOS from 1 January 2021 onwards.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In FY2021, the Group recorded revenue of US\$88.6 million as compared to US\$188.6 million in FY2020 as revenue from the chartering services business decreased to US\$71.5 million in FY2021 from US\$179.4 million in FY2020.

The decrease in revenue from chartering services business was due mainly to the de-consolidation of the financial results of RVOS from the Group with effect from 1 October 2020 as explained above. However, this decrease was offset by a higher revenue recorded by the Group's fabrication and shipyard services business of US\$17.1 million in FY2021 compared to US\$9.2 million in FY2020, driven mainly by higher volume of services at our shipyard in Batam, Indonesia.

As a result, the chartering business contributed approximately 81% to the Group revenue in FY2021, as compared to 95% in FY2020. The remaining 19% of Group revenue was derived from the provision of fabrication and shipyard services.

In FY2021, the Group's gross profit decreased to US\$2.3 million from US\$23.6 million in FY2020 due mainly to the de-consolidation of RVOS.

The gross profit margin of the chartering services decreased to 3% in FY2021 from 21% in FY2020, due mainly to higher preparation costs incurred in relation to the maintenance of certain vessels to ensure they could continue servicing their respective charter contracts. In addition, as the fabrication and shipyard services business recorded a small negative gross loss margin of 0.1%, the Group's overall gross profit margin narrowed to 2.6% in FY2021 from 12.5% in FY2020.

The Group registered a net other income (net of other operating expenses) of US\$0.9 million in FY2021 as compared to a net other operating expenses of US\$4.9 million in FY2020 due mainly to an increase in other income in FY2021 arising from *inter alia* foreign

exchange gain of US\$2.2 million, gain on disposal of property, plant and equipment of US\$0.7 million and government grant of US\$0.8 million and a lower loss from fair value of derivative financial instruments of US\$1.7 million.

Administrative expenses in FY2021 decreased 4.2% to US\$10.4 million from US\$10.9 million in FY2020. This was attributed mainly to the de-consolidation of RVOS' financial results which was partially offset by higher personnel related costs as well as legal and professional fees incurred in FY2021, and the reversal of certain prior years' expenses in FY2020 that are no longer required.

Finance costs decreased to US\$17.5 million in FY2021 from US\$40.1 million in FY2020. This was due mainly to the de-consolidation of RVOS' financial results which was offset partially by higher interest on shareholder's advances which took effect from FY2021 following shareholders' approval at the extraordinary general meeting held on 27 April 2021.

The Group recorded a profit of US\$8.2 million from its share of results of associate in FY2021. This was attributable mainly to equity accounting of RVOS' financial results after its de-consolidation took effect from 1 October 2020.

Arising from the above, for FY2021, the Group's operating loss from ordinary activities narrowed to US\$16.5 million in FY2021 from US\$32.1 million in FY2020.

The Group recorded an exceptional item of US\$8.5 million in FY2021 due mainly to a one-off compensation paid to a vendor for debts incurred since 2016. Both parties have agreed on an instalment plan and the outstanding debt is expected to be fully repaid by the second quarter of FY2022. In FY2020, the Group recognised exceptional items of US\$100.2 million due mainly to impairment of property, plant and equipment and prepayments and compensation for late delivery of vessels.

As a result of the above factors, the Group posted a net loss attributable to owners of the Company of US\$23.0 million in FY2021 compared to the net loss of US\$134.9 million in FY2020.

STATEMENT OF FINANCIAL POSITION

Arising mainly from the de-consolidation of RVOS' financial results from 1 October 2020, as at 31 March 2021, trade receivables decreased to US\$7.4 million from US\$35.6 million as at 31 March 2020, other receivables decreased to US\$10.1 million from US\$23.7 million as at 31 March 2020, inventories decreased to US\$0.7 million from US\$5.9 million as at 31 March 2020, property, plant and equipment decreased to US\$68.2 million from US\$816.7 million as at 31 March 2020 and right-of-use assets decreased to US\$0.6 million from US\$25.9 million as at 31 March 2020.

As RVOS is classified as an associate after the de-



consolidation of RVOS' financial results, the amount recognized under "associates" increased from US\$14.8 million in FY2020 to US\$175.6 million in FY2021.

The Group's total current and non-current borrowings include term loans, working lines and finance lease. As at 31 March 2021, the total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, decreased to US\$175.2 million from US\$743.8 million as at 31 March 2020, due mainly to the de-consolidation of RVOS' financial results.

On 19 February 2021, the Company entered into a debt-restructuring agreement with two financial institutions and there is no financial covenant to observe as the agreement has a moratorium period until 31 March 2022. While the Group has breached the financial covenants imposed by the Perpetual Securities, a waiver for the breaches has been secured from the sole Perpetual Securities holder as at 31 March 2021.

The Group's trade payables decreased to US\$36.6 million as at 31 March 2021 from US\$58.2 million as at 31 March 2020. This was due mainly to the de-consolidation of RVOS' financial results, offset partially by an increase in progress billings of US\$15.0 million from uncompleted construction projects.

Other payables decreased to US\$38.9 million as at 31 March 2021 from US\$43.3 million as at 31 March 2020. This was due mainly to the de-consolidation of RVOS' financial results, offset partially by accrual of interest of US\$5.3 million on shareholder's advances.

As at 31 March 2021, the Group's total current and non-current lease liabilities decreased to US\$0.6 million from US\$26.3 million as at 31 March 2020. This was due mainly to the de-consolidation of RVOS' financial results and principal payment of US\$12.9 million, offset partially by additional lease liability of US\$13.7 million.

Deferred tax liabilities decreased to US\$1.8 million as at 31 March 2021 from US\$21.0 million as at 31 March 2020 due mainly to the de-consolidation of RVOS' financial results.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group used net cash of US\$26.0 million in operating activities during FY2021. Net cash used in investing activities amounted to US\$44.0 million for FY2021. This was attributed mainly to the purchase of property, plant and equipment of US\$26.0 million and the de-consolidation of RVOS' financial results which amounted to US\$24.6 million, and offset partially by proceeds from disposal of property, plant and equipment of US\$6.6 million.

Net cash generated from financing activities in FY2021 amounted to US\$46.3 million. This was attributed to proceeds from new bank loans of US\$135.5 million and advances from shareholder of US\$13.2 million, offset partially by repayment of existing term loans of US\$78.4 million, principal payment of lease liability of US\$12.9 million and payment of interest of US\$11.1 million.

As a result, the Group's cash and cash equivalents decreased to US\$6.7 million as at 31 March 2021 from US\$30.4 million as at 31 March 2020.

BOARD OF DIRECTORS



**SHEIKH ABDULAZIZ ALI
ALTURKI**



MR. DARREN YEO



MR. LING YONG WAH



MR. BOTE DE VRIES



MR. YEO JEU NAM



**MR. CHONG CHEE KEONG
CHRIS**



MR. POON SIEW LOONG

SHEIKH ABDULAZIZ ALI ALTURKI

Non-Executive Chairman

Sheikh Abdulaziz Ali AlTurki was appointed to the Vallianz Board in June 2018 and is the Non-Executive Chairman. He is Chairman of Rawabi Holding Group of Companies, a leading industrial player in Saudi Arabia that has a focus on oilfield services, contracting and industrial services and offshore services.

Sheikh AlTurki is a prominent and seasoned businessman with solid experience in building successful businesses in Saudi Arabia and the Gulf Region.

Sheikh AlTurki is a founding partner of Nesma & Partners, a main contributor to Saudi Arabia's industrial and infrastructure sectors since 1981 with reliable, multidimensional construction and electromechanical services in the Kingdom.

Sheikh AlTurki chairs many local and international boards such as Gulf Union Cooperative Insurance Company in Saudi Arabia, The Gulf Union Holding Company in the Kingdom of Bahrain.

Aside from serving as the Chairman of different companies, Sheikh AlTurki served as a board member of Saudi Arabia's Eastern Province Chamber of Commerce from 1990 to 1998 and the Eastern Province Council from 2000 to 2008. He was a member of the International Board of Advisors of the Lebanese American University (LAU) Beirut, Lebanon from 2002 to 2008 and a member of the University's Board of Trustees from 2008 to 2013.

Sheikh AlTurki is considered a public figure recognized for the various philanthropic works. He is the founder and Chairman of the Annual Charity Run Committee, The Saudi Non-Communicable Disease Alliance, the

Saudi Cancer Foundation, the Saudi Diabetes and Endocrine Association and the Saudi Foundation for Promoting Organ Donation. Sheikh AlTurki is a founding board member of the Charitable Society for the Care of Orphans (Bena'a) since its inception in 2008 and a board member of Husn AlJewar Organization in the Kingdom of Bahrain since 2008. He is the Honorary President of the European Asian Society for Surgical Oncology (EUASSO) and sits on the board of several other non-profit committees and societies.

He is also the Honorary President of Cancer Patients Friend Committee in Alexandria, Egypt and has organized many activities to shed light on the positive impact of Saudi charitable organizations in the Gulf region and abroad.

In recognition of his community service activities, Sheikh AlTurki was honoured by HRH Prince Mohammed bin Fahad Award for Charity Works in 2006, HH Sheikh Eisa bin Ali AlKhalifa Pioneers in Volunteering Works Award in 2014 and Man of Year Award for supporting Cancer Patients from the International Health Center and Disease Control, Ohio, USA in 2014. In addition to the International Diabetes Federation Award as a National Hero in fighting the spread of Diabetes in the Kingdom for over 30 years in 2015.

Sheikh AlTurki holds a Bachelor's degree in Business Administration and a Master's degree in International Business from George Washington University, USA. In 2012 he received an Honorary Doctorate in "Humane Letters" from the Lebanese American University, Beirut, Lebanon.

MR. DARREN YEO

Executive Vice Chairman

Mr. Darren Yeo was appointed to the Vallianz Board in December 2012 and is the Executive Vice Chairman. As Vice Chairman, Mr. Yeo plays a key role in charting Vallianz's long term strategy. Mr. Yeo brings with him over 25 years of industry experience under his belt. He graduated from the National University of Singapore with a Bachelor of Engineering degree and holds a diploma in Marketing from the Singapore Institute of Management.

MR. LING YONG WAH

Executive Director and CEO

Mr. Ling Yong Wah was appointed to the Vallianz Board in March 2014 and is the CEO of the Company. As CEO, Mr. Ling leads in driving the corporate and strategic directions of Vallianz. He has nearly 30 years of business and management experience and has held various roles including board seats in companies listed on the Singapore Exchange and the Hong Kong Stock Exchange. Mr. Ling is a member of the Institute of Chartered Accountants of England and Wales.

MR. BOTE DE VRIES

Lead Non-Executive Independent Director

Mr. Bote de Vries was appointed to the Board of Directors on 6 September 2010 and brings to Vallianz more than 20 years of international asset finance experience in the shipping transport industry. Apart from Mr. de Vries' appointment on Vallianz's Board, he is also a managing director of Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board positions with a Dutch Investment Fund for seagoing vessels (NBZ), NNPC (P&I Club), Qua Wollen Building Society Krimpenerwaard and Northern Ocean Limited. Mr. de Vries participated in various international conferences on shipping related issues like Mareforum. Mr. de Vries graduated from the University of Leiden with a Bachelor of Biology degree and a Masters in Law.

BOARD OF DIRECTORS

MR. YEO JEU NAM

Non-Executive Independent Director

Mr. Yeo Jeu Nam has more than 30 years of consultancy experience and was appointed as Non-Executive Independent Director of the Company on 21 August 2008. Mr. Yeo also sits on the board of Frencken Group Limited as an Independent Director. Before founding Radiance Consulting Pte. Ltd., which Mr. Yeo was the Managing Director, Mr. Yeo headed the Strategy and Transformation practice as well as the HR Consulting practice at Ernst & Young Consultants Pte. Ltd. for more than 12 years, as its Senior Consulting Partner. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice. He graduated from the National University of Singapore with a Bachelor of Arts and a Bachelor of Social Sciences and is also an alumnus of INSEAD.

Mr. Yeo will be stepping down as Director of the Company at the forthcoming AGM.

MR. CHONG CHEE KEONG CHRIS

Non-Executive Independent Director

Mr. Chong Chee Keong Chris has been in private practice for 24 years since graduating from the National University of Singapore in 1994 with Honours. He is the founding partner of boutique corporate finance & commercial law practice CHRISCHONG & CT HO LLP (established since 1999) and is instrumental in developing the firm's good standing in Singapore. He advises clients in asset financing, trade, securitisations and has in-depth knowledge of the Singapore real estate market.

MR. POON SIEW LOONG

Non-Executive Independent Director

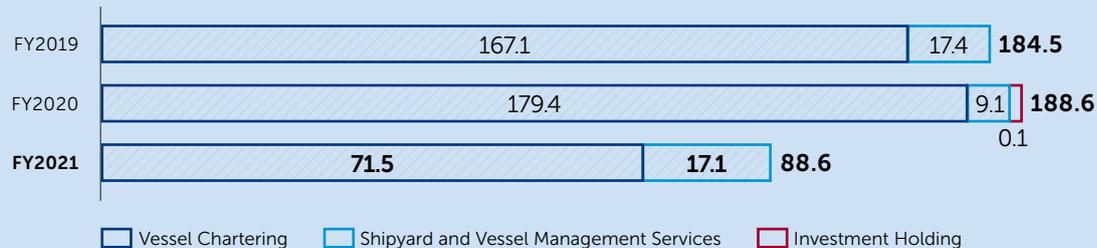
The Board would like to recommend the appointment of Mr. Poon as director of the Company to replace Mr. Yeo at the forthcoming AGM.

Mr. Poon is the Chief Executive Officer of Pan Capital Pte. Ltd. He started his career as an investigation officer before moving on to join the Keppel Group where he worked in the investment department of various subsidiaries from telecommunications and transportation to real estate over a period of eleven years. He subsequently joined Ascendas Pte Ltd as a Vice-President where he raised and invested three China real estate investment funds and invested in commercial and industrial real estate.

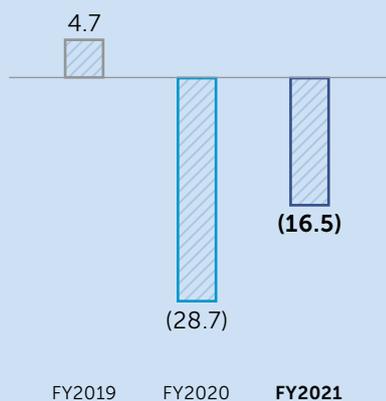
He holds a Bachelor of Accountancy degree from the National University of Singapore and a Graduate Diploma in Marketing (Gold Medal) from the Marketing Institute of Singapore. Mr. Poon is also a CFA charterholder.

FINANCIAL HIGHLIGHTS

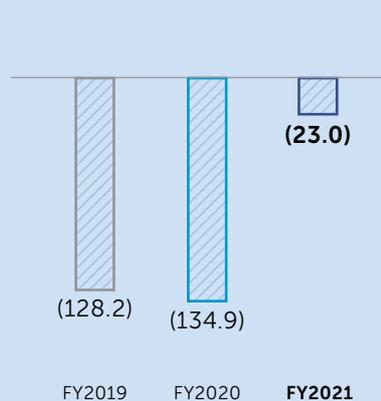
REVENUE (US\$ Million)



OPERATING PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL EXPENSES (US\$ Million)



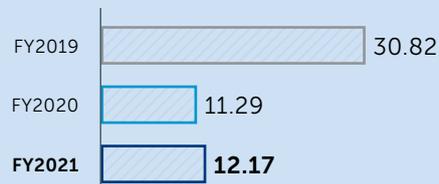
NET PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (US\$ Million)



EARNINGS / (LOSS) PER SHARE (US Cents)



NET ASSET VALUE PER SHARE (US Cents)



NET GEARING RATIO (Times)



CORPORATE SOCIAL RESPONSIBILITY



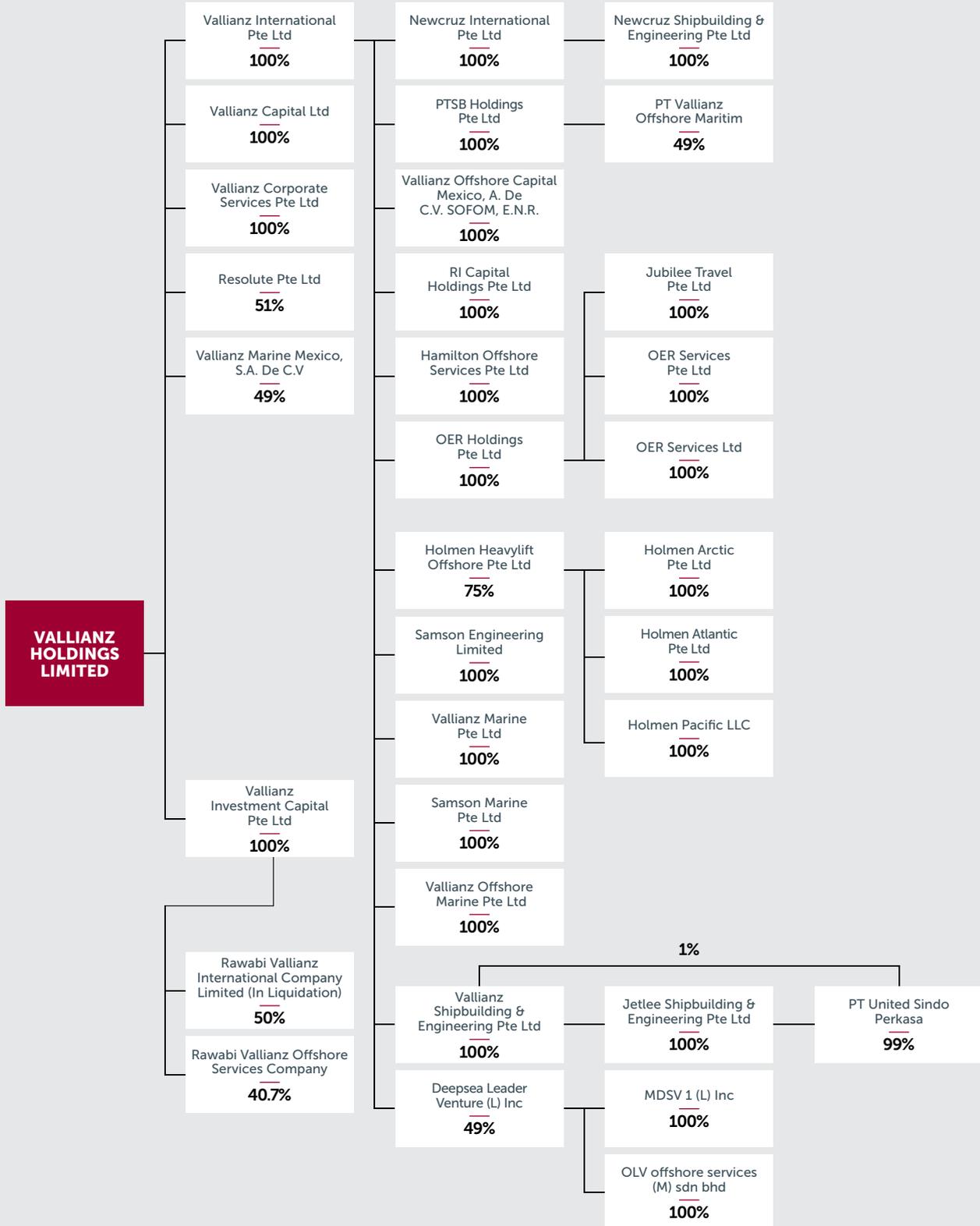
2021 marks the 10th year of Vallianz partnering with Care Corner Senior Services Ltd ("CCSS"). CCSS operates a total of six Senior Activity Centres – five in Toa Payoh and one in Woodlands.

Over the years, Vallianz had organised annual Lunar New Year dinner for the Seniors of CCSS and Vallianz staff. In year 2021, Vallianz sponsored Lunar New Year lunch and distributed red packets and packed meals to the seniors at 3 CCSS Senior Care Centres and all 9 SAC and AAC.

Vallianz continues to support the daily hot meals program, ensuring that elderlies of Care Corner have access to nutritious and delicious food. Food hampers containing essential items had been distributed to the elderlies as a token of support and provide them ease during this uncertain period. Mooncakes were distributed to the elderlies during the Mid-Autumn Festival. The Vallianz team hopes that with these gestures, the residents of Care Corner will be able to enjoy the festivals in the comfort of their own homes.



CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

SHEIKH ABDULAZIZ ALI ALTURKI
Non-Executive Chairman

MR. DARREN YEO
Executive Vice Chairman

MR. LING YONG WAH
Executive Director and CEO

MR. BOTE DE VRIES
Lead Non-Executive Independent Director

MR. YEO JEU NAM
Non-Executive Independent Director

MR. CHONG CHEE KEONG CHRIS
Non-Executive Independent Director

COMPANY SECRETARIES

Ms Chong Pei Wen
Mr. Tony Seah Han Tong

AUDIT COMMITTEE

Mr. Bote de Vries (Chairman)
Mr. Yeo Jeu Nam
Mr. Chong Chee Keong Chris

REMUNERATION COMMITTEE

Mr. Yeo Jeu Nam (Chairman)
Mr. Bote de Vries
Mr. Chong Chee Keong Chris

NOMINATING COMMITTEE

Mr. Chong Chee Keong Chris (Chairman)
Mr. Bote de Vries
Mr. Yeo Jeu Nam

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399
Email: info@sg.tricorglobal.com
Website: www.sg.tricorglobal.com

CONTINUING SPONSOR

Provenance Capital Pte. Ltd.
96 Robinson Road
#13-01 SIF Building
Singapore 068899

AUDITORS

Nexia TS Public Accounting Corporation
80 Robinson Road, #25-00,
Singapore 068898

Partner-in-charge: Loh Ji Kin
(From financial period ended 31 March 2020)

INVESTOR RELATIONS CONSULTANT

Octant Consulting
7500A Beach Road
The Plaza #04-329
Singapore 199591
Tel: (65) 6296 3583

VALLIANZ HOLDINGS LIMITED (REGISTERED OFFICE)

Company Registration No. 199206945E
1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632
Tel: (65) 6911 6200
Fax: (65) 6659 1292
www.vallianzholdings.com

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) of Vallianz Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and place importance on its corporate governance processes and systems to ensure greater transparency, accountability and maximisation of long-term shareholder value. The Company recognizes the importance of good corporate governance is imperative for sustained growth and investor confidence.

This statement outlines the Company’s corporate governance processes and activities that are in place, with specific reference to the Code of Corporate Governance 2018 (the “**Code**”) and the disclosure guide (the “**Guide**”) developed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Group is generally in compliance with the principles and provisions as set out in the Code and the Guide. Where there are deviations from the Code, the Board has considered that alternative practices adopted by the Group are sufficient to meet the underlying objectives of the Code. Appropriate explanations have been provided in the relevant sections where there are deviations.

Principle 1: The Board’s Conduct of Affairs

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

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Sheikh Abdulaziz Ali AlTurki	Non-Executive and Non-Independent Chairman
Yeo Chee Neng	Executive Director, Vice Chairman
Ling Yong Wah	Chief Executive Officer and Executive Director
Bote de Vries	Lead Non-Executive Independent Director
Yeo Jeu Nam*	Non-Executive Independent Director
Chong Chee Keong Chris	Non-Executive Independent Director

* Mr. Yeo Jeu Nam will be stepping down from the Board at the forthcoming Annual General Meeting (“**AGM**”) to be held on 29 July 2021 and, as replacement, the Company will be seeking shareholders’ approval at the forthcoming AGM for the appointment of Mr. Poon Siew Loong as a member of the Board in his capacity as a Non-Executive Independent Director.

The Board’s primary role, in addition to carrying out its statutory responsibilities, includes the following:

- reviewing and setting strategic directions and broad policies of the Group, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and monitoring the organizational performance towards them;
- approving the Group’s investment and divestment proposals, corporate and financial restructuring, material acquisitions and disposals of assets and making decisions in the interest of the Group, interested person transactions of a material nature, convening of shareholders’ meetings and major funding proposals;
- establishing and reviewing the adequacy and integrity of the Company’s framework of risk management systems, internal controls and financial reporting systems to safeguard shareholders’ interest and the Company’s assets;
- identifying key stakeholder groups and recognizing that their perceptions affect the Company’s reputation;
- consider sustainability issues such as environmental and social factors as part of the Group’s strategic plans;
- ensuring the Group’s compliance with relevant laws, regulations, policies, directives, guidelines, internal code of conduct and obligations to shareholders; and
- setting the Group’s values and standards of conduct and assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group.

CORPORATE GOVERNANCE STATEMENT

All the Directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interest of the Company, so as to enhance the long term value of the Group to its shareholders. Each Director is aware of the requirements in respect of his disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. Where a potential conflict of interest arises, the Director concerned will recuse himself from discussions and decisions involving the issue of conflict and refrain from exercising any influence over other members of the Board in respect of the issue.

Upon the appointment of a new Director, the Company will provide a formal letter to the new Director, setting out his duties and obligations. Appropriate orientation programmes and briefings are conducted for all new Directors appointed to the Board to familiarize them with Company's business, board processes, internal controls and governance practices. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities for a director of a listed company and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of the Directors will be arranged and funded by the Company. In this regard, the Company will be arranging the above for Mr. Poon Siew Loong upon his appointment as a Director of the Company.

The Directors are also encouraged to keep themselves abreast of latest developments relevant to the Group and attend appropriate courses and seminars that will be arranged and funded by the Company. The external auditors, during their presentation of the audit plan annually, will update the Directors on the new or revised financial reporting standards. Regular updates on developments and amendments to the Companies Act, corporate governance and listing rules are circulated by the Sponsor and the Company Secretary to the Board. In addition, the Executive Directors will regularly update Board members on the business and strategic developments of the Group as well as overview of industry trends at scheduled Board meetings and *ad hoc* Board meetings.

To facilitate effective management and assist the Board in discharging its responsibilities, the Board has established various board committees, namely, Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

Each Board Committee functions within clearly defined terms of reference and operating procedures, which are reviewed and updated by the Board from time to time. The terms of reference of the respective Board Committees are set out in this report. These Board Committees have the authority to review and examine particular issues, and report to the Board their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board, which will take into consideration the overall interest of the Company. The effectiveness of each Board Committee will also be reviewed by the Board.

The Board has adopted a set of internal guidelines on matters requiring its approval. Matters which are specifically reserved for the Board's decision include those involving corporate policies, plans and budgets, material acquisitions and disposals of assets, corporate strategy, financial restructuring, share issuances, dividend and other returns to shareholders, major financial decisions such as investment and divestment proposals, expenditure beyond a prescribed amount as well as interested person transactions.

The Group's interested person transactions and the internal audit procedures are reviewed by the AC and reported to the Board.

The Board meets on a regular basis, and as and when necessary to address any specific significant matters that may arise. While the Board considers Directors' attendance at Board meetings to be important, it should not be the main criteria to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

CORPORATE GOVERNANCE STATEMENT

During the financial year, the number of meetings held and the attendance of each member of the Board and Board Committees are as follows:

	Board	AC	NC	RC
Number of meetings held	4	4	1	1
Directors / Members	Number of meetings attended			
Sheikh Abdulaziz Ali AlTurki	4	4*	1*	1*
Yeo Chee Neng	4	4*	1*	1*
Ling Yong Wah	4	4*	1*	1*
Bote de Vries	4	4	1	1
Yeo Jeu Nam	4	4	1	1
Chong Chee Keong Chris	4	4	1	1

Note:

* Attended by invitation

Management recognizes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. Management provides the Board with quarterly accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at Board meetings, prior to the scheduled meetings. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary. Directors may request to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and corporate governance practices.

The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. *Ad-hoc* meetings are also convened whenever circumstances require. The Constitution of the Company provides for Board and Board Committee meetings to be held by way of telephonic and videoconferencing.

The Board has separate and independent access to Management, the Company Secretary and external advisers (where necessary), at the Company's expenses. Directors can request from Management explanations, briefings or information on any aspects of the Group's business issues. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Principle 2: Board Composition and Guidance

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

As at the date of this Report, the Board comprises two (2) Executive Directors, one (1) Non-Executive Director and three (3) Non-Executive Independent Directors. The Non-Executive Independent Directors make up half of the Board.

Name of Directors	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Sheikh Abdulaziz Ali AlTurki	Non-Executive Director (Chairman)	–	–	–
Yeo Chee Neng	Executive Director (Vice Chairman)	–	–	–
Ling Yong Wah	Executive Director (CEO)	–	–	–
Bote de Vries	Lead Non-Executive Independent Director	Chairman	Member	Member
Yeo Jeu Nam*	Non-Executive Independent Director	Member	Member	Chairman
Chong Chee Keong Chris	Non-Executive Independent Director	Member	Chairman	Member

* Mr. Yeo Jeu Nam will be stepping down from the Board at the forthcoming AGM and, as replacement, the Company will be seeking shareholders' approval at the forthcoming AGM for the appointment of Mr. Poon Siew Loong as a member of the Board in his capacity as a Non-Executive Independent Director.

CORPORATE GOVERNANCE STATEMENT

Provision 2.2 of the Code requires Independent Directors to make up a majority of the Board where the Chairman is not independent. Although the Chairman is not independent and the Independent Directors of the Company do not make up majority of the Board, the Board and NC are satisfied that the Board has an appropriate level of independence and diversity to enable it to make decisions in the best interests of the Group. With the Non-Executive Independent Directors making up half of the Board, it provides an independent element on the Board capable of exercising objective judgment and no individual or group is able to dominate the Board's decision making process.

The Group has a majority of four (4) out of six (6) Directors on the Board who are non-executive Directors and thus, comply with Provision 2.3 of the Code.

The NC has reviewed the size and composition of the Board and Board Committees and is of the view that the current Board composition provides diversity and has the appropriate mix of expertise and experience. The Company does not have a Board diversity policy but it consists of professionals from various disciplines. Notwithstanding that, the NC may consider appointing new director(s) in the future to enhance the core competencies and governance review of the Board. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including functional and domain skills, knowledge, experience, cultural and educational background, gender, age, tenure and other relevant aspects of diversity of perspectives appropriate to its business, so as to avoid groupthink, foster constructive debate, and enable the Board to make decisions in the best interests of the Company.

The Board collectively possesses the necessary core competencies such as accounting, finance, business, investment, industry knowledge and strategic planning experience. Each Director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and business performance. The Board considers that the present Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations.

All Directors other than the managing director (or any Director holding an equivalent appointment) are subject to retirement and re-election at least once every three (3) years in accordance with the Company's Constitution. However, under Rule 720(4) of the Catalist Rules, all directors have to submit themselves for re-nomination and re-appointment at least once every three (3) years. The independence of each Non-Executive Independent Director is reviewed annually by the NC in accordance with the Code. The NC adopts the Code's definition of what constitutes an Independent Director in its review.

The criteria for independence are determined based on the definition provided in the Code and also the following criteria:

- (a) The Board will assess the independence of Directors regularly. For the avoidance of doubt, only Non-Executive Independent Directors (that is, a director who is not a member of management) can be considered independent.
- (b) The Board will endeavour to consider all circumstances relevant to a director in determining whether the director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- (c) Amongst the circumstances considered by the Board will be a range of factors, including that a director:
 - (i) is not being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;
 - (ii) do not have an immediate family member (being a spouse, child, adopted child, brother, sister and parent) who is, or has been in any of the past three (3) financial years, employed by the Company or of its related corporations and whose remuneration is determined by the RC;
 - (iii) is not a director for an aggregate period of more than nine (9) years from the date of appointment (whether before or after listing), otherwise be subject to rigorous review in accordance with the guidelines of the Code; and
 - (iv) is not directly associated with a substantial shareholder of the Company.

CORPORATE GOVERNANCE STATEMENT

- (d) Each director is responsible to notify the Chairman and the Company Secretary about any external positions, appointments or arrangements that could result in the director not being “independent”.

The Code sets out guidelines that the independence of any director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to rigorous review. The NC is charged with the responsibility of monitoring and determining if a director remains independent in accordance with the guidelines and salient factors under the Code.

As at the date of this Annual Report, save for Mr. Yeo Jeu Nam (“**Mr. Yeo**”) and Mr. Bote de Vries (“**Mr. de Vries**”), who were appointed to the Board on 21 August 2008 and 6 September 2010 respectively, none of the Independent Directors have served the Board beyond nine (9) years from the date of first appointment. Mr. de Vries has offered himself for re-appointment/re-election at the AGM and Mr. de Vries will be subject to the two-tier vote (“**Two-Tier Vote**”) at the AGM in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules which will come into effect from 1 January 2022 i.e. (i) by all shareholders, and (ii) by all shareholders excluding shareholders who are Directors or CEO and their associates. As Mr. Yeo will be stepping down as Director of the Company, he will not offer himself for re-appointment/re-election at the AGM.

The NC and Board have conducted a rigorous review of the performance of Mr. de Vries based on a set of criteria and agreed that Mr. de Vries had participated, deliberated and expressed his view independently at all times, presenting objective and constructive challenges to the assumptions and viewpoints by Management. The Board considers that Mr. de Vries brings invaluable expertise, experience and knowledge to the Board. The Board also trusts that Mr. de Vries who is familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees, and his independence of character and judgement was not in any way affected or impaired by his length of service. The Board is satisfied with Mr. de Vries’s continued independence of character and judgement and determined that Mr. de Vries remains independent to discharge his duties objectively.

In view of the above, the Board has recommended shareholders to approve the continued appointment of Mr. de Vries as Independent Director of the Company, subject to the Two-Tier Vote for a three-year term.

Upon the passing of the resolution pertaining to the Two-Tier Vote for Mr. de Vries, Mr. de Vries will continue to serve as a Non-Executive Independent Director of the Company, until the earlier of his retirement or resignation, or the conclusion of the third AGM of the Company following the passing of this resolution.

In the event that shareholders do not approve the continued appointment of Mr. de Vries as an Independent Director of the Company, he will be considered as a Non-Independent, Non-Executive Director of the Board with effect from 1 January 2022, when the Two-Tier Vote comes into effect. The Company will endeavor to appoint additional Independent Director or replacement Independent Director in place of Mr. de Vries within two (2) months, but in any case not later than three (3) months from 1 January 2022 when the Two-Tier Vote comes into effect.

To date, none of the Non-Executive Independent Directors of the Company has been appointed as a director of the Company’s principal subsidiaries. The Board and the Management are of the view that the current board structures in the principal subsidiaries are already well organised and constituted.

The Non-Executive Independent Directors meet among themselves without the presence of the Management at least once a year to discuss matters in relation to the corporate development of the Group to ensure effective and independent review of the Management, and provide feedback to the Board and/or Chairman as appropriate.

The profile of each of the Directors is set out on pages 14, 15 and 16 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Principle 3: Chairman, Vice Chairman and Chief Executive Officer

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.

Sheikh Abdulaziz Ali AlTurki ("**Sheikh AlTurki**") as Chairman of the Group assumed the leadership role and responsibilities as the Chairman of the Group while Mr. Yeo Chee Neng and Mr. Ling Yong Wah ("**Mr. Ling**"), as the Vice Chairman and CEO respectively, assume executive responsibilities for the Group's performances and business.

The overall role of the Chairman is to lead and ensure the effectiveness of the Board which includes:-

- promoting a culture of openness and debate at the Board;
- facilitating the effective contribution of all Directors;
- encouraging constructive relations between the Board and Management as well as between the Executive Directors and Independent Directors;
- promoting high standards of corporate governance with full support of the Board, the Management and the Company Secretaries; and
- ensuring effective communication with shareholders.

There is a clear division of responsibilities of Chairman, Vice Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman, Vice Chairman and CEO are not related.

Both the Vice Chairman and CEO lead Management in setting strategies, objectives and missions and are responsible for the daily management and operations of the Group. The role of Mr. Ling also includes scheduling and controlling the quality, quantity and timeliness of information supplied to the Board.

At the AGM and other shareholder meetings, the Chairman, Vice Chairman and CEO play a pivotal role in fostering constructive dialogue between shareholders, the Board and Management as well as between Board members, and promote high standards of corporate governance.

Vice Chairman's and CEO's performance and remuneration are reviewed annually by the NC and the RC, whose members comprise all Non-Executive Independent Directors of the Company. As such, the strong independent element on the Board ensures decisions are not based on a considerable concentration of power in a single individual. With the existence of various Board Committees with power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Led by the Lead Non-Executive Independent Director, the Independent Directors will meet (via electronic means or otherwise) periodically without the presence of the other Directors, and the Lead Non-Executive Independent Director will provide feedback to the Chairman after such meetings.

The Lead Non-Executive Independent Director will be available to shareholders where their concerns cannot be resolved through the normal channels to the Chairman, Vice Chairman or CEO, or where such contact is not possible or inappropriate.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The NC comprises Mr. Chong Chee Keong Chris ("**Mr. Chong**"), Mr. Yeo and Mr. de Vries. The three (3) members of the NC are Non-Executive Independent Directors. Mr. Chong is the Chairman of the NC.

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the performance and contribution of each individual Director.

The NC is governed by written terms of reference under which it is responsible for:

- making recommendations to the Board on the structure, size and composition of the Board and Board Committees (including skills, qualifications, experience and diversity), taking into account the balance between Executive and Non-Executive Directors and between Independent and Non-Independent Directors;
- nominating Directors (including Non-Executive Independent Directors) taking into consideration each Director's contribution and performance;
- determining annually whether or not a Director is independent;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;
- reviewing board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, Vice Chairman, CEO and key management of the Group; and
- reviewing training and professional development programmes for the Board.

New Directors are appointed by way of a Board Resolution or at Board of Directors' Meetings, after the NC has reviewed the resumé of the proposed director, conducted appropriate interviews and recommended the appointment to the Board. In its search and selection process for new Directors, other than through formal search, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

Annual Review of Director's Independence in the financial year ended 31 March 2021 ("FY2021")

It is mandatory for the NC to review annually whether a director is independent based on the guidelines of the Code's definition of what constitutes an Independent Director as mentioned under Principle 2 above. The independence of each Director will be reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines set out in the Code and the Catalist Rules. An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company.

The NC had reviewed the independence of each of the Independent Directors in accordance with the Code and based on each of the Directors' declaration of independence. The NC is of the view that the three (3) Non-Executive Independent Directors are independent. None of the Non-Executive Independent Directors have any relationship including immediate family relationship with the other Directors, the Company or its substantial shareholders.

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Directors' Time Commitments & Multiple Board Representations

As explained in Principle 1 above, the Directors are provided a formal letter detailing their duties and responsibilities to the Company.

The NC is aware that some of the Directors hold multiple directorships as each of them are required to disclose their other directorships to the Board, upon appointment and cessation. Therefore, the NC will from time to time, evaluate their performance to ensure that each Director is able to carry out his duties effectively, taking into consideration his other board representation and principal commitments.

The primary consideration in deciding on the capacity of directors including but not limited to the time and attention that a Director may contribute for meetings, site visits and other training requirements, taking into account the Director's profession and involvement in consulting or committee work, his other board representation in non-profit organisations, if any. Other consideration also includes the ability and integrity of Directors to avoid potential conflicts of interest while serving multiple board representations.

The NC had reviewed, taking into account the individual performance assessment and their actual conduct on the Board and concluded that each Director had adequately carried out their duties as a Director of the Company and spent sufficient time and attention on the Company's affairs despite having multiple board representations and principal commitments.

The NC believes that putting a maximum limit on the number of directorships a director can hold is arbitrary, given that time requirement for each directorship varies and thus should not be prescriptive. The NC considers that the multiple board representations held presently by some Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the experience and knowledge of the Board.

Recommendation of Appointment and Re-appointment of Directors

The NC is responsible for reviewing and recommending all appointment and re-appointment of Directors to the Board. All directors other than the managing director (or any director holding an equivalent appointment) are subject to retirement in accordance with the provisions of the Company's Constitution whereby one third of the directors are required to retire (or if their number is not a multiple of three (3), the number nearest to but not greater than one third) and subject themselves for re-election by shareholders at every AGM. However, pursuant to Rule 720(4) of the Catalist Rules, all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation at the AGM.

Apart from the requirements by the Company's Constitution, the NC also review the re-election of directors taking into consideration the Directors' attendances and participation at the Board meetings, personal attributes, contributions towards issues from time to time.

Pursuant to Article 105 of the Company's Constitution and Rule 406(3)(d)(iii) of the Catalist Rules (which will take effect on 1 January 2022), as the case may be, the following Directors will stand for re-election/re-appointment at the forthcoming AGM:

1. Sheikh Abdulaziz Ali AlTurki; and
2. Mr. Bote de Vries

Mr. Yeo has indicated his intention of retirement at the forthcoming AGM due to his health condition and will cease to be the Independent Director, Chairman of the RC and member of the AC and NC of the Company following the AGM.

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Mr. Poon Siew Loong (“**Mr. Poon**”) will be appointed as an Independent Non-Executive Director, Chairman of the NC and member of the AC and RC of the Company following the approval from shareholders at the forthcoming AGM in accordance with Regulation 90 of the Company’s Constitution. Further information on Mr. Poon can be found on Pages 14 and 16 of this Annual Report.

Following the appointment of Mr. Poon, Mr. Chong will assume the role as Chairman of the RC.

Each member of the NC will abstain from voting on any resolution, making any recommendation and/or participating in respect of matters in which he has an interest.

The Board does not encourage the appointment of alternate director and no alternate director was appointed to the Board.

Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will review the succession planning of the Board and senior management and seek to refresh Board membership as and when it may be necessary.

All Directors are required to declare their board representations as at the date of this Report. The date of appointment and last re-election of each Director to the Board together with their directorships in other listed companies and principal commitments, both current and those held in the preceding three years are as follows:

Sheikh Abdulaziz Ali AlTurki – Non-Executive Director (Chairman)

Date of appointment	28 June 2018
Date of last re-election	26 July 2018
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Chairman of Rawabi Holding Group of Companies Non-Executive Chairman of Vallianz Holdings Limited Chairman of Gulf Union Cooperative Insurance Company

Mr. Yeo Chee Neng – Executive Director (Vice Chairman)

Date of appointment	1 December 2012
Date of last re-election	31 July 2019
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Executive Director and Vice Chairman of Vallianz Holdings Limited

Mr. Ling Yong Wah – Executive Director and Chief Executive Officer

Date of appointment	17 March 2014
Date of last re-election / re-appointment	31 July 2019
Board Committee(s) served on	None
Present Directorships in other listed companies	Lead Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Executive Director and CEO of Vallianz Holdings Limited

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Mr. Bote de Vries – Lead Non-Executive Independent Director

Date of appointment	6 September 2010
Date of last re-election	31 July 2019
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Managing Director of Finamar B.V Non-Executive board positions: - Dutch Investment Fund for Seagoing Vessels (NBZ) NNPC (P&I Club) Northern Ocean Limited Qua Wonen Building Society Keimpenerwaard

Mr. Yeo Jeu Nam – Non-Executive Independent Director

Date of appointment	21 August 2008
Date of last re-election	29 September 2020
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	None

* Mr. Yeo Jeu Nam will be stepping down as Director of the Company at the forthcoming AGM on 29 July 2021.

Mr. Chong Chee Keong Chris – Non-Executive Independent Director

Date of appointment	28 February 2018
Date of last re-election	29 September 2020
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None
Principal Commitments	Partner of CHRISCHONG & CT HO LLP

Principle 5: Board Performance

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 Group implemented the Board-approved evaluation process and performance criteria to assess the performance of the Board as a whole.

At the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of the Board and Board Committees as a whole. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter the results are presented to the NC for their review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

A review of the Board's performance is undertaken collectively by the Board annually and informally on a continuous basis by the NC with input from the other Board members. Renewals or replacement of Board members, when it occurs, do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the Company and its business.

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The performance of the individual Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria include short and long term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature, commitment of time for meetings and contribution to the proper guidance of the Company.

The Company did not engage any external facilitator for the evaluation process during FY2021. Where necessary, the NC will consider such an engagement.

The NC is satisfied that the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company. The NC will review the appropriateness of the current Board size from time to time, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board Committee meetings, and any other duties). The Board as a whole has also met the performance evaluation criteria and objectives during the financial year.

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies for 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.

The RC comprises Mr. Yeo, Mr. de Vries and Mr. Chong. The three (3) members of the RC are Non-Executive Independent Directors. Mr. Yeo is the Chairman of the RC.

The RC is responsible for:

- (a) recommending to the Board a framework of remuneration for the Non-Executive Directors, Executive Directors, Vice Chairman, CEO and key executives;
- (b) determining specific remuneration packages for each Director as well as for the key management personnel;
- (c) reviewing all aspects of remuneration, including directors' fees, salaries, allowances, bonuses and other benefit in-kind;
- (d) reviewing and recommending to the Board the terms of renewal of service contracts including the suitable compensation commitments in the event of early termination;
- (e) retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties satisfactorily; and
- (f) considering the various disclosure requirements for directors' remuneration particularly those required by regulatory bodies such as SGX-ST and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and the relevant interested parties.

The RC's recommendations are made in consultation with the Vice Chairman and CEO, and submitted for endorsement by the Board.

No Director or member of the RC is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

RC reviews the specific remuneration package for the Executive Directors or senior management for recommendation to the Board. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and senior management staff.

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In determining remuneration packages of Executive Directors and senior management, the RC will ensure that the Executive Directors and senior management are adequately but not excessively rewarded. In consultation with the Board, the RC will consider amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC will also review the Company's obligations arising in the event of termination of the Executive Directors' and executive officers' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

In reviewing and recommending the remuneration of Non-Executive Directors, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. The RC will ensure that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.

The RC from time to time and where necessary will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. No external remuneration consultants were appointed for the financial year under review.

Principle 7: Level and Mix of Remuneration

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.

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Company successfully.

In addition to the above, the Company ensures that performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Board and Management and to promote the long-term success of the Company.

In determining the remuneration system for the Directors and key management personnel, the RC may seek advice from human resource consultants and senior practitioners to obtain comparable information on the market and the industry. The annual review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind, taking into consideration the long-term interests of the Group.

The RC will also take into account the performance of the Group as well as that of the Executive Directors and key management personnel, aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. It ensures that remuneration package is appropriate to attract, retain and motivate the Executive Directors and key management personnel to provide good stewardship of the Group and successfully manage the Group for the long term.

The Company had entered into an employment contract with each of Mr. Yeo Chee Neng and Mr. Ling, whereby the employment contracts will be terminated by either party, giving not less than three (3) months' notice to the other. The employment contract covers the terms of employment, and specifically their salaries and bonuses.

The Non-Executive Independent Directors receive directors' fees for their efforts and time spent, responsibilities and level of contribution to the Board and Board Committees, which are subject to shareholders' approval at AGMs.

There is no contractual provision under the present remuneration structure that allows the Company to reclaim variable incentive components of remuneration from the Executive Directors and key executives. However, in alignment with the current regulatory standards, the variable incentives of the Executive Directors and key executives may be clawed back in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company.

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Principle 8: Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Given the competitive environment that the Company is operating in, the Company will not disclose amounts and the breakdown of each individual Director as the Company believes that disclosure may be prejudicial to its business interests. The Company believes that disclosing remuneration in bands and a breakdown in percentage terms paid to the Directors provide sufficient overview of the remuneration of Directors.

The following table shows a breakdown of the annual remuneration (in percentage terms) of Directors for FY2021:

Remuneration Band and Name of Directors	Salary ⁽¹⁾ %	Bonus ⁽²⁾ %	Directors' Fees %	Other Benefits %	Total %
S\$500,001 to S\$750,000					
Yeo Chee Neng	88	1	4	7	100
S\$250,001 to S\$500,000					
Ling Yong Wah	90	2	7	1	100
S\$250,000 and below					
Sheikh Abdulaziz Ali AlTurki	–	–	100	–	100
Bote de Vries	–	–	100	–	100
Yeo Jeu Nam	–	–	100	–	100
Chong Chee Keong Chris	–	–	100	–	100

Notes:

(1) Salary is inclusive of allowances, CPF and other emoluments.

(2) Bonus is short term cash incentive plan and is a sum of money given in addition to the usual compensation, normally for outstanding performance and service for certain year.

To maintain confidentiality of staff remuneration matters and for competitive reason, the names of the key executives of the Group and the aggregate total remuneration of the Group's top 7 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the 7 key executives of the Group (who are not Directors) for FY2021:

Key Management Personnel

Remuneration Band	No. of Executives	Base/ Fixed Salary %	Variables or Bonuses %	Benefits-in-Kind %	Total %
S\$150,001 to S\$250,000	4	95	4	1	100
S\$150,000 and below	3	94	5	1	100

The Company has no employee who is an immediate family member of a Director or CEO and whose remuneration exceeded S\$100,000 during FY2021.

Share Option Scheme and Performance Share Plan

The Vallianz ESOS and Vallianz PSP had expired on 1 December 2018 and 23 August 2020 respectively, and there are no outstanding unexercised Vallianz ESOS or Vallianz PSP previously granted.

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Principle 9: Risk Management and Internal Controls

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 shareholders' interests of the Company and its shareholders.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems and reviews the adequacy and effectiveness of such systems at least annually.

The senior management regularly assesses and reviews the Group's business and operational environment to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as appropriate measures to control and mitigate these risks.

Financial, operational, compliance and information technology checklists are also prepared by the Management, CEO and respective heads of divisions, to assist the AC and Board to review the adequacy of the risk management and internal control systems, which include all the operational matters, regulatory compliances and guidance and financial risk. The checklists have been reviewed and confirmed by the Board.

With the presence of Management, the Board is able to receive feedback and response on the risk and legal issues which will affect the Company in terms of operational risk, on a timely basis. Assurance from the CEO and Finance Director are also obtained to confirm that the financial records of the Company are properly maintained, and the financial statements of the Company give a true and fair view of the Group's operations and finances.

The Board also received assurance from the CEO and key management personnel of the Group who are responsible, that the risk management and the internal control systems, of the Group on an overall basis are adequate and effective as at 31 March 2021.

In addition, the external auditors will highlight and report to the AC at the AC meetings, of any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the external auditors are reported to the AC. The senior Management will follow up on these recommendations to ensure that Management has implemented them on a timely and appropriate manner, and report to the AC on a quarterly basis.

The Company had appointed Virtus Assure Pte. Ltd. ("**Virtus**") as internal auditor on 8 December 2020. On an annual basis, the Company's internal auditor will prepare an audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. These include operational, financial, compliance and information technology controls. The internal auditor will follow up on these recommendations to ensure that Management has implemented them on a timely and appropriate manner, and reports to the AC yearly.

The role of the internal auditor includes the following:

1. assess and evaluate the adequacy of applicable operational internal controls;
2. assess and evaluate the efficiency of business process;

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3. evaluate compliance with applicable policies and procedures, as well as regulatory requirements;
4. identify possible opportunities for process and internal control improvement;
5. compile a report on findings and recommendations to highlight controls deficiencies and compliance gaps; and
6. review of all interested persons transactions.

Based on the internal controls established and maintained, including the above internal controls implemented, by the Company, and the reviews performed by the internal auditor, Management, AC and the Board, the Board, with the concurrence with the AC, is of the opinion that the risk management and internal control systems that the Group has put in place to address financial, operational, compliance and information technology risks on an overall basis, are adequate and effective as at 31 March 2021.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, internal and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

Principle 10: Audit Committee

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

The AC comprises Mr. de Vries, Mr. Yeo and Mr. Chong. The three (3) members of the AC are Non-Executive Independent Directors. Mr. de Vries is the Chairman of the AC.

Mr. de Vries and Mr. Yeo have recent and relevant accounting or financial management expertise or experience. The Board is of the view that all the AC members are suitably qualified to discharge the AC's responsibilities.

The AC has written terms of reference and its key functions are to:

- review with the Company's external auditors their audit plan, their evaluation of the system of internal accounting controls in the course of the external audit, their letter to the Management and the Management's response and results of the Company's audit conducted by internal and external auditors;
- review the reports of the Company's external auditors as well as the independence and objectivity of the external auditors;
- review the co-operation given by the Company's officers to the external auditors;
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations which has or is likely to have a material adverse impact on the Group's operating results or financial position and the Management's response;
- make recommendations to the Board on the proposal to shareholders on the appointment, re-appointment and removal of external auditors and approving the remuneration and terms of engagement of the external auditors;
- review the financial results announcements and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- review the significant reporting issues and judgements so as to ensure integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

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- review the material internal control procedures, comprising financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditors may wish to discuss (in the absence of the Management, where necessary);
- approve the Group's internal audit plans;
- monitor the implication of outstanding internal control weaknesses highlighted by the internal and external auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules (including any entrusted loans that may be provided to interested persons prior to such loans being entered into to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include but are not limited to the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and the shareholders);
- review and consider transactions in which there may be potential conflicts of interest between the Group and the interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transactions as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if there are material findings, to be immediately announced via SGXNET;
- review and recommend to the Directors hedging policies and instruments, if any, to be implemented by the Company;
- review the effectiveness of the Company's internal audit function, if applicable;
- undertake such other reviews and projects as may be requested by the Board, and report to the Board its finding from time to time on matters arising and requiring the attention of the AC;
- undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time;
- review the assurance from the CEO and Finance Director on the financial records and financial statements; and
- review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions;
- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- review the consolidated financial statements of the Company, including the consolidated statement of financial position and statement of changes in equity of the Company before their submission to the Board.

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The AC has the explicit authority to conduct or authorise investigations into any matters within its terms of reference and has full access to and co-operation by Management. The AC has full discretion to invite any other Directors or Executive Directors to attend its meetings and to ensure that adequate resources are available to enable the AC to discharge its function properly. As at the date of this Annual Report, the AC has met with the external auditors separately without the presence of Management to review any area of audit concern. *Ad-hoc* AC meetings may be carried out from time to time as circumstances require.

The Company has implemented a whistle blowing policy which will provide well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The AC will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

The AC conducted an evaluation of the relevant competency of Nexia TS Public Accounting Corporation ("**Nexia**") for the provision of external audit and is satisfied with the results from the evaluation of relevant competence services. The aggregate amount of fees paid and payable by the Group to the external auditors for the audit services amounted to S\$240,000 for FY2021. There is no material non-audit service provided by the external auditors for the financial year. As such, in the AC's opinion, the external auditors remain independent. Accordingly, the AC recommended the re-appointment of Nexia at the forthcoming AGM.

The Group has appointed different auditors for its Singapore and overseas subsidiaries during the financial year under review.

The Board and the AC have reviewed the appointment of different auditors for its subsidiaries and are satisfied that the appointment of different auditors will not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716 of the Catalist Rules in relation to its independent auditors.

To ensure that the AC can fulfill its responsibilities, Management provides the Board members with management reports. In addition, all relevant information on material events and transactions are circulated to AC as and when they arise. Whenever necessary, senior Management staff will be invited to attend the Board/AC meetings to answer queries and provide detailed insights into their area of operations. The AC are kept informed by Management on the status of on-going activities between Board meetings. Where a decision must be made before a Board meeting, a directors' resolution is done in accordance with the Constitution of the Company and the AC is provided with all necessary information to enable it to make informed decisions.

The AC has full access to and co-operation from the Management and has been given resources to enable the AC to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC has been provided with the phone numbers and email particulars of the Company's senior Management and Company Secretaries to facilitate access.

As at the date of this Annual Report, none of the former partners or directors of the Company's existing auditing firm is appointed as a member of the AC.

Virtus is currently appointed as the outsourced internal auditor for several companies listed on the SGX-ST and is a Certified Internal Auditor. Virtus is guided by the Standards of The Institute of Internal Auditors in carrying out the internal audit function of the Group. The AC has reviewed and determined that Virtus has met its obligations under the terms of engagement as the Company's internal auditor.

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The internal auditor's primary line of reporting is to the Chairman of the AC. Procedures are in place for the internal auditor to report independently its findings and recommendations to the AC. The AC will review the internal audit plan to ensure that the scope of the internal auditor's plan is adequate and covers the review of significant internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems. Audits are carried out on all significant business functions of the Group and all internal audit findings and reports are submitted to the AC for deliberation with copies of these reports extended to the rest of the Board and the relevant key management executives. The internal auditor's summary of findings and recommendations are discussed at the AC meetings on a half-yearly/yearly basis.

The AC is satisfied that the internal auditor is adequately resourced and has appropriate standing within the Group and the internal auditor is independent and effective. The AC will also meet with the internal auditor at least once a year without the presence of the Management.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor.

Principle 11: Shareholder Rights and Conduct of General Meetings

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.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. At the AGM, shareholders will be treated fairly and equitably, given the opportunity to voice their views and to direct questions to the Directors, within reason, regarding the Group.

The Board encourages shareholders to participate in and vote at general meetings. Shareholders are informed on a timely basis of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders.

Any notice of a general meeting of shareholders is issued at least fourteen (14) days before the scheduled date of such meeting in accordance with the nature of the business to be transacted at the meeting. Shareholders at such meetings are invited to put forth any questions they may have on the motions to be discussed and decided upon or on any other reasonable subject related to the business of the Group. The Company's Constitution also allows any shareholder to appoint not more than two (2) proxies during his absence, to attend and vote on his behalf at the general meetings.

All the Directors will attend the general meetings of shareholders unless due to exigencies, and the external auditors are also present at the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Appropriate key management executives are also present at general meetings to respond, if necessary, to operational questions from shareholders. As at the date of this Annual Report, all the Directors have attended and/or participated at the last AGM held on 29 September 2020. Following the last AGM, save for Sheikh AlTurki and Mr. Yeo, all the Directors have also attended EGMs held on 27 April 2021 and 22 June 2021. The Company's external auditors were also present at the last AGM to assist the Board in addressing any relevant queries from shareholders.

In addition, pursuant to Section 181(1C) of the Companies Act, a shareholder who is a custodial institution or relevant intermediary entitled to attend the general meeting and vote is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

CORPORATE GOVERNANCE STATEMENT

Separate resolution on each distinct issue is tabled at general meetings. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are inter-dependent as to form one significant proposal and only where there are reasons and material implications involved. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation or circular in respect of the proposed resolution. A proxy form is sent with the notice of general meeting to the shareholders. The resolutions will be put to a vote by poll and an announcement of the results showing the number of votes cast for and against each resolution and the respective percentages will be made subsequent to the general meeting.

At the last AGM of the Company held on 29 September 2020, the Company had put all the resolutions tabled to a vote by poll. The voting results of all votes cast in respect of each resolution and the respective percentages were displayed at the AGM and announced in a timely manner via SGXNET after the AGM.

As the authentication of shareholder identity information and other related security issues remain a concern, the Company will not implement voting in absentia by mail, email or fax. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and Management are prepared and confirmed as true record of the proceedings of the general meetings. The minutes of the general meetings will be published on the Company's corporate website within one month of the date of the meeting.

As at the date of this report, the Company does not have a formal dividend policy in place. However, the Company, in determining the form, frequency and amount of future dividends on the Company's shares in any particular year, will take into account, among other things, the level of cash and retained earnings, the result of operations, the capital expenditure requirements, the expansion and/or investment plans and other factors that the Directors may deem appropriate.

In considering dividend payments for the future financial years, the Directors will take into account the current desire to maintain and potentially increase dividend level subject to the objective of maximizing shareholder value over the longer term and the factors stated in the paragraph above.

No dividend was declared in respect of FY2021 as the Group was loss-making. In addition, with reference to the perpetual capital securities of US\$22.5 million issued by the Company in 2014, in the event that the Company intend to declare dividends to ordinary shareholders, the Company is required to first declare and pay all accumulated distributions (currently at a rate of 7.0% per annum) to the holder of the perpetual capital securities before the Company can declare dividends to ordinary shareholders.

Principle 12: Engagement with Shareholders

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 Board is mindful of its obligations to provide shareholders with timely disclosure of material information presented in a fair and objective manner.

The Company does not practice selective disclosure. In line with the continuing obligations of the Company pursuant to the Catalyst Rules, the Board's policy is that all shareholders will be equally informed of all major developments and/or transactions impacting the Group.

Half yearly and yearly results of the Company will be published through the SGXNET, news releases and the Company's website. All information on the Company's new initiatives will be first disseminated via SGXNET. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the period as prescribed by the SGX-ST and are available on the Company's website.

The Company is supported by an external consulting firm in promoting communication with shareholders and analysts. Contact information of the external investor relations team is made available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Principle 13: Engagement with Stakeholders

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.

The Group has made efforts to seek the opinions of many stakeholders either through informal or formal means by evaluating the needs and expectations of key stakeholder groups which are significant to the Group's value creation strategy and strive to build mutually beneficial relationships.

The Group has identified diverse stakeholder groups based on their level of influence in the business and also regularly engage and consult all stakeholder groups for any feedback and suggestions. Where appropriate and relevant to the business, the Company will incorporate their feedback into the Group's plans and actions.

General information on the Group such as annual reports, financial results, news releases and investor relations contacts are provided in the Company's website.

For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report which will be released by 31 August 2021.

INTERESTED PERSON TRANSACTIONS

Update on the IPT Review

As disclosed in the Company's last annual report for the financial year ended 31 March 2020, the Company had appointed Virtus to conduct the IPT Review in connection with certain non-disclosed and/or non-compliant IPTs. The summary of findings of Virtus' Internal Auditor Report was announced on 6 March 2020.

Following from the above, the Company had issued the IPT Circular dated 12 April 2021 which sets out the details of *inter alia* Shareholders' ratification for certain past Non-Compliant IPTs and approval for new IPTs with the Interested Persons including the entries into the Holmen Loan Agreement, and the RHC Loan Agreement, as well as the adoption of the Holmen IPT Mandate and the Revised Rawabi IPT Mandate (as defined in the IPT Circular). All the ordinary resolutions as set out in the IPT Circular were approved by Shareholders at the EGM held on 27 April 2021.

Following the completion of the IPT Review, Virtus was appointed as the Company's internal auditor for FY2021. In its internal audit review, Virtus had conducted *inter alia* a review of the Group's IPTs and had made various observations and findings on the IPTs, in particular, IPTs with respect to the purchases of goods and services by RVOS from the RHC Group, as explained below. The internal audit report is pending further discussions with the AC and Management to be held soonest possible after the publication of this Annual Report.

The purchases of goods and services by RVOS from the RHC Group relates mainly to consumable items, spare parts and accessories in its ordinary course of business which are required by the chartered vessels that RVOS deployed in the Middle East. These purchases of goods and services from the RHC Group are frequent and comprise mainly relatively low value items of less than S\$100,000 each. For FY2021, the aggregate purchases of goods and services from the RHC Group amounted to US\$844,356.

In brief, the applicable IPT procedures for the purchases of goods and services from the RHC Group is to be based on cost reimbursement basis to be approved by the Finance Director and another Director, if the value is less than US\$1 million. In view of the frequency of such purchases and the aggregate amount of less than US\$1 million for the full financial year for FY2021, Management will be holding discussions with the AC and the internal auditor to finetune the procedures for such IPTs to ensure that the business operations of RVOS are not unduly affected, and at the same time ensure that the IPT procedures continue to be adequate and/or commercially practicable, in the interests of the Company and its minority shareholders.

CORPORATE GOVERNANCE STATEMENT

Disclosure in compliance with Rule 907

In compliance with Rule 907 of the Catalist Rules, there were no transactions with interested persons for FY2021 which exceeds the stipulated threshold except as disclosed below:

Name of Interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) ⁽¹⁾
(a) IPTs with RHC Group⁽¹⁾			
Corporate services provided to the Group by Rawabi Holding Company Limited and its subsidiaries (" RHC Group ")	A controlling shareholder	Nil	US\$1,447,872
Rental of premises to the Group by the RHC Group	A controlling shareholder	Nil	US\$286,993
Interests on shareholder's advances paid by the Group to the RHC Group	A controlling shareholder	US\$5,300,000	Not Applicable
Provision of other Goods and Services to the Group by the RHC Group	A controlling shareholder	Nil	US\$844,356
(b) IPTs with HOL Group⁽²⁾			
Interest payment paid for by the Group to the Holmen Heavylift Offshore Pte. Ltd. (" HOL ") and its subsidiaries (" HOL Group ")	Subsidiaries of VHL in which SHL also holds 25% interest	US\$3,034,654	Not Applicable
Corporate and ship management services provided by the Group to the HOL Group	Subsidiaries of VHL in which SHL also holds 25% interest	US\$132,000	Not Applicable
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group to the HOL Group	Subsidiaries of VHL in which SHL also holds 25% interest	US\$433,614	Not Applicable
Ship management services provided by the Group to the HOL Group	Subsidiaries of VHL in which SHL also holds 25% interest	US\$495,000	Not Applicable
(c) IPTs with SHL Group⁽³⁾			
Manpower services provided by the Group to Swiber Holdings Limited (" SHL ") and its subsidiaries (" SHL Group ")	A substantial shareholder	US\$2,945,316	Not Applicable
Shipyard, Engineering, Fabrication Services and Facilities services provided to the Group by the SHL Group	A substantial shareholder	US\$89,800	Not Applicable

Notes:

- (1) Interest on shareholder's advance from RHC Group is in relation to the RHC Loan Agreement as approved by Shareholders at the EGM held on 27 April 2021, with interest commencing from 1 April 2020. Ongoing transactions with RHC Group are covered under the Revised RHC IPT Mandate;
- (2) The transactions with HOL Group for FY2021 include those disclosed in the IPT Circular which have been ratified by Shareholders at the EGM held on 27 April 2021, and transactions with HOL Group after FY2021 will be carried out under the Holmen IPT Mandate; and
- (3) These transactions with SHL Group include those disclosed in the IPT Circular which were carried out by the 2 Mexican entities which the Group had disposed of its entire interest on 31 December 2020. Pursuant to the disposal, the 2 Mexican entities are no longer regarded as entity-at-risk. The transactions also include transactions that have ceased after FY2021.

CORPORATE GOVERNANCE STATEMENT

Updates on other IPTs after 31 March 2021

Debt Restructuring

The Company refers to the circular to shareholders dated 7 June 2021 ("**Debt Restructuring Circular**"), which sets out the details of the debt restructuring ("**Debt Restructuring**") and the transactions contemplated therein.

In brief, the Debt Restructuring involves *inter alia* the novation of borrowings (owed by the Group's subsidiaries ("**Borrowers**") to their lenders) amounting to US\$50,000,000 from the Borrowers to the Company, and the Company issuing convertible bonds to the lenders to settle such owings.

Of the novated amount, approximately US\$30.7 million was novated from the HOL Group (being Holmen Heavylift Offshore Pte. Ltd. and its subsidiaries) to the Company. HOL Group is 75% owned by the Company and 25% owned by SHL. Accordingly, such novation is deemed as an IPT and hence subject to shareholders' approval and IFA opinion.

In addition, in conjunction with the Debt Restructuring, the Company is issuing up to US\$125,000,000 principal amount of convertible bonds to RHC, which will be used to repay in whole or in part the outstanding advances from RHC. Such issuance of convertible bonds to RHC is also deemed as an IPT and subject to shareholders' approval and IFA opinion.

At the EGM held on 22 June 2021, Shareholders' approval was obtained for the Debt Restructuring and the transactions contemplated therein, including the IPTs as mentioned above. Please refer to the Debt Restructuring Circular for further details.

Proposed Set-Off and Settlement Agreements

The Company refers to the circular to shareholders dated 25 May 2021 ("**SOSA Circular**"), in relation to the set-off and settlement agreements between the Group, SHL Group and RHC for the purpose of settling certain owings as between the SHL Group and the Group, and of certain owings owed to RHC.

In brief, the set-off and settlement agreements with the SHL Group involves *inter alia* the settlement of net owings amounting to S\$16 million owed by the Group to the SHL Group by way of an issue of up to approximately 297 million new shares to the SHL Group. The Group would also need to waive certain owings owed by certain SHL entities which have been dissolved or have ceased to be under the control of SHL. The set-off and settlement agreement with RHC involves *inter alia* the settlement of part of the owings to RHC of US\$26.3 million, by way of an issue of approximately 318 million new shares to RHC.

The above transactions involving the SHL Group and RHC are deemed IPTs and are subject to Shareholders' approval and IFA opinion. Further details of the transactions, including the IFA letter, are set out in the SOSA Circular. The Company will be seeking shareholders' approval for the above transactions at the EGM to be held immediately after the AGM on 29 July 2021 ("**SOSA EGM**").

Ratification of Renunciation of Rights Shares in RVOS to RHC

The Company refers to the circular to shareholders dated 9 July 2021 ("**RVOS Circular**"), in relation to the ratification of the renunciation of the Group's entitlement to the RVOS rights issue ("**Ratification of the Renunciation**") and the ratification of the cessation of RVOS as a principal subsidiary of the Group.

CORPORATE GOVERNANCE STATEMENT

In brief, RVOS had carried out a rights issue which was completed on 24 December 2020 where all the rights shares were subscribed by RHC, as the Company had limited financial resources to subscribe to its entitlement and had renounced its *pro rata* entitlement to the RVOS' rights issue to RHC. Prior to the rights issue, RVOS was 50/50 owned by the Group (through Vallianz Investment Capital Pte Ltd ("**VIC**")) and RHC. Following the completion of the RVOS rights issue, the shareholdings of VIC and RHC in RVOS had changed to 40.7% and 59.3% respectively. The rights shares were issued at par value of SAR1,000 (US\$267) per share, which is below the NTA per share of RVOS of SAR1,915 (US\$511) as at 30 September 2020. Such renunciation to RHC is deemed an IPT and the value at risk can be seen as the value given up by the Group as a result of the renunciation, which is approximately SAR36.6 million (US\$9.7 million).

As an IPT, the Company is seeking Shareholders' Ratification of the Renunciation at an EGM to be held on 29 July 2021, immediately after the SOSA EGM ("**RVOS EGM**"). Further details of the Ratification of the Renunciation, including the IFA letter, are set out in the RVOS Circular.

At the RVOS EGM, the Company is also seeking Shareholders' approval for the ratification of the cessation of RVOS as a principal subsidiary of the Group, details of which are set out in the RVOS Circular.

MATERIAL CONTRACTS

Save for the service agreement and employment contract entered into between the Executive Directors and the Company, the Set-Off and Settlement Agreements, Issuance of CBs to RHC, RHC Loan Agreement, Holmen Loan Agreement, contracts entered into pursuant to the Revised RHC IPT Mandate and the Holmen IPT Mandate, as set out in the IPT Circular, Restructuring Circular and SOSA Circular, there was no material contract between the Company and its subsidiaries involving the interests of any director or controlling shareholders which are either still subsisting at the end of the FY2021 or, if not then subsisting, entered into since the end of previous financial year

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities. Directors, senior Management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the year commencing one (1) month before the announcement of the Group's half yearly and yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Group are advised not to deal in the Company's securities for short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. Officers are to consult with the Finance Director/ Company Secretaries before trading in the Company's securities and are to confirm annually that they have complied with and are not in breach of the Code. The Board is kept informed when a Director trades in the Company's securities.

NON-SPONSORSHIP FEES

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that the Company's sponsor, Provenance Capital Pte. Ltd. ("**Provenance Capital**") did not provide any non-sponsor services to the Company and no non-sponsor fees were paid by the Company to Provenance Capital during FY2021.



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VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Vallianz Holdings Limited (the "Company") and its subsidiary corporations (collectively the "Group") for the financial year ended 31 March 2021 and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 58 to 162 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

AlTurki, Abdulaziz Ali A
Yeo Chee Neng
Ling Yong Wah
Bote de Vries
Yeo Jeu Nam
Chong Chee Keong Chris

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 4 of the Directors' statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and company in which interests are held	Shareholdings registered in name of directors		Holdings in which a director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<u>The Company</u>				
(Ordinary shares)				
AlTurki, Abdulaziz Ali A	-	-	317,560,389	317,560,389
Yeo Chee Neng	2,000,000	2,000,000	297,493	297,493
Ling Yong Wah	1,526,146	1,526,146	-	-
Bote de Vries	136,666	136,666	-	-
Yeo Jue Nam	336,666	336,666	-	-

The director's interests in the shares of the Company as at 21 April 2021 are the same as those as at 31 March 2021.

4 VALLIANZ PERFORMANCE SHARE PLAN ("PSP")

In 2010, the Company implemented the PSP in accordance with the performance share scheme approved by the shareholders on 23 August 2010. The PSP expired on 23 August 2020. No share award has been granted or vested during the financial year ended 31 March 2021.

5 AUDIT COMMITTEE

The Audit Committee comprises three Non-Executive Directors. The members of the committee are:

Bote de Vries	(Chairman and Non-Executive Lead Independent Director)
Yeo Jue Nam	(Non-Executive Independent Director)
Chong Chee Keong Chris	(Non-Executive Independent Director)

During the financial period, the Audit Committee held four meetings.

The functions of the Audit Committee include the following:

- review of the internal audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- review of the external audit plans and reports and evaluation of co-operation given by the Company's officers to the external auditors;
- review of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONT'D)

- d) review of the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Group and the Company;
- e) nominate the external auditors of the Company for re-appointment; and
- f) review the interested person transactions.

The Audit Committee has full access to and the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Nexia TS Public Accounting Corporation for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6 AUDITORS

The auditors, Nexia TS Public Accounting Corporation, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Ling Yong Wah

.....
Yeo Chee Neng

14 July 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vallianz Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 162.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 31 March 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the 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.

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 year. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Carrying value of vessels (Refer to Notes 2, 3 and 13 to the financial statements)</p> <p>As at 31 March 2021, the carrying amount of the Group's vessels amounted to US\$53,599,000, representing 18% of the Group's total assets.</p> <p>During the financial year ended 31 March 2021, the Group had considered the existence of impairment indicators and thereon assessed the recoverable amounts of vessels as at the end of the financial year. The recoverable amounts were determined based on the valuations performed by independent vessel brokers which involve estimating the fair values less costs of disposal of the vessels. The valuation process involves significant judgement and estimations in the underlying assumptions to be applied. Amongst other matters, inputs and assumptions used in the valuations include, but not limited to, recent transaction prices for similar vessels, adjusted for the age and conditions of the respective vessels. There is no additional impairment provided during the financial year.</p> <p>We identified carrying value of vessels as a key audit matter due to significant degree of judgement and assumptions involved in determining the recoverable amounts of vessels.</p>	<p>In obtaining sufficient audit evidence, the following procedures were performed:</p> <ul style="list-style-type: none">• Reviewed management's impairment assessment, or management's assertion on the indicators of impairment, on non-financial assets in accordance with SFRS(I) 1-36;• Evaluated the objectivity, independence and expertise of brokers who provided the valuation of the vessels;• Critically evaluated whether the valuation methodology used to determine the recoverable amounts of vessels complies with the requirements of SFRS(I) 1-36; and• Critically evaluated the reasonableness and appropriateness of the key inputs and assumptions used in the valuation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Assessment of the going concern basis in preparation of the financial statements (Refer to Note 3(i) to the financial statements)</p> <p>During the financial year ended 31 March 2021, the Group recorded a net loss of US\$24,962,000. As at 31 March 2021, net current liabilities amounted to US\$51,708,000. The Group has total borrowings of US\$175,225,000, of which US\$32,680,000 are repayable within one year.</p> <p>As disclosed in Notes 3(i) and 21 to the financial statements, the Group has breached the financial covenants under the Framework Agreement with the financial institutions in respect of minimum sum in the debt servicing reserve account and certain financial ratios. The Company subsequently entered into the Restructuring Agreement with the financial institutions dated 19 February 2021 to modify and supplement certain of the terms of the Framework Agreement in relation to the debt restructuring exercise and with a principal moratorium period of 2 years commencing retrospectively from 1 April 2020. The financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023.</p> <p>Additionally, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder. The Group has secured a waiver letter from the sole Perpetual Securities holder as at 31 March 2021, to waive the breach of financial covenants up to 31 March 2022.</p> <p>Furthermore, during the financial year ended 31 March 2021, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As disclosed in Note 29 to the financial statements, the Group has also obtained from its ultimate holding company an undertaking to classify these shareholder advances amounting to US\$108,251,000 as equity.</p>	<p>In obtaining sufficient audit evidence, the following procedures were performed:</p> <ul style="list-style-type: none">• Enquired and verified the progress of the Group's restructuring of its existing Framework Agreement;• Reviewed management's evaluation of its compliance with financial covenants and its assessment of the enforceability of the waiver obtained from the sole Perpetual Securities holder;• Reviewed the financial capability, to the extent practicable, including publicly available information, of its ultimate holding company in providing financial support to the Group;• Reviewed minutes of board meetings and relevant committees for any discussion of financial difficulties and future plans, including those up to the date of this report; and• Reviewed for events after the financial year end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p data-bbox="145 450 788 544">Assessment of the going concern basis in preparation of the financial statements (CONT'D)</p> <p data-bbox="145 577 788 734">The above constitutes events or conditions which indicate the existence of material uncertainties which may cast significant doubt as to whether the Group will be able to continue as a going concern for the next 12 months.</p> <p data-bbox="145 768 788 891">As disclosed in Note 3(i), the directors are of the view that the Group will be able to meet their obligations in the foreseeable future due to the following:</p> <ul data-bbox="145 925 788 1503" style="list-style-type: none"><li data-bbox="145 925 788 1055">• during the financial year, the Group had obtained an extension of waiver up to 31 March 2022 from the sole Perpetual Securities holder for the breach of financial covenants;<li data-bbox="145 1088 788 1308">• the Group has entered into a debt-restructuring agreement with two financial institutions on 19 February 2021 to which there is a principal moratorium period until 31 March 2022 and the financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023; and<li data-bbox="145 1341 788 1503">• the Group had obtained a Letter of Financial Support from its ultimate holding company to meet its repayment obligations as and when they fall due, and an undertaking to classify the shareholder advances as equity. <p data-bbox="145 1536 788 1630">Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.</p>	

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Assessment of the going concern basis in preparation of the financial statements (CONT'D)</p> <p>We identified the assessment of whether the financial statements have been prepared on a going concern basis as a key audit matter because of the management's judgements involved in determining the appropriateness of the use of going concern assumption in preparing the financial statements.</p> <p>In addition, given how rapidly the COVID-19 pandemic will continue to evolve after the date of this report, any post balance sheet effects that the events may have on the going concern of the Group cannot be, and have not been, incorporated into the Group's financial statements.</p>	

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Investment in Rawabi Vallianz Offshore Services Company Limited (“RVOS”) (Refer to Notes 17, 19 and 38 to the financial statements)</p> <p>On 1 October 2020, the directors of the Company assessed that the Group ceased to have the practical ability to direct the relevant activities of RVOS to vary the returns to the Group, which is tantamount to a loss of control in RVOS. Consequently, even though the Group has lost its control in RVOS, the directors of the Company assessed that the Group still retains a significant influence by virtue of equity interest and its board representation on RVOS. Accordingly, the Group has deconsolidated RVOS and reclassified the investment as an associate, which is accounted for using equity method.</p> <p>The management has engaged a third party independent valuer to assist in the assessment of the fair value of the equity interest retained in RVOS.</p> <p>We identified this as a key audit matter due to the assumptions, estimates and judgements used by management in determining the fair value of the retained interests in RVOS.</p>	<p>In obtaining sufficient audit evidence, the following procedures were performed:</p> <ul style="list-style-type: none"> • Reviewed and recomputed the total assets and liabilities of the subsidiary corporation at their carrying amount at the date when control is lost; • Performed substantive audit procedures to verify total assets and liabilities, including cut-off procedures at the date when control is lost to validate that assets and liabilities are properly recognised in the correct financial period; • Reviewed the consolidation journals made in respect of the dilution of interest in RVOS; • Evaluated the objectivity, independence and expertise of the third party independent valuer; • Critically evaluated, including conducting discussions with management and the independent valuer, the assumptions, estimates and judgements used by management to determine the fair value of the retained interests in RVOS; • Assessed the Group’s ability to exercise significant influence over RVOS; and • Reviewed the disclosure made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
<p>Revenue recognition (Refer to Notes 2 and 30 to the financial statements)</p> <p>During the financial year ended 31 March 2021, the Group's revenue from vessel chartering and shipyard and vessel management services income amounted to US\$71,532,000 and US\$17,067,000 respectively.</p> <p>Revenue from vessel chartering comprises of time charter and bareboat charter. Time charter contracts are segregated into a lease component (lease of vessels) and a non-lease component (provision of other ancillary services). Other ancillary services include provision of crew and other services.</p> <p>The Group accounts for lease of vessels for time charter in accordance with SFRS(I) 16 Leases as lease revenue and recognised revenue on a straight-line basis over the lease term. Provision of other ancillary services is accounted for in accordance with SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15") and revenue is recognised over time on a straight-line basis over the charter period.</p> <p>Bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the leases.</p> <p>Revenue derived from shipyard and vessel management services income are accounted for in accordance with SFRS(I) 15, where revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers, as and when the Group satisfies its performance obligation at a point in time or over time.</p> <p>We identified revenue recognition as a key audit matter because revenue recognition has been identified as a significant risk in accordance with SSA 315 (revised) and because of the judgements used in applying SFRS(I) 15 and SFRS(I) 16.</p>	<p>In obtaining sufficient audit evidence, the following procedures were performed:</p> <ul style="list-style-type: none"> • Understood and evaluated key controls over sales and receivables cycle; • Reviewed all significant contracts identified during the financial year and identified performance obligations in the contracts; • Determined the transaction price and where there are modifications to existing contracts that may lead to adjustment to revenue, reviewed any material changes to transaction price; • Evaluated management's assessment of the application of SFRS(I) 16 and SFRS(I) 15. Considered the appropriateness of the Group's revenue recognition accounting policies, including those related to accounting for variable considerations and contract modifications, vis-à-vis the requirements under SFRS(I) 15; and • Performed substantive audit procedures to verify revenue, including sales cut-off procedures at financial year end to validate that revenue is recognised in the correct financial period.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises all 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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 auditors' 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 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.
- (e) 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.
- (f) 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

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 year 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 director on the audit resulting in this independent auditor's report is Loh Ji Kin.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore,

14 July 2021

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF FINANCIAL POSITION

31 March 2021

	<u>Note</u>	Group		Company	
		31 March	31 March	31 March	31 March
		2021	2020	2021	2020
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	6,713	30,390	1,777	619
Trade receivables	8	7,428	35,563	2	2
Other receivables	9	10,094	23,688	339,973	295,632
Inventories	10	725	5,855	-	-
Contract assets	11	-	913	-	-
Financial assets at fair value through other comprehensive income	12	31,729	31,729	-	-
Derivative financial instruments	20	-	5,130	-	-
Total current assets		56,689	133,268	341,752	296,253
Non-current assets					
Monies pledged with banks	7	699	699	-	-
Property, plant and equipment	13	68,233	816,712	39	52
Right-of-use assets	14	600	25,863	-	-
Subsidiary corporations	17	-	-	404	154
Joint venture	18	-	-	-	-
Associates	19	175,598	14,843	-	-
Total non-current assets		245,130	858,117	443	206
Total assets		301,819	991,385	342,195	296,459

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF FINANCIAL POSITION (CONT'D)

31 March 2021

	Note	Group		Company	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
		US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	21	32,680	247,951	-	-
Trade payables	22	36,565	58,181	-	-
Other payables	23	38,900	43,331	182,301	150,155
Lease liabilities	24	225	17,436	-	-
Income tax payable		27	3,982	-	-
Derivative financial instruments	20	-	3,417	-	-
Total current liabilities		108,397	374,298	182,301	150,155
Non-current liabilities					
Term loans	21	142,545	495,888	-	-
Retirement benefit obligation		536	2,210	-	-
Lease liabilities	24	382	8,911	-	-
Deferred tax liabilities	25	1,780	20,975	-	-
Total non-current liabilities		145,243	527,984	-	-
Capital and reserves					
Share capital	26	347,746	347,746	347,746	347,746
Perpetual capital securities	27	22,500	22,500	22,500	22,500
Foreign currency translation reserve	28	(46)	(153)	-	-
Shareholder's advances	29	115,582	87,341	108,251	80,010
Other reserve		(607)	(165)	28	28
Accumulated losses		(417,102)	(394,091)	(318,631)	(303,980)
Equity attributable to owners of the Company and capital securities holders		68,073	63,178	159,894	146,304
Non-controlling interests		(19,894)	25,925	-	-
Total equity		48,179	89,103	159,894	146,304
Total liabilities and equity		301,819	991,385	342,195	296,459

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
Year ended 31 March 2021**

	<u>Note</u>	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Revenue	30	88,599	188,641
Cost of sales		<u>(86,293)</u>	<u>(165,071)</u>
Gross profit		2,306	23,570
Other income / (expense), net	31	852	(4,884)
Administrative expenses		(10,446)	(10,907)
Exceptional items	32	(8,517)	(100,194)
Finance costs	33	(17,464)	(40,118)
Share of results of associates and joint venture	18,19	<u>8,216</u>	<u>196</u>
Loss before tax		(25,053)	(132,337)
Income tax credit / (expense)	34	<u>91</u>	<u>(4,583)</u>
Loss for the year	35	<u>(24,962)</u>	<u>(136,920)</u>
Other comprehensive (loss)/income:			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translation of foreign operations	28	107	(39)
Actuarial loss on post-employment benefit obligation		(442)	(124)
Other comprehensive loss for the year, net of tax		<u>(335)</u>	<u>(163)</u>
Total comprehensive loss for the year		<u>(25,297)</u>	<u>(137,083)</u>

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)**

Year ended 31 March 2021

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		US\$'000	US\$'000
Loss for the year attributable to:			
Owners of the Company		(23,011)	(134,937)
Non-controlling interests		<u>(1,951)</u>	<u>(1,983)</u>
		<u>(24,962)</u>	<u>(136,920)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(23,346)	(135,100)
Non-controlling interests		<u>(1,951)</u>	<u>(1,983)</u>
		<u>(25,297)</u>	<u>(137,083)</u>
Loss per share (US cents)			
Basic	36	<u>(4.11)</u>	<u>(24.12)</u>
Diluted	36	<u>(4.11)</u>	<u>(24.12)</u>

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital US\$'000	Perpetual capital securities US\$'000	Foreign currency translation reserve US\$'000	Shareholder's advance US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the company and capital issued to securities holders US\$'000	Non-controlling interests US\$'000	Total US\$'000
At 1 April 2020	347,746	22,500	(153)	87,341	(165)	(394,091)	63,178	25,925	89,103
Total comprehensive loss for the year	-	-	-	-	-	(23,011)	(23,011)	(1,951)	(24,962)
Loss for the year	-	-	-	-	-	(442)	(335)	-	(335)
Other comprehensive loss for the year	-	-	107	-	(442)	(23,011)	(23,346)	(1,951)	(25,297)
Total	-	-	107	-	(442)	(23,011)	(23,346)	(1,951)	(25,297)
Transactions with owners, recognised directly in equity									
Deemed investment by a shareholder (Note 29)	-	-	-	28,241	-	-	28,241	-	28,241
Deconsolidation of a former subsidiary corporation	-	-	-	-	-	-	-	(43,868)	(43,868)
Total	-	-	-	28,241	-	-	28,241	(43,868)	(15,627)
At 31 March 2021	347,746	22,500	(46)	115,582	(607)	(417,102)	68,073	(19,894)	48,179

Group

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2021

Group (CONT'D)

At 1 April 2019

Total comprehensive loss for the year

	Share capital US\$'000	Perpetual capital securities US\$'000	Foreign currency translation reserve US\$'000	Shareholder's advance US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the company and capital issued to securities holders US\$'000	Non-controlling interests US\$'000	Total US\$'000
Loss for the year	-	-	-	-	-	(134,937)	(134,937)	(1,983)	(136,920)
Other comprehensive loss for the year	-	-	(39)	-	(124)	-	(163)	-	(163)
Total	-	-	(39)	-	(124)	(134,937)	(135,100)	(1,983)	(137,083)

Transactions with owners, recognised directly in equity

Deemed investment by a shareholder (Note 29)	-	-	-	25,350	-	-	25,350	-	25,350
Recognition of equity component of shareholders' advance	-	-	-	543	-	-	543	-	543
Investment in subsidiary corporation by a shareholder (Note 17)	-	-	-	-	-	-	-	40,150	40,150
Total	-	-	-	25,893	-	-	25,893	40,150	66,043

At 31 March 2020

347,746	22,500	(153)	87,341	(165)	(394,091)	63,178	25,925	25,925	89,103
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VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2021

<u>Company</u>	Share capital US\$'000	Perpetual capital securities US\$'000	Shareholder's advance US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 April 2020	347,746	22,500	80,010	28	(303,980)	146,304
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(14,651)	(14,651)
Total	-	-	-	-	(14,651)	(14,651)
Transactions with owners, recognised directly in equity						
Deemed investment by a shareholder (Note 29)	-	-	28,241	-	-	28,241
Total	-	-	28,241	-	-	28,241
At 31 March 2021	347,746	22,500	108,251	28	(318,631)	159,894
At 1 April 2019	347,746	22,500	54,660	28	(301,952)	122,982
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(2,028)	(2,028)
Total	-	-	-	-	(2,028)	(2,028)
Transactions with owners, recognised directly in equity						
Deemed investment by a shareholder (Note 29)	-	-	25,350	-	-	25,350
Total	-	-	25,350	-	-	25,350
At 31 March 2020	347,746	22,500	80,010	28	(303,980)	146,304

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	2021	2020
	US\$'000	US\$'000
Operating activities		
Loss before tax	(25,053)	(132,337)
Adjustments for:		
Loss allowance / (Write back) for trade and other receivables (Note 31)	121	(560)
Bad debts written off (Note 31)	119	67
Prepayments written off (Note 32)	-	20,941
Depreciation of property, plant and equipment (Note 13)	15,101	53,481
Depreciation of right-of-used assets (Note 14)	13,054	17,857
Provision for retirement benefit obligation	588	186
Finance costs	17,464	40,118
Gain on disposal of property, plant and equipment (Note 31)	(1,150)	(485)
Unrealised foreign exchange differences	111	(163)
Share of results of associates and joint venture	(8,216)	(196)
Fair value loss of derivative financial instruments (Note 20)	1,713	3,417
Impairment of property, plant and equipment (Note 32)	-	53,098
Compensation for late delivery of vessels and cancellation of project (Note 32)	-	26,155
Operating cash flows before working capital changes	13,852	81,579
Trade and other receivables	(88,906)	22,466
Trade and other payables	50,755	(35,673)
Inventories	(568)	(921)
Contract assets	913	(421)
Cash (used in) / generated from operations	(23,954)	67,030
Income tax paid	(2,038)	(2,508)
Net cash (used in) / generated from operating activities	(25,992)	64,522
Investing activities		
Purchase of property, plant and equipment	(26,024)	(52,439)
Acquisition of subsidiary corporation	-	8,149
Deconsolidation of a former subsidiary corporation	(24,565)	-
Proceeds on disposal of property, plant and equipment	6,577	1,675
Net cash used in investing activities	(44,012)	(42,615)
Financing activities		
Interest paid	(11,075)	(30,902)
Proceeds from new term loans raised	135,512	71,082
Proceeds from shareholder's advances (Note 29)	13,187	25,350
Principal payment of lease liabilities	(12,860)	(17,379)
Repayment of term loans	(78,437)	(48,042)
Net cash from financing activities	46,327	109
Net (decrease) / increase in cash and cash equivalents	(23,677)	22,016
Cash and cash equivalents at beginning of the year	30,390	8,374
Cash and cash equivalents at end of the year (Note 7)	6,713	30,390

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 1 Harbourfront Avenue #06-08 Keppel Bay Tower Singapore 098632. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollar.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations, joint ventures and associates are detailed in Notes 17, 18 and 19 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2021 were authorised for issue by the Board of Directors on 14 July 2021.

On 1 October 2020, the directors of the Company assessed that the Group ceased to have the practical ability to direct the relevant activities of RVOS to vary the returns to the Group, which resulted in a loss of control in RVOS. Consequently, even though the Group has lost its control in RVOS, the directors of the Company assessed that the Group still retains a significant influence by virtue of equity interest and its board representation on RVOS. Accordingly, the Group has deconsolidated RVOS and reclassified the investment as an associate, which is accounted for using equity method. The retained interest in RVOS was remeasured to US\$152,539,000 (Note 19) and represents the cost of investment in the associate.

Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, Kingdom of Saudi Arabia, Mexico and Indonesia, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 March 2021:

- i. As disclosed in Note 3(i), the Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and volume in 2020, resulting in a negative impact on the Group's financial performance for 2020.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 March 2021. The significant estimates and judgement applied on impairment of trade and other receivables and property, plant and equipment are disclosed in Note 3.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

1 GENERAL (CONT'D)

Impact of COVID-19 (CONT'D)

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interpretations and amendments to published standards effective in 2021

On 1 April 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the Company obtains control over the subsidiary corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, income and expenses of a subsidiary corporation acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary corporation.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary corporations to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiary corporations

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

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associates or a joint venture.

In the Company's financial statements, investments in subsidiary corporations, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiary corporations and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other expense, net" line item.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line items. Fair value is determined in the manner described in Note 4.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in external market indicators of credit risk;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty of the debtor or a breach of contract, such as default or past due event.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped based on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in equity instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 20.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as charter hire income. The accounting policy for charter hire income is set out in Note 2 "Revenue".

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

The Group as lessee

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

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented separately in non-current assets.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts 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.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

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 leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption in leases of assets 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.

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31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Vessels in the course of construction for production or supply purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other vessels, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost less residual values over their estimated useful lives, using the straight-line method, on the following bases:

Computers	-	3 years
Office furniture and equipment	-	2 to 5 years
Renovation	-	3 years
Motor vehicles	-	3 to 7 years
Vessels	-	12 to 25 years
Dry-docking	-	5 years
Plant and machineries	-	3 to 5 years
Leasehold building	-	over the estimated term of the lease which ranges from 5 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking costs. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary corporation or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

ASSOCIATES AND JOINT VENTURES - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a Group entity transacts with an associate or joint venture, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture where material.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Charter hire income

Charter hire revenue comprise time charter and bareboat charter. Bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the relevant leases.

Charter hire contracts are segregated into a lease component (lease of vessels) and a non-lease component (provision of other ancillary services). Other ancillary services include provision of crew and other services under the time charter contracts. The Group accounts for the lease of vessels for time charter under SFRS(I) 16 Leases as lease revenue and accounts for the provision of other ancillary services under SFRS(I) 15 Revenue from Contracts with Customers as service income.

Lease revenue is recognised on a straight-line basis over the lease term. Whereas the service income is recognised over time on a straight-line basis over the charter period based on the relative stand-alone prices using the expected cost plus margin approach.

Shipyard and vessel management services income

The performance obligation of shipyard and vessel management services income include in-house fabrication and engineering services such as ship building, fabrication works and ship repairs, as well as consultancy and vessel project management which are all highly interrelated. Shipyard and vessel management services income are recognised as performance obligation satisfied over time in the period in which the services are rendered at an agreed fixed price.

Dividend income

Dividend income from investments is recognised in profit or loss when the Group's rights to receive the dividends have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

EXCEPTIONAL ITEMS - Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial year.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group has long-term retrenchment benefit obligations for certain overseas subsidiary corporations where contributions are made on a mandatory, contracted or voluntary basis. The contributions are recognised as employee benefit expense in the year to which they relate.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiary corporations operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary corporations and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollar, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary corporation that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary corporation that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

SEGMENT REPORTING - For management purposes, the Group is organised into operating segments based on their services which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the chief operating decision maker of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

Financial statements have been prepared on a going concern basis

During the financial year ended 31 March 2021, the Group recorded a net loss for the year (after exceptional expenses) of US\$24,962,000 (31 March 2020 : US\$136,920,000). As at 31 March 2021, the Group is in net current liabilities position of US\$51,708,000 (31 March 2020 : US\$241,030,000).

As disclosed in prior year's financial statements, the Group has breached the financial covenants under the Framework Agreement with the financial institutions in respect of minimum sum in the debt servicing reserve account and certain financial ratios. The Company subsequently entered into the Restructuring Agreement with the financial institutions dated 19 February 2021 to modify and supplement certain of the terms of the Framework Agreement in relation to the debt restructuring exercise and with a principal moratorium period of 2 years commencing retrospectively from 1 April 2020. The financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023.

Additionally, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder. The Group has secured a waiver letter from the sole Perpetual Securities holder as at 31 March 2021, to waive the breach of financial covenants up to 31 March 2022.

As at date of these financial statements, the Group has not been served with any notices of any event of default for any of its loans.

During the financial year, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As at the date of these financial statements, the Group has obtained from its ultimate holding company a Letter of Undertaking to classify these shareholder advances amounting to US\$108,251,000 (31 March 2020: US\$80,010,000) as equity (Note 29).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(i) Critical judgements in applying the entity's accounting policies (CONT'D)

These conditions may cast significant doubt on the Group's ability to continue as a going concern.

Management is of the view that the Group will be able to meet its obligations in the foreseeable future as a result of the following:

- during the financial year, the Group had obtained an extension of waiver up to 31 March 2022 from the sole Perpetual Securities holder for the breach of financial covenants;
- the Group has entered into a debt-restructuring agreement with two financial institutions on 19 February 2021 and there is a principal moratorium period until 31 March 2022 and the financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023; and
- the Group had obtained the financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to classify the shareholder advances as equity.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

Rawabi Vallianz Offshore Services Company Limited ("RVOS")

On 1 October 2020, the directors of the Company assessed that the Group ceased to have the practical ability to direct the relevant activities of RVOS to vary the returns to the Group, which resulted in a loss of control in RVOS. Consequently, even though the Group has lost its control in RVOS, the directors of the Company assessed that the Group still retains a significant influence by virtue of equity interest and its board representation on RVOS. Accordingly, the Group has deconsolidated RVOS and reclassified the investment as an associate, which is accounted for using equity method. The retained interest in RVOS was remeasured to US\$152,539,000 (Note 19) and represents the cost of investment in the associate. The value was determined by an independent valuer who relied on management's forecasts and estimates to derive the underlying assumptions to be applied for the remeasurement. The management has exercised its judgement and is satisfied with the value determined by the independent valuer.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(i) Critical judgements in applying the entity's accounting policies (CONT'D)

Rawabi Vallianz International Company Limited ("RVIC")

On 1 October 2019, the Group acquired 50% of the issued share capital of RVIC, an entity incorporated in the Kingdom of Saudi Arabia. Therefore, as at 1 October 2019 and thereafter, the directors of the Company assessed that the Group has the practical ability to direct the relevant activities of RVIC and RVIC has been classified as a subsidiary corporation of the Group (Note 17).

Other than the above, there are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Vessel useful life and impairment

The costs of vessels and vessel improvements of the Group are depreciated on a straight-line basis over the useful life of the vessels. Management estimates the useful lives of these vessels and vessel improvements to be within 12 to 25 years and 5 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. Management reviews the estimated useful lives and residual values of these assets at the end of each reporting period and determined that these estimates remain reasonable.

Management also reviews the vessels annually for any indication that the carrying amount of the vessels may not be recoverable in accordance with the accounting policies adopted by the Group. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. In view of the challenging operating conditions which has adversely impacted the charter rates and utilisation of vessels, management has estimated the recoverable amount of the vessels based on external market valuations obtained to determine whether there is any impairment loss. The external market valuations were based on comparison value of similar assets. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's vessels, drydocking and impairment at the end of the reporting period are disclosed in Note 13.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (CONT'D)

Estimation of loss allowances

When measuring ECL, the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables and contract assets are disclosed in Notes 8, 9 and 11 to the financial statements.

Impairment of investments in subsidiary corporations, joint ventures and associates

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiary corporations, joint ventures and associates within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). In assessing recoverable amount, the Group and Company consider the recoverable amount of these investments in the foreseeable future by comparing to the carrying amount of net assets in each subsidiary corporation which approximated the market value less cost to sell.

The carrying amounts of the investments in subsidiary corporations, joint ventures and associates are disclosed in Notes 17, 18 and 19 respectively.

Impairment of financial assets at FVTOCI (unquoted equity instrument)

Management assesses whether there is any objective evidence that equity instrument at FVTOCI are impaired, as evidenced by the occurrence of one or more loss events.

The carrying amount of the financial asset at FVTOCI is disclosed in Note 12 to the financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (CONT'D)

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 March 2021 was US\$27,000 (31 March 2020 : US\$3,982,000). The carrying amount of the Group's deferred tax liabilities are disclosed in Note 25 to the financial statements.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of vessels. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The valuation team's findings are highlighted to the Board of Directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4 to the financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets at amortised cost	24,335	75,996	341,729	296,232
Derivative financial instrument in a non-designated hedge accounting relationship	-	5,129	-	-
Financial assets at fair value through OCI	31,729	31,729	-	-
Financial liabilities				
Financial liabilities at amortised cost	250,690	848,769	182,301	150,155
Lease liabilities	607	26,347	-	-

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall financial risk management programme seeks to minimise potential adverse effects of the financial performance of the Group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

The Group engages in natural hedges to manage its exposure to foreign exchange risks. The Group engaged in interest rate swap to manage its exposure to fluctuation of interest rates on borrowings.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(i) Foreign exchange risk management

The Group assesses and monitors its current and projected foreign currency cash flows and insofar as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies to manage the volatility of future cash flows caused by fluctuation in foreign currency exchange rates.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Singapore dollar against the United States dollar.

At the end of the reporting period, carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Liabilities		Assets	
	31 March 2021 US\$'000	31 March 2020 US\$'000	31 March 2021 US\$'000	31 March 2020 US\$'000
Group				
SGD	3,463	2,299	18,668	16,530
Company				
SGD	702	513	172	104

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity as at the year end, profit or loss will increase (decrease) by:

	Group		Company	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
SGD	760	712	(26)	(20)

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity as at the year end, the effects will be the converse of the above.

(ii) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk.

Information relating to the Group's and the Company's financial instrument balances which are interest bearing at variable rates are disclosed in Note 21 to the financial statements.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower during the year and all other variables were held constant, the Group's loss before tax would increase or decrease by approximately US\$871,000 (31 March 2020 : increase or decrease by approximately US\$3,609,000).

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- * the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- * the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(b)(iv). The related loss allowance is disclosed in the respective notes to the financial statements.

In order to minimise credit risk, the Group's exposure and the credit ratings of its counterparties are continuously monitored.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The Group's current credit risk grading framework comprises of the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 180 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 365 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Group						
<u>31 March 2021</u>						
Trade receivables	8	(i)	Lifetime ECL	7,428	-	7,428
Trade receivables	8	Doubtful	Lifetime ECL	318	(318)	-
Due from related parties	9	Doubtful	Lifetime ECL	5,083	(5,083)	-
Due from outside parties	9	Performing	12-month ECL	1,812	-	1,812
Deposits	9	Performing	12-month ECL	7,683	-	7,683
				<u>22,324</u>	<u>(5,401)</u>	<u>16,923</u>
<u>31 March 2020</u>						
Trade receivables	8	(i)	Lifetime ECL	35,563	-	35,563
Trade receivables	8	Doubtful	Lifetime ECL	186	(186)	-
Due from associate	9	Performing	12-month ECL	-	-	-
Due from related parties	9	Performing	12-month ECL	1,524	-	1,524
Due from related parties	9	Doubtful	Lifetime ECL	5,083	(5,083)	-
Due from outside parties	9	Performing	12-month ECL	2,695	-	2,695
Deposits	9	Performing	12-month ECL	5,126	-	5,126
Contract assets	11	Performing	Lifetime ECL	913	-	913
				<u>51,090</u>	<u>(5,269)</u>	<u>45,821</u>

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Company						
<u>31 March 2021</u>						
Trade receivables	8	(i)	Lifetime ECL	2	-	2
Due from ultimate holding company	9	Performing	12-month ECL	384	-	384
Due from associate	9	Performing	12-month ECL	95	-	95
Due from subsidiary corporations	9	Performing	12-month ECL	339,211	-	339,211
Due from subsidiary corporations	9	Doubtful	Lifetime ECL	214,131	(214,131)	-
Due from related parties	9	Performing	12-month ECL	29	-	29
Due from outside parties	9	Performing	12-month ECL	91	-	91
Deposits	9	Performing	12-month ECL	140	-	140
				554,083	(214,131)	339,952

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Company						
<u>31 March 2020</u>						
Trade receivables	8	(i)	Lifetime ECL	2	-	2
Due from ultimate holding company	9	Performing	12-month ECL	295	-	295
Due from associate	9	Performing	12-month ECL	25	-	25
Due from subsidiary corporations	9	Performing	12-month ECL	295,099	-	295,099
Due from subsidiary corporations	9	Doubtful	Lifetime ECL	214,131	(214,131)	-
Due from related parties	9	Performing	12-month ECL	28	-	28
Due from outside parties	9	Performing	12-month ECL	79	-	79
Deposits	9	Performing	12-month ECL	85	-	85
				<u>509,744</u>	<u>(214,131)</u>	<u>295,613</u>

- (i) For trade receivables, the Group and Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and Company determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 8 include further details on the loss allowance for trade receivables.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(iv) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

At the end of the reporting period, approximately 24% (31 March 2020 : 11%) of the Group's trade and other receivables are due from ultimate holding company, related companies, related parties, associate and joint venture. As at 31 March 2020, 76% of trade receivables are due from a single customer in the Kingdom of Saudi Arabia. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

At the end of the reporting period, approximately 99% (31 March 2020: 99%) of the Company's trade and other receivables are due from subsidiary corporations.

Further details of credit risks on trade and other receivables and contract assets are disclosed in Notes 8, 9 and 11 respectively.

The credit risk on cash and cash equivalents and derivative financial instruments are limited because the counterparties are reputable banks.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US\$175,225,000 (31 March 2020 : US\$199,111,000) for guarantees provided to subsidiary corporations and US\$13,327,000 (31 March 2020 : US\$35,620,000) for guarantees provided to associate (Note 42). Based on expectations at the end of the reporting period, the Group considers that it is remote that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

(v) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

As disclosed in Note 3(i), management has exercised significant judgement in assessing the Group's ability to operate as a going concern.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

During the financial year ended 31 March 2021, the Group recorded a net loss for the year (after exceptional expenses) of US\$24,962,000 (31 March 2020 : US\$136,920,000). As at 31 March 2021, the Group is in net current liabilities position of US\$51,708,000 (31 March 2020 : US\$241,030,000).

As disclosed in prior year's financial statements, the Group has breached the financial covenants under the Framework Agreement with the financial institutions in respect of minimum sum in the debt servicing reserve account and certain financial ratios. The Company subsequently entered into the Restructuring Agreement with the financial institutions dated 19 February 2021 to modify and supplement certain of the terms of the Framework Agreement in relation to the debt restructuring exercise and with a principal moratorium period of 2 years commencing retrospectively from 1 April 2020. The financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023.

Additionally, the Group has breached the financial covenants imposed by sole Perpetual Securities holder. The Group has secured a waiver letter from the sole Perpetual Securities holder as at 31 March 2021, to waive the breach of financial covenants up to 31 March 2022.

During the financial year, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations. As at the date of these financial statements, the Group has obtained from its ultimate holding company a Letter of Undertaking to classify these shareholder advances amounting to US\$108,251,000 (31 March 2020 : US\$80,010,000) as equity (Note 29).

The above represent conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Management is of the view that the Group will be able to meet its obligations in the foreseeable future in consideration of the following:

- during the financial year, the Group had obtained an extension of waiver up to 31 March 2022 from the sole Perpetual Securities holder for the breach of financial covenants;
- the Group has entered into a debt-restructuring agreement with two financial institutions on 19 February 2021 for which there is no financial covenant to observe as there is a moratorium period until 31 March 2022 and the financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023; and
- the Group had obtained an undertaking of financial support from its ultimate holding company to meet its repayment obligations and a Letter of Undertaking to classify the shareholder advances as equity.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuation of cash flows.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjust- ment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
<u>31 March 2021</u>						
Non-interest bearing	-	75,465	-	-	-	75,465
Lease liabilities (fixed rate)	5.25	225	382	-	-	607
Variable interest rate instruments	3.01	32,685	151,266	-	(9,677)	174,274
Fixed interest rate instruments	5.00	999	-	-	(48)	951
		<u>109,374</u>	<u>151,648</u>	<u>-</u>	<u>(9,725)</u>	<u>251,297</u>
<u>31 March 2020</u>						
Non-interest bearing	-	101,512	-	-	-	101,512
Lease liabilities (fixed rate)	7.24	17,436	8,911	-	-	26,347
Variable interest rate instruments	3.51	240,426*	322,842	265,916	(86,429)	742,755
Fixed interest rate instruments	5.00	1,138	-	-	(54)	1,084
		<u>360,512</u>	<u>331,753</u>	<u>265,916</u>	<u>(86,483)</u>	<u>871,698</u>
Company						
<u>31 March 2021</u>						
Non-interest bearing		<u>182,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,301</u>
<u>31 March 2020</u>						
Non-interest bearing	-	<u>150,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,155</u>

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

- * Included under the variable interest rate instruments category is the undiscounted cash flows of bank borrowings from financial institutions with carrying amount of NIL as at 31 March 2021 (31 March 2020 : US\$50,526,000). The timing of the cash flow payments has been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 21) following the breach of the respective loan agreements in the respective financial years/period.

Non-derivative financial assets

All financial assets are due within one year from the end of the reporting period, except for the Group's monies pledged with banks amounting to US\$699,000 (31 March 2020 : US\$699,000). All financial assets are non-interest bearing.

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	Total US\$'000
Group			
<u>As at 31 March 2021</u>			
Gross settled:			
Interest rate swaps	-	-	-
<u>As at 31 March 2020</u>			
Gross settled:			
Interest rate swaps	1,713	-	1,713

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(vi) Fair values of financial assets and financial liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset and liability that are not based on observable market data (unobservable inputs)

Assets and liabilities measured at fair value

The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

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31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique (s) and key input(s)	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2021	31 March 2020				
Group						
Interest rate swaps	-	1,713	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial assets at fair value through other comprehensive income - unquoted equity shares	31,729	31,729	Level 3	Adjusted net asset method ⁽ⁱ⁾	Fair value of vessel held by the issuer ⁽ⁱⁱ⁾	Lower market value of the vessel results in lower fair value

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

- (i) Unquoted equity shares do not have a quoted market price in active market and management is of the view that the net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity.
- (ii) The fair value of the vessel is determined by reference to transacted prices for similar vessels, adjusted for comparability. The adjustments take into account management's experience and knowledge of the market for such vessels. As the adjustments constitute significant unobservable input, accordingly the entire measurement of the vessel is categorised as an unobservable Level 3 input.

The fair value of derivative financial instrument (non-current) approximates the carrying amount due to the insignificant amount. There was no transfer between the different levels of the fair value hierarchy during the financial years ended 31 March 2021 and 2020.

Fair value of the Group and Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of cash and bank balances, trade and other receivables, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

As at 31 March 2021 and 2020, other than certain financial assets at FVTOCI and derivative financial instruments, as disclosed in Notes 12 and 20 to the financial statements respectively, the Group has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, perpetual capital securities, shareholder's advances, reserves and term loans.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2021 and 2020. The Group's overall strategy remains unchanged from the prior period.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The Group monitors the financial ratios of its debt covenants stated in the agreements on the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital and debt covenants requirements except as disclosed in Note 21 to the financial statements.

As at the end of the reporting year and the date of these financial statements, the lenders have not sought to enforce their security and legal rights to call on the outstanding debts.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

Pursuant to the issue of rights and warrants by the Company, RHC, incorporated in the Kingdom of Saudi Arabia, became the holding company and the ultimate holding company of the Company on 11 January 2018. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Group's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following transactions with related companies that are not members of the Group:

	Group	
	2021	2020
	US\$'000	US\$'000
<u>Ultimate holding company</u>		
Management fee expenses	(1,448)	(1,179)
Shareholder's advances	(13,187)	(25,350)
Payment made on behalf by	(31,517)	-
Rental of premises	(287)	(256)
	<u>(36,439)</u>	<u>(26,785)</u>
<u>Related companies</u>		
Corporate services	(2)	(11)
Provision of other goods and services	(844)	(1,248)
	<u>(846)</u>	<u>(1,259)</u>

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS 31 March 2021

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Outstanding balances as at 31 March 2021 and 2020 are disclosed on Notes 8, 9 and 23 to the financial statements respectively. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following significant related party transactions:

	Group	
	2021	2020
	US\$'000	US\$'000
<u>Related companies of a corporate shareholder</u>		
Shipyards and vessel management services income	2,945	3,932
Rental expense	-	(43)
Shipyards services	(90)	53
	<u> </u>	<u> </u>
<u>Joint venture</u>		
Charter hire expense	-	(29,540)
	<u> </u>	<u> </u>
<u>Associate</u>		
Project management income	11,521	243
Charter hire income	1,100	-
Charter hire expense	(46)	(127)
	<u> </u>	<u> </u>

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Short-term benefits	1,693	1,635
Post-employment benefits	85	65
	<u>1,778</u>	<u>1,700</u>

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

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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7 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank	7,389	31,066	1,777	619
Cash on hand	23	23	-	-
	7,412	31,089	1,777	619
Less: Monies pledged with banks - non-current (Note 21)	(699)	(699)	-	-
Cash and cash equivalents	6,713	30,390	1,777	619

8 TRADE RECEIVABLES

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	7,305	35,348	-	-
Related parties	-	-	2	2
Associate	441	401	-	-
	7,746	35,749	2	2
Loss allowance	(318)	(186)	-	-
Total	7,428	35,563	2	2

The credit period on services rendered is 30 days (31 March 2020: 30 days). No interest is charged on overdue receivables.

Expected credit losses

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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8 TRADE RECEIVABLES (CONT'D)

The following table details the aging profile of the Group's trade receivables from contracts with customers.

	Trade receivables - aging profile					Total
	1 - 30	31 - 60	61 - 90	91 - 120	> 120	
	days	days	days	days	days	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 March 2021						
Gross trade receivables	2,930	827	143	104	3,742	7,746
Loss allowance	-	-	-	-	(318)	(318)
Total	2,930	827	143	104	3,424	7,428

31 March 2020

Gross trade receivables	31,010	337	294	137	3,971	35,749
Loss allowance	-	-	-	-	(186)	(186)
Total	31,010	337	294	137	3,785	35,563

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

	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
	US\$'000	US\$'000	US\$'000
Group			
Balance as at 31 March 2019	-	980	980
Reversal of loss allowance during the year	-	(560)	(560)
Foreign exchange (gains) or losses	-	(234)	(234)
Balance as at 31 March 2020	-	186	186
Loss allowance during the year	-	121	121
Foreign exchange (gains) or losses	-	11	11
Balance as at 31 March 2021	-	318	318

Management is of the opinion that the fair value of the trade receivables approximates the carrying amount.

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9 OTHER RECEIVABLES

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	1,812	2,695	91	79
Ultimate holding company	-	-	384	295
Subsidiary corporations	-	-	553,342	509,230
Related parties	5,083	6,607	29	28
Associate	-	-	95	25
Prepayments	599	14,343	23	21
Deposits	7,683	5,126	140	85
	15,177	28,771	554,104	509,763
Loss allowance	(5,083)	(5,083)	(214,131)	(214,131)
	10,094	23,688	339,973	295,632

The credit period on these receivables is 30 days (31 March 2020: 30 days).

Expected credit losses

Due from ultimate holding company, associate, joint venture and related companies

These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from ultimate holding company, associate, joint venture and related companies are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiary corporations since initial recognition. Accordingly, for the purpose of impairment assessment for these amounts, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Group and the Company have taken into account the financial performance of the ultimate holding company, associate, joint venture and related companies, adjusted for factors that are specific to the related parties and subsidiary corporations and general economic conditions of the industry in which the related parties and subsidiary corporations operate, in estimating the probability of default of the amounts due from related parties and subsidiary corporations as well as the loss upon default. The Group and the Company determine the amounts due from ultimate holding company, associate, joint venture and related companies to be subject to immaterial credit loss.

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9 OTHER RECEIVABLES (CONT'D)

Due from related parties and subsidiary corporations

For purpose of impairment assessment of performing receivables due from related parties and subsidiary corporations, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). Accordingly, for the purpose of impairment assessment for these amounts, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Group and the Company have taken into account the financial performance of related parties and subsidiary corporations, adjusted for factors that are specific to the related parties and subsidiary corporations and general economic conditions of the industry in which the related parties and subsidiary corporations operate, in estimating the probability of default of the amounts due from related parties and subsidiary corporations as well as the loss upon default. The Group and the Company determine the amounts due from related parties and subsidiary corporations to be subject to immaterial credit loss.

Due from outside parties and deposits

For purpose of impairment assessment, other receivables from outside parties and deposits are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the deposits since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The Group and the Company determine the amounts due from outside parties and deposits are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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9 OTHER RECEIVABLES (CONT'D)

The following table details the aging profile of the Group's other receivables excluding deposits and prepayments.

	Other receivables (excluding deposits and prepayments) – aging profile					Total US\$'000
	1 - 30 days US\$'000	31 - 60 days US\$'000	61 - 90 days US\$'000	91 - 120 days US\$'000	> 120 days US\$'000	
31 March 2021						
Gross other receivables	1,783	-	-	-	5,112	6,895
Loss allowance	-	-	-	-	(5,083)	(5,083)
Total	<u>1,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>1,812</u>
31 March 2020						
Gross other receivables	2,469	293	300	268	5,972	9,302
Loss allowance	-	-	-	-	(5,083)	(5,083)
Total	<u>2,469</u>	<u>293</u>	<u>300</u>	<u>268</u>	<u>889</u>	<u>4,219</u>

The table below shows the movement in lifetime ECL that has been recognised for other receivables in accordance with SFRS(I) 9:

	Lifetime ECL- credit impaired US\$'000
Group	
Balance as at 31 March 2019	5,510
Reversal loss allowance during the year	(427)
Balance as at 31 March 2020 and 31 March 2021	<u>5,083</u>
Company	
Balance as at 31 March 2020 and 31 March 2021	<u>214,131</u>

There is no movement in loss allowance for Group and Company during the financial year ended 31 March 2021.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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10 INVENTORIES

	Group	
	31 March 2021	31 March 2020
	US\$'000	US\$'000
Consumables and spares	725	5,855

11 CONTRACT ASSETS

	Group	
	31 March 2021	31 March 2020
	US\$'000	US\$'000
Accrued income from construction contracts	-	913

Contract assets are balances due from customers under construction contracts that arise when the Group satisfies its obligations in line with a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. There were no significant changes in the contract asset balances during the reporting period.

There are no retention monies held by customers for contract work as at 31 March 2021 and 2020.

The Group measures the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the contract assets at the end of the reporting period is past due. Management has assessed that the amount of loss allowance is immaterial as at 31 March 2021.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	31 March 2021 US\$'000	31 March 2020 US\$'000
Investment in equity instruments designated at fair value through other comprehensive income:		
Unquoted preference shares	31,729	31,729

These investments in equity instruments are not held for trading. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

No investment in unquoted preference shares measured at FVTOCI has been disposed of during the current reporting period.

Unquoted preference shares

The investments in unquoted preference shares represent preference shares issued by related party, Rolute Offshore Pte Ltd ("ROPL") for the conversion of convertible bonds.

In 2011, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Limited ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to ROPL, in exchange for US\$155,000,000 of convertible bonds to be held by the Group. ROPL was subsequently disposed by its original shareholders to one of the Company's major shareholders, Swiber Holdings Limited. Pursuant to the change in shareholders, the convertible bonds were converted to cumulative preference shares issued by ROPL amounting to US\$155,000,000.

During the financial period ended 31 March 2017, ROPL redeemed a total of US\$13,000,000 of cumulative preference shares from the Group by cash, resulting in a net balance of US\$77,200,000. No redemption was made during the financial years ended 31 March 2021 and 2020.

The terms and conditions of the unquoted cumulative preference shares are set out below:

- (i) Non-convertible;
- (ii) Non-voting;
- (iii) Dividend rate of 5.2% per annum payable semi-annually at the discretion of issuer. No dividend will be paid on the ordinary shares if payment is not made on the preference share dividends; and
- (iv) Right to redeem the preference shares lies with the issuer. Redemption amount comprises of the par value.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

As disclosed in Note 21, the Group triggered a technical default for a term loan with a carrying amount of US\$31,729,000. The principal and interest remained outstanding as at 31 March 2021, including the additional interests and penalty payable of US\$6,531,000 (31 March 2020: US\$6,531,000) arising from the default; and is secured over the vessel held by the issuer of the preference shares.

During the financial period ended 31 March 2017, the Group recognised an impairment loss of US\$45,471,000 on its unquoted preference shares subsequent to the completion of a review of fair value of its carrying amount of the asset consequent to the ultimate holding company of the issuer entering into judicial management in July 2016. No further impairment loss is recognised for the financial years ended 31 March 2021 and 2020.

In view of the above developments, it is the intention of management to dispose the preference shares when appropriate. Accordingly, the preference shares have been presented as current assets. The Group is of the view that the adjusted net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity. This involves deriving the fair value of the preference shares by reference to the fair value of its issuer's assets and liabilities.

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	31 March 2021	1 April 2020
	US\$'000	US\$'000
Cost of financial assets at fair value through other comprehensive income	77,200	77,200
Accumulated impairment recognised	(45,471)	(45,471)
Carrying amount	<u>31,729</u>	<u>31,729</u>

As the preference shares can be redeemed by the issuer based on the unpaid principal, the fair value of the unquoted preference shares is capped at the unpaid principal as at the end of each reporting period less any impairment losses.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

**NOTES TO FINANCIAL STATEMENTS
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13 PROPERTY, PLANT AND EQUIPMENT

Group	Computers US\$'000	Office furniture and equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Vessels US\$'000	Dry-docking US\$'000	Plant and machineries US\$'000	Leasehold building US\$'000	Construction - in-progress US\$'000	Total US\$'000
At 1 April 2019	1,435	1,019	175	599	423,346	7,610	8,346	18,090	1,895	462,515
Acquisition of subsidiary corporation (Note 39)	-	-	-	-	634,900	-	-	-	-	634,900
- Recognised provisionally	-	-	-	-	-	-	-	-	-	-
- Adjustment based on purchase price allocation	-	-	-	-	(39,539)	-	-	-	-	(39,539)
Additions	235	90	6	12	23,659	274	28	-	28,135	52,439
Disposals	-	-	-	(144)	(15,750)	(250)	-	-	(371)	(16,515)
Exchange differences	(22)	-	-	(3)	-	-	(316)	-	-	(341)
At 31 March 2020	1,648	1,109	181	464	1,026,616	7,634	8,058	18,090	29,659	1,093,459
(restated)	-	-	-	-	-	-	-	-	-	-
Deconsolidation of a former subsidiary corporation	(428)	(545)	-	(377)	(839,657)	-	-	(4,246)	(27,447)	(872,700)
Disposal of subsidiary corporations	(86)	(5)	-	(14)	-	-	-	-	-	(105)
Additions	103	17	174	35	19,046	166	433	17	6,033	26,024
Disposals	(495)	(7)	-	(54)	(52,353)	(2,826)	(137)	-	(4,087)	(59,959)
Exchange differences	23	-	-	2	-	-	352	-	-	377
At 31 March 2021	765	569	355	56	153,652	4,974	8,706	13,861	4,158	187,096

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers US\$'000	Office furniture and equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Vessels US\$'000	Dry-docking US\$'000	Plant and machineries US\$'000	Leasehold building US\$'000	Construction - in-progress US\$'000	Total US\$'000
Group (cont'd)										
Accumulated depreciation:										
At 1 April 2019	728	533	149	304	42,265	3,589	4,876	3,644	-	56,088
Depreciation for the Year (Note 35)	135	203	1	81	51,199	823	1	1,038	-	53,481
Disposals	-	-	-	(144)	(5,772)	(213)	-	-	-	(6,129)
Exchange differences	(23)	-	-	(1)	-	-	(316)	-	-	(340)
At 31 March 2020	840	736	150	240	87,692	4,199	4,561	4,682	-	103,100
Deconsolidation of a former subsidiary corporation (Note 38)	(144)	(259)	-	(212)	(73,356)	-	-	(1,330)	-	(75,301)
Disposal of subsidiary corporation	(86)	(5)	-	(14)	-	-	-	-	-	(105)
Depreciation for the Year (Note 35)	67	82	31	18	13,095	648	35	1,125	-	15,101
Disposals	(35)	(7)	-	(54)	(11,703)	(1,597)	(137)	-	-	(13,533)
Exchange differences	23	-	-	22	-	-	332	-	-	377
At 31 March 2021	665	547	181	-	15,728	3,250	4,791	4,477	-	29,639

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers US\$'000	Office equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Vessels US\$'000	Dry-docking US\$'000	Plant and machineries US\$'000	Leasehold building US\$'000	Construction - in-progress US\$'000	Total US\$'000
<u>Group (cont'd)</u>										
Accumulated impairment:										
At 1 April 2019	-	3	23	-	164,161	-	3,465	121	1,287	169,060
Impairment charge for the year	-	-	-	-	53,098	-	-	-	-	53,098
- Adjustment based on purchase price allocation (Note 39)	-	-	-	-	(39,539)	-	-	-	-	(39,539)
Disposals	-	-	-	-	(8,972)	-	-	-	-	(8,972)
At 31 March 2020 (restated)	-	3	23	-	168,748	-	3,465	121	1,287	173,647
Deconsolidation of a former subsidiary corporation (Note 38)	-	-	-	-	(53,098)	-	-	-	-	(53,098)
Disposals	-	-	-	-	(31,325)	-	-	-	-	(31,325)
At 31 March 2021	-	3	23	-	84,325	-	3,465	121	1,287	89,224

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers US\$'000	Office equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Vessels US\$'000	Dry-docking US\$'000	Plant and machineries US\$'000	Leasehold building US\$'000	Construction - in-progress US\$'000	Total US\$'000
Carrying amount: At 31 March 2021	100	19	151	56	53,599	1,724	450	9,263	2,871	68,233
At 31 March 2020	808	370	8	224	770,176	3,435	32	13,287	28,372	816,712

Certain of the Group's property, plant and equipment with a total carrying amount of US\$65,038,000 (31 March 2020: US\$786,933,000) were mortgaged to financial institutions for facilities granted (Note 21). The leasehold building is located in Batam, Indonesia.

During the year ended 31 March 2021, the Group recorded an impairment loss of NIL (31 March 2020: US\$53,098,000) on the carrying amount of its property, plant and equipment (Note 32). This resulted from external market valuations that management obtained as at the relevant reporting period end. The external market valuations were based on comparison value of similar assets.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>Company</u>	Computers US\$'000	Office furniture and equipment US\$'000	Motor vehicle US\$'000	Renovation US\$'000	Total US\$'000
Cost:					
At 31 March 2020	10	25	111	130	276
Additions	4	-	-	-	4
At 31 March 2021	14	25	111	130	280
Accumulated depreciation:					
At 1 April 2019	10	24	43	130	207
Depreciation for the year	-	1	16	-	17
At 31 March 2020	10	25	59	130	224
Depreciation for the year	1	-	16	-	17
At 31 March 2021	11	25	75	130	241
Carrying amount:					
At 31 March 2021	3	-	36	-	39
At 31 March 2020	-	-	52	-	52

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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14 RIGHT-OF-USE ASSETS

	Office premise	Vessels	Vehicles	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Group</u>				
Cost:				
At 31 March 2020	-	43,453	267	43,720
Additions	697	2,510	-	3,207
Deconsolidation of a former subsidiary corporation (Note 38)	-	(45,963)	(267)	(46,230)
At 31 March 2021	<u>697</u>	<u>-</u>	<u>-</u>	<u>697</u>
Accumulated depreciation:				
At 31 March 2020	-	17,800	57	17,857
Depreciation for the year	97	12,894	63	13,054
Deconsolidation of a former subsidiary corporation (Note 38)	-	(30,694)	(120)	(30,814)
At 31 March 2021	<u>97</u>	<u>-</u>	<u>-</u>	<u>97</u>
Carrying amount:				
At 31 March 2021	<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>

	Vessels	Vehicles	Total
	US\$'000	US\$'000	US\$'000
<u>Group</u>			
Cost:			
At 31 March 2019	-	-	-
Adoption of SFRS(I) 16	14,328	127	14,455
Additions	29,125	140	29,265
At 31 March 2020	<u>43,453</u>	<u>267</u>	<u>43,720</u>
Accumulated depreciation:			
At 31 March 2019	-	-	-
Depreciation for the year	17,800	57	17,857
At 31 March 2020	<u>17,800</u>	<u>57</u>	<u>17,857</u>
Carrying amount:			
At 31 March 2020	<u>25,653</u>	<u>210</u>	<u>25,863</u>

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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14 RIGHT-OF-USE ASSETS (CONT'D)

Right-of-use assets acquired under leasing arrangement are presented separately in this Note. Details of such leased assets are disclosed in Note 15.

15 LEASES – THE GROUP AS A LESSEES

Nature of the Group's leasing activities

Office premise

The Group leases office space for the purpose of back office operations.

Vessels

The Group leases vessels for the purpose of chartering and leases vehicle for business purposes.

(a) Carrying amounts of ROU assets

	Group	
	2021	2020
	US\$'000	US\$'000
Office premises	600	-
Vessels	-	25,653
Vehicles	-	210
Total (Note 14)	600	25,863

(b) Depreciation charge during the year

	2021	2020
	US\$'000	US\$'000
Office premises	97	-
Vessels	12,894	17,800
Vehicles	63	57
Total (Note 14)	13,054	17,857

(c) Interest expense

	2021	2020
	US\$'000	US\$'000
Interest expense on lease liabilities	789	2,499

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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15 LEASES – THE GROUP AS A LESSEES (CONT'D)

(d) Lease expense not capitalised in lease liabilities

	2021 US\$'000	2020 US\$'000
Lease expense – short-term leases	452	2,234
Lease expense – low value leases	-	87
Total	<u>452</u>	<u>2,321</u>

(e) Total income from right-of-use assets in 2021 was 14,795,000 (2020 : US\$29,590,000).

(f) Total cash outflow for all leases in 2021 was US\$14,101,000 (2020 : US\$22,199,000).

(g) Addition of right-of-use assets during the financial year 2021 was US\$697,000 (2020 : US\$29,265,000).

16 LEASES – THE GROUP AS A LESSOR

The Group has leased out their owned vessels to a third party for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Charter hire income from vessels are disclosed in Note 30.

17 SUBSIDIARY CORPORATIONS

	Company	
	31 March 2021 US\$'000	31 March 2020 US\$'000
<i>Unquoted equity shares, at cost</i>		
Beginning of financial year	29,566	29,566
Addition ^(a)	250	-
End of financial year	<u>29,816</u>	<u>29,566</u>
<i>Accumulated impairment loss</i>		
Beginning and end of financial year	<u>(29,412)</u>	<u>(29,412)</u>
Carrying amount	<u>404</u>	<u>154</u>

(a) On 14 April 2020, the Company has subscribed additional shares issued by one of the subsidiary corporations for a consideration of US\$250,000.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

Details of the key subsidiary corporations are as follows:

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2021	31 March 2020	
		%	%	
Resolute Pte. Ltd. ⁽¹⁾	Singapore	51	51	Investment holding.
Vallianz International Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding.
Vallianz Corporate Services Pte. Ltd. ⁽¹⁾	Singapore	100	100	Provision of corporate services.
Vallianz Investment Capital Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding.
Vallianz Marine Mexico S.A. De C.V. ⁽⁵⁾	Mexico	49	49	Vessel ownership and chartering.
<u>Held by Vallianz International Pte. Ltd.</u>				
Samson Marine Pte. Ltd. ⁽¹⁾	Singapore	100	100	Vessel ownership and chartering.
Vallianz Marine Pte. Ltd. ⁽¹⁾	Singapore	100	100	Vessel ownership and chartering.
Vallianz Offshore Marine Pte. Ltd. ⁽¹⁾	Singapore	100	100	Vessel management and chartering.
Vallianz Shipbuilding & Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	100	Provision of shipyard and engineering services.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2021	31 March 2020	
		%	%	
Newcruz International Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding.
OER Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding.
Samson Engineering Limited ⁽³⁾	Labuan, Malaysia	100	100	Provision of shipbuilding and engineering services.
RI Capital Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding.
Holmen Heavylift Offshore Pte. Ltd. ⁽¹⁾	Singapore	75	75	Investment holding and vessel chartering.
<u>Held by Vallianz Shipbuilding and Engineering Pte. Ltd.</u>				
Jetlee Shipbuilding & Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	100	Provision of shipyard and engineering services.
<u>Held by Jetlee Shipbuilding and Engineering Pte. Ltd.</u>				
PT United Sindo Perkasa ⁽³⁾	Indonesia	100	99	Provision of shipyard and engineering services.
<u>Held by Vallianz Investment Capital Pte. Ltd.</u>				
Rawabi Vallianz Offshore Services Company Limited ⁽²⁾⁽⁶⁾	Kingdom of Saudi Arabia	-	50	Provision of offshore marine support services.
Rawabi Vallianz International Company Limited ⁽²⁾⁽⁴⁾	Kingdom of Saudi Arabia	50	50	Provision of offshore marine support services.
<u>Held by Holmen Heavylift Offshore Pte. Ltd.</u>				
Holmen Arctic Pte. Ltd. ⁽¹⁾	Singapore	75	75	Vessel ownership and chartering.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2021	31 March 2020	
		%	%	
Holmen Atlantic Pte. Ltd. ⁽¹⁾	Singapore	75	75	Vessel ownership and chartering.
Holmen Pacific LLC ⁽¹⁾	Marshall Island	75	75	Vessel ownership and chartering.
<u>Held by OER Holdings Pte. Ltd.</u>				
Offshore Engineering Resources Pte. Ltd. ^{(1) (7)}	Singapore	-	100	Crewing management.
OER Services Pte. Ltd. ⁽¹⁾	Singapore	100	100	Crewing management.
<u>Held by Newcruz International Pte. Ltd.</u>				
Newcruz Shipbuilding & Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	100	Manufacture, Assembly and repair of ships and vessels.

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.

(3) Reviewed by Nexia TS Public Accounting Corporation, Singapore for purposes of consolidation.

(4) The Group has acquired all of the economic benefits of Rawabi Vallianz International Company Limited ("RVIC") with effect from 1 October 2019. Accordingly, the Group has consolidated the results of RVIC. There is no profit or loss allocated to non-controlling shareholders. The non-controlling interests remain at the same amount as at the date of acquisition.

(5) Not required to be audited under the laws of the country of incorporation.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

- (6) Prior to 1 October 2020, the Group has consolidated the results of RVOS as the Group has acquired all of the economic benefits of Rawabi Vallianz Offshore Services Company Limited ("RVOS") with effect from 1 January 2014. There is no profit or loss allocated to non-controlling shareholders. The non-controlling interests remain at the same amount as at the date of acquisition.

On 1 October 2020, the directors of the Company assessed that the Group ceased to have the practical ability to direct the relevant activities of RVOS to vary the returns to the Group, which resulted in a loss of control in RVOS. Consequently, even though the Group has lost its control in RVOS, the directors of the Company assessed that the Group still retains a significant influence by virtue of equity interest and its board representation on RVOS. Accordingly, the Group has deconsolidated RVOS and reclassified the investment as an associate, which is accounted for using equity method.

- (7) On 31 December 2020, the Group through its subsidiary corporation, OER Holdings Pte. Ltd., completed the disposal of 100% equity interest in Offshore Engineering Resources Pte. Ltd..

Information about the material wholly-owned subsidiary corporations of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation	Number of material wholly-owned subsidiary corporations	
		31 March 2021	31 March 2020
Vessel ownership and chartering.	Singapore	2	2
Vessel management and chartering.	Singapore	1	1
Provision of offshore marine support services.	Kingdom of Saudi Arabia	1	2
Investment holding.	Singapore	5	5
Provision of corporate services.	Singapore	1	1
Provision of shipbuilding/shipyard and engineering services.	Singapore	2	2
Manufacture, assembly and repair of ships and vessels.	Singapore	1	1
Crewing management.	Singapore	1	2
		<u>14</u>	<u>16</u>

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

FY2020

Increase in issued share capital of RVOS

During the financial year ended 31 March 2020, the Group's subsidiary corporation, RVOS, allotted and issued 162,500 ordinary shares ("Share Allotment") to each of Vallianz Investment Capital Pte Ltd ("VIC"), a wholly-owned subsidiary corporation of the Company, and RHC. Following the Share Allotment, the respective shareholding interests of VIC and RHC in RVOS remain unchanged at 50%. This resulted in an increase in non-controlling interests of US\$40,150,000.

FY2021

Disposal of Offshore Engineering Resources Pte Ltd

On 31 December 2020, the Group had disposed its entire interest in its wholly-owned subsidiary corporation, Offshore Engineering Resources Pte Ltd ("OERPL") for a nominal consideration of US\$1 to an unrelated third party. OERPL holds 99% of shareholding interest in each of Offshore Supply Resources Mexico S.A de C.V ("OSR") and Offshore Engineering Resources Mexico S.A de C.V ("OER"). OERPL has a paid-up capital of US\$10,000 and each of OSR and OER has a paid-up capital of US\$2,000. Due to net loss and net tangible liabilities of the three entities, the Group disposed OERPL at the nominal consideration. Following the disposal of OERPL, OERPL and together with OSR and OER will cease to be the subsidiary corporations of the Group. However, as the subsidiary corporations disposed are not material to these financial statements, no further disclosures are made.

Deconsolidation of RVOS

In the recent financial years, the Government of the Kingdom of Saudi Arabia ("Government") has been reinforcing the local content requirement, and in recent few months this has escalated to the Government announcing that it would cease doing business with international companies whose regional headquarters are not based in the Kingdom of Saudi Arabia. Furthermore, in line with Saudi Aramco's In-Kingdom Total Value Add requirements to drive Saudi value creation, or IKTVA, RVOS appointed a local General Manager in December 2019, to manage the day-to-day activities of RVOS towards eventual taking over of operational control of RVOS.

With the rigorous implementation measures by the Government to reinforce local content as a requirement for companies to do business in Saudi Arabia, and together with Saudi Aramco's IKTVA program, the Board had assessed that the Group no longer had the ability to direct the business activities of RVOS, and consequently the Group has deconsolidated RVOS with effect from 1 October 2020. Correspondingly, the Company and RHC have agreed that RHC will have majority representation on the board of RVOS with effect from 1 October 2020. RVOS was therefore accounted for and its results consolidated as a wholly-owned subsidiary corporation for the financial period ended from 1 April 2020 to 30 September 2020 and equity accounted for as an "Investment in Associate" with effect from 1 October 2020.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

Details of non-wholly owned subsidiary corporations that have material non-controlling interests to the Group are as disclosed below.

Name of subsidiary corporations	Place of Incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests (%)		Profit/(loss) allocated to non-controlling interests (US\$'000)		Accumulated non-controlling interests (US\$'000)	
		31 March 2021	31 March 2020	2021	2020	31 March 2021	31 March 2020
Resolute Pte Ltd	Singapore	49	49	(15)	172	1,270	1,285
Vallianz Marine Mexico, S.A De C.V	Mexico	51	51	(120)	11	(3,482)	(3,362)
Holmen Group	Singapore	25	25	(1,816)	(2,166)	(17,682)	(15,866)
Rawabi Vallianz Offshore Services Company Limited ⁽¹⁾	Kingdom of Saudi Arabia	-	50	-	-	-	43,868
Rawabi Vallianz International Company Limited ⁽²⁾	Kingdom of Saudi Arabia	50	50	-	-	-	-
				(1,951)	(1,983)	(19,894)	25,925

(1) As disclosed in Note 38 to the financial statements, RVOS was deconsolidated during the financial year

(2) The Group has acquired all of the economic benefits of Rawabi Vallianz International Company Limited ("RVIC") with effect from 1 October 2019. Accordingly, the Group has consolidated the results of RVIC and there is no profit or loss allocated to non-controlling shareholders. The non-controlling interests remain at the same amount as at the date of acquisition.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

Summarised financial information in respect of each of the Group's subsidiary corporations that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte Ltd	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current assets	2,200	3,536	47,402	47,156	34,960	34,961
Non-current assets	-	-	54,607	55,469	-	-
Current liabilities	(9,028)	(10,128)	(88,503)	(99,023)	(44,183)	(32,338)
Non-current liabilities	-	-	(84,232)	(66,870)	-	-
Equity attributable to owners of the Group	(3,346)	(3,230)	(53,044)	(47,598)	1,322	1,338
Non-controlling interests	(3,482)	(3,362)	(17,682)	(15,866)	1,270	1,285

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2021

17 SUBSIDIARY CORPORATIONS (CONT'D)

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte Ltd	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Revenue	-	-	-	-	-	-
(Expenses)/income	(236)	23	(7,261)	(8,663)	(31)	350
(Loss)/Profit for the year	(236)	23	(7,261)	(8,663)	(31)	350
(Loss)/Profit attributable to owners of the Group	(116)	12	(5,446)	(6,497)	(16)	178
(Loss)/Profit attributable to the non-controlling interests	(120)	11	(1,815)	(2,166)	(15)	172
(Loss)/Profit for the year	(236)	23	(7,261)	(8,663)	(31)	350
Net cash inflow from operating activities	19	11	3,554	8,866	-	-
Net cash inflow (outflow) from investing activities	-	-	217	(1,135)	-	-
Net cash outflow from financing activities	-	-	(3,750)	(7,767)	-	-
Net cash inflow (outflow)	19	11	21	(36)	-	-

As at 31 March 2021, the Company provided financial support of US\$508,090,000 (31 March 2020 : US\$606,732,000) to certain subsidiary corporations who were in a net current liabilities position.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2021

18 JOINT VENTURE

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Unquoted shares, at cost	-	4,390	-	67
Deemed investment ⁽¹⁾	-	68,541	-	68,463
		72,931		68,530
Share of post-acquisition results, net of dividend received	-	(1,420)	-	-
Accumulated impairment loss	-	(5,880)	-	-
Deemed disposal ⁽²⁾	-	(65,631)	-	(68,530)
Carrying amount	-	-	-	-

(1) Deemed investment in a joint venture mainly arose from an equity loan provided to the joint venture and funding for the purchase of vessels.

(2) As disclosed elsewhere in these financial statements, on 1 October 2019, the Group has practical ability to direct the relevant activities of the joint venture and began accounting for it as a subsidiary corporation (Notes 17 and 39).

The impairment of investment recognised on a joint venture company is the result of the Group completing its assessment of the recoverability in the investment by comparing to the carrying amount of net assets of the joint venture which approximated the market value less costs to sell.

Details of the material joint venture are as follows:

Name of material joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2021	31 March 2020	
		%	%	
Rawabi Vallianz International Company Limited ⁽¹⁾	Kingdom of Saudi Arabia	-	-	Provision of offshore marine services.

(1) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
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19 ASSOCIATES

	Group	
	31 March 2021	31 March 2020
	US\$'000	US\$'000
Unquoted equity shares, at cost ⁽ⁱ⁾	168,162	15,623
Deemed investment ⁽ⁱⁱ⁾	82,235	82,235
Accumulated impairment loss ⁽ⁱⁱ⁾	(80,781)	(80,781)
Share of post-acquisition results and reserves ⁽ⁱⁱⁱ⁾	5,982	(2,234)
Carrying amount	<u>175,598</u>	<u>14,843</u>

(i) Included in the unquoted equity shares, at cost is an addition of US\$152,539,000 during the financial year ended 31 March 2021. The aforesaid addition refers to the recognition of the equity interest of 41% retained by the Group as investment in associate upon loss of control of subsidiary corporation, RVOS (Note 17 and Note 38).

(ii) During the financial year ended 31 March 2019, the Group classified other receivables due from the associate of US\$82,235,000 to deemed investment in associate to better reflect the non-current nature of the asset. An additional impairment loss of US\$67,392,000 was recognised during the financial year ended 31 March 2019 as a result of the Group's assessment of the recoverability of the investment by comparing the carrying amount of the investment to the carrying amount of the adjusted net asset of the associate which approximated the market value less cost to sell.

(iii) The movement of share of post-acquisition results and reserves as at 31 March 2021 and 2020 is as follows:

	Group	
	31 March 2021	31 March 2020
	US\$'000	US\$'000
Beginning of financial year	(2,234)	196
Share of post-acquisition results and reserves ^(a)	8,216	(2,430)
End of financial year	<u>5,982</u>	<u>(2,234)</u>

(a) Include results of RVOS amounting to US\$6,006,000 from 1 October 2020 to 31 December 2020 which have been equity accounted on the basis that the Group has all the economic interests in RVOS.

FY2021

As disclose elsewhere in these financial statements, the Group had acquired all the economic interests in RVOS with effect from 1 January 2014 ("RVOS Interest Assignment"). The Group had, through Vallianz Capital Ltd, entered into the assignment agreement dated 2 May 2014 with Rawabi Holdings Company Limited ("RHC"), whereby the economic interests in RVOS held by RHC were assigned to the Group ("RVOS Interest Assignment"). Pursuant to an internal restructuring of the Group, shares in the capital of RVOS held by Vallianz Capital Ltd were first transferred to Vallianz International Pte. Ltd. on 16 March 2015 and then transferred to Vallianz Investment Capital Pte Ltd on 31 December 2017. The RVOS Interest Assignment was updated with Vallianz Investment Capital Pte Ltd entering into the assignment agreement dated 8 January 2018 with RHC.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

19 ASSOCIATE (CONT'D)

FY2021 (CONT'D)

In view of the then valid RVOS Interest Assignment, from 1 October 2020 to 31 December 2020, the Company had equity account its interest in RVOS on the basis of the Group having all the economic interests in RVOS.

In December 2020, RVOS had undertaken a rights issue ("RVOS Rights Issue") where RHC had subscribed for the entire rights issue including the Group's entitlement, as the Group had renounced its entitlement. Following the completion of the RVOS Rights Issue, RHC and the Group held 59.3% and 40.7% of the shareholding interests in RVOS, respectively. Following the RVOS Rights Issue, RHC had assigned all the shares that RHC owns in RVOS (including the New RVOS Shares) to RHC's wholly-owned subsidiary corporation, Rawabi Energy Company ("REC", collectively with RHC, "Rawabi Assignor Entities").

On 30 May 2021, the Rawabi Assignor Entities issued a cessation letter such that the assignment agreement dated 8 January 2018 shall no longer be in force with effect from 31 December 2020. Accordingly, from 1 October 2020 to 31 December 2020, the results of RVOS were accounted on the basis of the Group having all the economic interests in RVOS and from 1 January 2021 onwards, it was equity accounted on the basis of the Group having 40.7% economic interests in RVOS.

The details of investment in associate as at 31 March 2021 and 2020 are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		31 March 2021	31 March 2020	
		%	%	
PT Vallianz Offshore Maritim ^{(1) (3)}	Indonesia	49	49	Provision of offshore marine support services
Rawabi Vallianz Offshore Services Company Limited ^{(2) (3)}	Kingdom of Saudi Arabia	40.7	-	Provision of offshore marine support services

(1) Audited by PricewaterhouseCoopers, Indonesia.

(2) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.

(3) Reviewed by Nexia TS Public Accounting Corporation, Singapore, for Group consolidation purposes.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

19 ASSOCIATE (CONT'D)

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I).

	PT Vallianz Offshore Maritim		Rawabi Vallianz Offshore Services Company Limited	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Current assets	7,848	7,189	216,217	-
Non-current assets	41,287	44,796	788,045	-
Current liabilities	(51,439)	(51,668)	(360,597)	-
Non-current liabilities	(540)	(410)	(456,790)	-
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	7,877	8,188	158,607	-
(Loss)/Profit for the year	(2,329)	(5,688)	172	-

20 DERIVATIVE FINANCIAL INSTRUMENTS

The Group engages in interest rate swaps to manage its exposure to varying interest rates. A loss on derivative instrument of US\$1,713,000 (31 March 2020 : US\$3,417,000) was recognised in profit or loss for the year (Note 31). However, as the fair values of these swaps are not material to these financial statements, no further disclosures are made.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2021

21 TERM LOANS

		Group	
		31 March 2021	31 March 2020
		US\$'000	US\$'000
Loans		175,225	743,839
Less: Amount due for settlement			
	within 12 months (shown under current liabilities)	(32,680)	(247,951)
Amount due for settlement after 12 months		<u>142,545</u>	<u>495,888</u>
	- Within 2 to 5 years	142,545	275,762
	- After 5 years	-	220,126
Amount due for settlement after 12 months		<u>142,545</u>	<u>495,888</u>

As at 31 March 2021 and 2020, the Group has various bank loans with repayment terms of up to 2030.

The carrying amount of floating rate loans amounting to US\$174,275,000 (31 March 2020 : US\$742,755,000) approximates the fair value as the interest rates approximate the prevailing market rates. Management estimates the fair value of the Group's fixed rate borrowings with carrying amount of US\$950,000 (31 March 2020 : US\$1,084,000), by discounting their future cash flows at the market rate, to be US\$923,000 (31 March 2020 : US\$1,047,000). This fair value measurement is categorised as Level 3 within the fair value hierarchy.

The bank loans are secured by:

- (i) mortgage over the property, vessels and equipment of the Group (Note 13) and a vessel held by a related company of a corporate shareholder;
- (ii) assignment of marine insurances in respect of some of the vessels mentioned above;
- (iii) monies pledged (Note 7);
- (iv) assignment of earnings/charter proceeds in respect of certain vessels mentioned above;
- (v) corporate guarantees from the Company (Note 42) (31 March 2020: corporate guarantees from the Company and a corporate shareholder of the Group);
- (vi) the unquoted preference shares held by the Group (Note 12); and
- (vii) shares in subsidiary corporations incorporated in Singapore.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

21 TERM LOANS (CONT'D)

On 10 March 2017, the Group entered into a framework agreement (the "Agreement") with certain lenders, (the "Lenders") to refinance some of its existing borrowings of approximately US\$163,200,000. Pursuant to the Agreement, the profile of the borrowings with the lenders was restructured to a repayment term of approximately 4.2 years (31 March 2020 : 5.2 years) and the maturity of these borrowings were extended to December 2022.

During the financial year ended 31 March 2020, the Group has breached the financial covenants under the Framework Agreement of i) minimum EBITDA over Finance Charges (Singapore Operations) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2020. The non-current portion of the term loan owed to the other financial institution amounting to US\$14,592,000 has been classified as current liabilities as at 31 March 2020, as the Group does not have the unconditional right to defer settlement of the non-current term loan.

As at 31 March 2020, the waiver letter secured on the breach of financial covenants from one of the financial institutions covers up to 31 August 2020. Subsequent to the financial year end, the Group has received the extension of waiver up to 31 December 2020 from the financial institution.

On 19 February 2021, the Company has entered into a debt-restructuring agreement with two financial institutions and there is a principal moratorium period until 31 March 2022. The financial covenants tests shall be applied on an annual basis beginning in the financial year ending 31 March 2023. On 22 June 2021, approval has been obtained from shareholders for proposed issuance of convertible bonds to two financial institutions as part of the debt-restructuring agreements.

During the financial year, the Group has breached the financial covenants imposed by the Perpetual Securities and has secured a waiver for the breaches from the sole Perpetual Securities holder as at 31 March 2021.

As at 31 March 2017, a non-repayment of the instalment payment of US\$31,729,000 by a subsidiary corporation triggered a technical default of its loan arrangement. The loan is also secured by the mortgage of a vessel held by a related company of a major shareholder. Accordingly, the amount has been presented as current liabilities on the consolidated statement of financial position since 31 March 2017.

As at date of this report, the Group has not been served with any notices of any event of default for any of its loans.

The table below details changes in the Group's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2021

21 TERM LOANS (CONT'D)

	1 April 2020	Financing cash flow ⁽ⁱ⁾	Non-cash changes Deconsolidation of a subsidiary corporation	31 March 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Term loans	743,839	57,076	(625,690)	175,225

	1 April 2019	Financing cash flow ⁽ⁱ⁾	31 March 2020
	US\$'000	US\$'000	US\$'000
Term loans	304,308	439,531	743,839

(i) The cash flows make up the gross amount of proceeds from borrowings net of repayments of borrowings in the consolidated statement of cash flows.

22 TRADE PAYABLES

	Group	
	31 March 2021	31 March 2020
	US\$'000	US\$'000
Outside parties	36,565	58,181

The average credit period on trade payables was 30 days (31 March 2020 : 30 days) and no interest is charged on the balances.

23 OTHER PAYABLES

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	5,432	7,135	593	554
Subsidiary corporations	-	-	161,736	141,336
Related parties	5,162	6,049	5,891	6,438
Associate	-	-	881	881
Accruals	28,306	30,147	13,200	946
	38,900	43,331	182,301	150,155

The average credit period on other payables due to outside parties is 30 days (31 March 2020 : 30 days) and no interest is charged on the balances. The amounts due to subsidiary corporations, related parties and associate are unsecured, interest-free and repayable on demand.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2021

24 LEASE LIABILITIES (THE GROUP AS LESSEE)

Lease liabilities

	Group	
	2021	2020
	US\$'000	US\$'000
Maturity analysis:		
Year 1	252	18,606
Year 2	251	7,719
Year 3	147	1,557
Year 4	-	13
	<u>650</u>	<u>27,895</u>
Less: Unearned interest	(43)	(1,548)
	<u>607</u>	<u>26,347</u>
Analysed as:		
Current	225	17,436
Non-current	382	8,911
	<u>607</u>	<u>26,347</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified, in the Group's consolidated statement of cash flow from financing activities.

	Non-cash					31 March 2021 US\$'000
	1 April 2020 US\$'000	Principal and interest payment US\$'000	Additions US\$'000	Interest expense US\$'000	De- consolidation of a former subsidiary corporation US\$'000	
Lease liabilities	26,347	(13,649)	3,207	789	(16,087)	607

	Non-cash						
	31 March 2019 US\$'000	Adoption of SFRS(I) 16 US\$'000	1 April 2019 US\$'000	Principal and interest payment US\$'000	Additions US\$'000	Interest expense US\$'000	31 March 2020 US\$'000
Lease liabilities	-	14,455	14,455	(19,872)	29,265	2,499	26,347
Finance leases	6	-	6	(6)	-	-	-
	<u>6</u>	<u>14,455</u>	<u>14,461</u>	<u>(19,878)</u>	<u>29,265</u>	<u>2,499</u>	<u>26,347</u>

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25 DEFERRED TAX

	Group	
	31 March 2021	31 March 2020
	US\$'000	US\$'000
Deferred tax liabilities	1,780	20,975

The movements in deferred tax (assets) and liabilities is as follows:

	Group Accelerated tax depreciation US\$'000
At 1 April 2019	8,045
Charge to profit or loss (Note 34)	4,173
Acquisition of subsidiary corporation (Note 39)	9,890
Others	(1,130)
Effects of currency translation difference	(3)
At 31 March 2020	20,975
Credit to profit or loss (Note 34)	(1,903)
Deconsolidation of a former subsidiary corporation (Note 38)	(17,916)
Others	620
Effects of currency translation difference	4
At 31 March 2021	1,780

Temporary differences arising in connection with interests in associate and joint venture are insignificant.

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is NIL (31 March 2020: US\$57,790,000). 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 such differences will not reverse in the foreseeable future.

26 SHARE CAPITAL

	Group and Company			
	2021 '000	2020 '000	2021 US\$'000	2020 US\$'000
Number of ordinary shares				
Issued and paid up:				
At the beginning of the year	559,354	559,352	347,746	347,746
Issuance of new ordinary shares pursuant to exercise of warrants	-	2	-	*
At the end of year	559,354	559,354	347,746	347,746

* Less than US\$1,000.

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26 SHARE CAPITAL (CONT'D)

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The new shares issued during the year are ranked pari passu with the existing ordinary shares of the Company.

27 PERPETUAL CAPITAL SECURITIES

In 2014, the Company issued Perpetual Capital Securities amounting to US\$22,500,000 as partial settlement for consideration of certain acquisitions to a corporate shareholder.

Holders of the US\$22,500,000 of perpetual capital securities are conferred a right to receive distribution, which are declared at the Company's discretion, on a semi-annual basis from their issue date at the rate of 4.0% per annum, subject to a step-up rate of 7% from 30 December 2017.

The perpetual capital securities have no fixed maturity and are redeemable in whole, or in part, at the Company's option on or after 30 December 2017 at their principal amount together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company, will not declare, pay dividends or make similar periodic payments in respects of, or repurchase, redeem or otherwise acquire any securities of lower rank.

The Company has not redeemed in whole, or in part, the Perpetual Capital Securities after 30 December 2017, and has exercised its rights under the terms and conditions of the Perpetual Capital Securities to defer the payment of distribution for the Perpetual Capital Securities until further notice by the Company.

28 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiary corporations into United States dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them is a separate component of equity under the header of foreign currency translation reserve.

Movement in translation reserve is as follows:

	Group	
	2021 US\$'000	2020 US\$'000
At beginning of the year	153	114
Net currency translation differences of financial statements of foreign subsidiary corporations	(107)	39
At end of the year	46	153

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29 SHAREHOLDER'S ADVANCES

Pursuant to the loan agreement entered into with RHC in 2016, the Company was entitled to elect repayment of the loan amounting to US\$102,087,000 million outstanding as at 31 March 2017 via issuance of equity shares in the Company.

On 24 May 2017, the Group entered into a set-off and settlement agreement ("RHCL SOSA") with RHC (Note 5) which stipulated the key terms and the loan agreement was superseded. Concurrently, the Group entered into a separate set-off and settlement agreement ("SHL SOSA") with another corporate shareholder (who is placed under judicial management) for the repayment of net owing via issuance of equity shares in the Company.

Pursuant to RHCL SOSA's Irrevocable Undertaking, RHC subscribed for its pro rata entitlement of 672,000,000 Rights Shares with 1,344,000,000 Warrants, as well as 2,372,505,000 Excess Rights Shares with 4,745,010,000 Warrants. RHC had exercised 5,810,307,000 Warrants out of 6,089,010,000 Warrants allotted to it into New Shares, for a total subscription amount of US\$66,987,000. This, together with the subscription of the Rights cum Warrants Issue of US\$35,100,000, had been used to fully set-off against all the Shareholder's Advances totalling US\$102,087,000 pursuant to the RHCL SOSA. As a result of the RHCL SOSA, RHC gained controlling interest in the Company in 2018.

Pursuant to SHL SOSA, the corporate shareholder (who is placed under judicial management) has subscribed for its pro rata entitlement of 903,535,000 Rights Shares with 1,807,070,000 Warrants. The shareholder had exercised 1,646,001,000 out of 1,807,070,000 Warrants allotted to it into New Shares, for a total subscription amount of US\$18,977,000. This, together with the subscription of the Rights cum Warrants Issue of US\$10,417,000, had been used to set-off against payables amounting to US\$29,394,000 pursuant to the SHL SOSA. As at 31 March 2018, the Group has off-set trade and other receivables for balances as at 31 December 2016 amounting to US\$72,480,000 and US\$21,238,000 against trade and other payables amounting to US\$8,258,000 and US\$92,248,000, with net owing of US\$7,172,624 being reclassified from "Current Liabilities" to "Equity" as the settlement of the net balance is expected to be via the issuance of a fixed number of shares in the Company under the SHL SOSA.

During the financial year ended 31 March 2021, the Group received cash advances from its corporate shareholder, RHC, amounting to US\$13,187,000 (31 March 2020 : US\$25,350,000) and as at the financial year-end, has net payables of US\$15,054,000 (31 March 2020 : Nil) for payment on behalf made by RHC. As at 31 March 2021, the Group has trade and other payables of US\$108,251,000 (31 March 2020 : US\$80,010,000) owing to RHC. The directors of RHC has provided a Letter of Undertaking to classify these amounts owed by the Group as shareholder advances under equity. The amount was classified as equity as management is of the view that the Group does not have the contractual obligation to deliver cash or other financial assets or exchange financial assets or financial liabilities under conditions potentially unfavourable to the Group to settle these amounts owed to RHC.

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30 REVENUE

The Group derives its revenue from chartering and shipyard and vessel management services over time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 40).

Disaggregation of the Group's revenue for the year is as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Charter hire (time and bareboat charter)	71,532	179,573
Shipyard and vessel management services income	17,067	9,068
	<u>88,599</u>	<u>188,641</u>

All the Group's revenue is recognised over time.

As of 31 March 2021 and 2020, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining contract period of charter hire and service agreements. As the Group has the right to invoice the customers based on the respective performance obligations, the Group has applied the practical expedient of SFRS(I) 15 not to disclose the related unsatisfied performance obligations.

31 OTHER (INCOME) / EXPENSE, NET

	Group	
	2021	2020
	US\$'000	US\$'000
Net foreign exchange (gain)/loss	(1,460)	764
Gain on disposal of property, plant and equipment	(1,150)	(485)
Loss allowance/(reversal of loss allowance) for trade and other receivables (Notes 8 and 9)	121	(560)
Bad debt written off	119	67
Insurance claim income	-	(10)
Fair value loss of derivative financial instruments (Note 20)	1,713	3,417
Others	(195)	1,691
	<u>(852)</u>	<u>4,884</u>

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32 EXCEPTIONAL ITEMS

	Group	
	2021	2020
	US\$'000	US\$'000
Compensation for late delivery of vessels and cancellation of projects	-	26,155
Impairment of property, plant and equipment (Note 13)	-	53,098
Compensation to a vendor for past dispute settlement ⁽ⁱⁱ⁾	8,517	-
Prepayments written off ⁽ⁱ⁾	-	20,941
	<u>8,517</u>	<u>100,194</u>

(i) In prior financial years, the Group had placed deposits with certain outside parties for construction of vessel and vessel management project. Subsequently, in the respective years, management had assessed that the feasibility of these projects was remote and accordingly, these deposits were reclassified as prepayments for future projects. During the financial year ended 31 March 2020, these prepayments have been written off as management is of the view that due to the continuing challenges and prolonged downturn in the offshore and marine industry, the likelihood of collaboration with these suppliers and the recoverability of these prepayments is low.

(ii) During the financial year, the Group has agreed with a vendor to a compensation of US\$8.5 million for the final settlement on the remaining claims arising from a dispute in the prior financial years.

33 FINANCE COSTS

These comprise interest on loans, amortised facility fees and interest on lease liabilities paid to outside parties (Note 21).

34 INCOME TAX (CREDIT) / EXPENSE

	Group	
	2021	2020
	US\$'000	US\$'000
Current income tax		
- charge to profit or loss	1,812	410
Deferred income tax		
- charge to profit or loss (Note 25)	12	4,173
- over provision in prior year (Note 25)	(1,915)	-
Total	<u>(91)</u>	<u>4,583</u>

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34 INCOME TAX (CREDIT) / EXPENSE (CONT'D)

Domestic income tax is calculated at 17% (31 March 2020 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Six of its Singapore subsidiary corporations (31 March 2020 : six of its Singapore subsidiary corporations) earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Loss before tax	(25,053)	(132,337)
Income tax credit calculated at 17%	(4,259)	(22,497)
Effect of expenses that are not deductible	8,537	26,449
Effect of income that are not subjected to tax	(3,704)	(2,058)
Effect of different tax rates of subsidiary corporations operating in other jurisdictions	302	2,309
Tax losses not carried forward	16	6
Over provision of deferred tax in prior year	(1,915)	-
Utilisation of deferred tax asset previously not recognised	(52)	(74)
Deferred tax benefit not recognised	877	455
Others	107	(7)
Total	(91)	4,583

Subject to agreement with the relevant tax authorities, the Group has estimated tax losses carry forwards which are available for offsetting against future taxable income as follows:

	Group	
	2021	2020
	US\$'000	US\$'000
Amount at beginning of year	20,163	17,922
Arising during current year	5,158	2,670
Utilised during the year	(305)	(429)
Amount at end of year	25,016	20,163
Deferred tax benefit on above not recorded	4,253	3,428

No deferred tax asset has been recognised on the above due to the unpredictability of future profit streams.

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35 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Group	
	2021	2020
	US\$'000	US\$'000
Fees to auditors of the Company:		
- Audit fees	178	233
Audit fees to other auditors of the Group	43	70
Depreciation of property, plant and equipment (Note 13)	15,101	53,481
Directors' remuneration (including directors' fees)	950	944
Employee benefits expense (including directors' remuneration)	6,285	9,075
Defined contribution benefits included in employee benefits expense	199	159
Management fee expenses	1,448	1,179
Net foreign exchange (gain) loss	(1,460)	764

36 LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the company is based on the following data:

	Group	
	2021	2020
	US\$'000	US\$'000
<u>Loss</u>		
Loss for the year attributable to owners of the Company	(23,011)	(134,937)
 <u>Number of shares ('000)</u>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	559,354	559,353
Weighted average number of ordinary shares for the purposes of diluted earnings per share	559,354	559,353

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36 LOSS PER SHARE (CONT'D)

	2021	2020
	US cents	US cents
Basic loss per share	(4.11)	(24.12)
Diluted loss per share	(4.11)	(24.12) ⁽¹⁾

(1) The diluted loss per share is the same as the basic loss per share because the effect of the potential conversion of warrants to equity is anti-dilutive.

37 COMMITMENTS

As at 31 March 2021, the Group has capital commitments amounting to US\$93,523,000 (2020 : US\$170,020,000) for the acquisition of property, plant and equipment.

Details of the Company's commitments for guarantees provided for the subsidiary corporations and associate has been included in Note 4(b)(iv) under credit risk management.

38 DECONSOLIDATION OF A FORMER SUBSIDIARY CORPORATION

As disclosed in Notes 17 and 19 to the financial statements, on 1 October 2020, the Group deconsolidated the financial results of Rawabi Vallianz Offshore Services Company Limited ("RVOS") as a result of loss control in RVOS.

The net assets and liabilities of RVOS at the date of deconsolidation was as follows:

	2020 US\$'000
Non-current assets	
Property, plant and equipment	744,301
Right-of-used assets	15,416
	<u>759,717</u>
Current assets	
Cash and cash equivalents	24,565
Trade and other receivables	113,929
Inventories	5,698
	<u>144,192</u>
Total assets	<u>903,909</u>

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38 DECONSOLIDATION OF A FORMER SUBSIDIARY CORPORATION (CONT'D)

The net assets and liabilities of RVOS at the date of deconsolidation was as follows (cont'd):

	2020 US\$'000
Non-current liabilities	
Bank borrowings	510,577
Lease liabilities	6,910
Retirement benefit obligations	2,262
Deferred tax liability	17,916
Total non-current liabilities	<u>537,665</u>
Current liabilities	
Trade and other payables	52,115
Bank borrowings	115,113
Lease liabilities	9,177
Income tax liability	3,105
Total current liabilities	<u>179,510</u>
Total liabilities	<u>717,175</u>
Net assets derecognised	186,734
Less: Non-controlling interest derecognised	(43,868)
Net assets retained and reclassified as investment in associates	<u>(142,866)</u>
Net assets disposed of	<u>-</u>

The aggregate cash inflows arising from the deconsolidation of RVOS:

	2020 US\$'000
Consideration received from disposal	-
Less: Cash and cash equivalents in subsidiary corporation deconsolidated	<u>(24,565)</u>
Net cash inflow on disposal	<u>(24,565)</u>

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39 BUSINESS COMBINATION

Acquisition of Rawabi Vallianz International Company Limited ("RVIC")

Vallianz Investment Capital Pte Ltd ("VIC"), a wholly-owned subsidiary corporation of the Company, had on 31 March 2020 agreed with Rawabi Holding Company Limited ("RHC"), the Company's controlling shareholder, wherein RHC will assign its 50% economic rights in Rawabi Vallianz International Company Limited ("RVIC") to VIC with effect from 1 October 2019. Following the assignment, the Group has consolidated the financial results of RVIC as its wholly-owned subsidiary corporation with effect from 1 October 2019. The purchase price allocation exercise by an external valuer for the acquisition has been completed during the financial year ended 31 March 2021.

Details of the consideration paid, the effects on the cash flows of the Group, and the fair value of assets acquired and liabilities assumed based on the purchase price allocation finalised during the financial year ended 31 March 2021, at the acquisition date, are as follows:

(a) *Purchase consideration*

	Provisional US\$'000	Adjusted US\$'000
Fair value remeasurement	598	598
Consideration transferred	<u>598</u>	<u>598</u>

(b) *Effect on cash flows of the Group*

	Provisional US\$'000	Adjusted US\$'000
Consideration paid in cash	-	-
Less: cash and cash equivalent balances acquired	<u>8,149</u>	<u>8,149</u>
Net cash inflow	<u>8,149</u>	<u>8,149</u>

(c) *Identifiable assets acquired and liabilities assumed*

	Provisional US\$'000	Adjusted US\$'000
Cash and cash equivalents	8,149	8,149
Property, plant and equipment (Note 13)	634,900	595,361
Derivative financial instruments	3,416	3,416
Other receivables	49	49
Total assets	<u>646,514</u>	<u>606,975</u>
Trade and other payables	221,321	181,782
Borrowings	416,490	416,490
Retirement benefit obligations	9	9
Deferred tax liabilities	9,890	9,890
Total liabilities	<u>647,710</u>	<u>608,171</u>
Total identifiable net liabilities	1,196	1,196
Less: Non-controlling interests at fair value	598	598
Consideration transferred for the business	<u>598</u>	<u>598</u>

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39 BUSINESS COMBINATION (CONT'D)

(d) Acquisition-related costs

No acquisition-related costs were incurred and recorded in the consolidated statement of comprehensive income or in operating cash flows in the consolidated statement of cash flows.

(e) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its proportionate share of the recognised amounts of the acquiree's identifiable net assets of US\$598,000.

(f) Acquired receivables

The carrying values of trade and other receivables approximate their fair value at the acquisition date. Management believes that the receivables are collectible, based on historic payment behaviour, credit-worthiness of the customers and forward looking information.

(g) Revenue and profit contribution

The acquired business contributed revenue of NIL and net loss of US\$19,832,000 to the Group from 1 October 2019 to 31 March 2020. Had RVIC been consolidated from 1 April 2019, consolidated revenue and consolidated net profit for the financial year ended 31 March 2020 would have been NIL and US\$45,332,000 respectively.

40 SEGMENT INFORMATION

The executive directors of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

(i) Vessel chartering: chartering of owned vessels;

(ii) Shipyard and vessel management services : in-house fabrication and engineering services such as ship building, fabrication works and ship repairs, as well as consultancy and vessel project management; and

(iii) Investment holding: holding investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment based on the types of revenue it generates. All assets and liabilities are allocated to reportable segments, except for deferred tax assets and deferred tax liabilities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

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40 SEGMENT INFORMATION (CONT'D)

Information regarding the operations of each reportable segment is included below.

	Vessel chartering		Shipyard and vessel management services		Investment holding		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
External sales	71,519	179,426	17,067	9,068	13	147	88,599	188,641
Results								
Segment results	257	31,418	(3,485)	(17,200)	(4,060)	(3,022)	(7,288)	11,196
Finance costs	(12,227)	(32,694)	78	(224)	(5,315)	(7,200)	(17,464)	(40,118)
Operating profit from ordinary activities and before share of results of associate and joint ventures	(11,970)	(1,276)	(3,407)	(17,424)	(9,375)	(10,222)	(24,752)	(28,922)
Exceptional expenses	-	(56,515)	(8,517)	(47,096)	-	-	(8,517)	(103,611)
Share of results of associate and joint ventures	8,216	196	-	-	-	-	8,216	196
Loss before tax							(25,053)	(132,337)
Income tax expense							91	(4,583)
Loss for the year							<u>(24,962)</u>	<u>(136,920)</u>

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40 SEGMENT INFORMATION (CONT'D)

	Vessel chartering		Shipyard and vessel management services		Investment holding		Group	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Segment assets and segment liabilities</u>	220,419	911,594	30,432	25,021	50,968	54,770	301,819	991,385
Segment assets	152,764	768,969	41,062	50,038	58,034	62,300	251,860	881,307
Segment liabilities							1,780	20,975
Deferred tax liabilities							253,640	902,282
Total liabilities								

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40 SEGMENT INFORMATION (CONT'D)

	Vessel chartering		Shipyard and vessel management services		Investment holding		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Other information								
Loss allowance/(reversal of loss allowance) for trade and other receivables (Note 31)	320	-	(199)	(560)	-	-	121	(560)
Depreciation of property, plant and equipment (Note 13)	13,704	52,044	1,224	1,194	173	243	15,101	53,481
Bad debts written off (Notes 31)	119	-	-	67	-	-	119	67
Net foreign exchange (gain)/loss (Note 31)	18	17	(1,041)	650	(437)	97	(1,460)	764
Gain on disposal of property, plant and equipment (Note 31)	(1,641)	(485)	491	-	-	-	(1,150)	(485)
Associate (Note 19)	160,755	-	-	-	14,843	14,843	175,598	14,843
Additions to property, plant and equipment (Note 13)	25,223	52,389	583	35	218	15	26,024	52,439
Impairment of property, plant and equipment (Note 32)	-	53,098	-	-	-	-	-	53,098

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40 SEGMENT INFORMATION (CONT'D)

Geographical information

The directors of the Company consider that the nature of the Group's business where it operates across international waters precludes a meaningful allocation of revenue and non-current assets as defined under SFRS(I) 8 *Operating Segments*. The revenue is derived from and non-current assets are primarily used in geographical markets for vessel chartering and brokerage and management services throughout the world.

Major customer information

During the financial year, the Group derived charter hire and shipyard and vessel management services income amounting to approximately US\$57,896,000 (2020 : US\$168,240,000) from a third party.

41 LEGAL PROCEEDINGS AND ARBITRATION

(i) Arrest of vessel in United Arab Emirates

On 12 January 2017, World Fuel Services (Singapore) Pte Ltd ("WFS") obtained a court judgment under the UAE Federal Maritime Law for claim amounting to approximately US\$433,000 (equivalent to AED 1,604,334) and accrued interest at a daily rate of US\$93.80 in United Arab Emirates against the vessel, Rawabi 18 owned by Samson Marine Pte Ltd ("SMPL"), a wholly-owned subsidiary corporation. The judgement debt arose from non-payment for bunkers supplied to Rawabi 18 while the vessel was under the charter of Swiber Offshore Construction Pte Ltd ("SOC"), a related party which has been placed under judicial management.

As at 31 March 2019, the Group has accrued for the full sum of principal claim of US\$421,000 which remains unpaid (2018 and 2017 : full sum of principal claim) and interest payable of US\$81,000 (31 March 2018 and 31 March 2017 : NIL). The judicial authorities in the Emirate of Dubai has granted permission for the vessel to be dry-docked to effect necessary maintenance under guard of Dubai Maritime City Authority (DMCA) during the financial year. Discussions with WFS for a commercial resolution is still ongoing. Repeated requests for supporting documentation from WFS made have not been successful.

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42 CONTINGENT LIABILITIES

The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee is US\$175,225,000 (31 March 2020 : US\$199,111,000) (Note 4(b)(iv)) for guarantees provided to subsidiary corporations and US\$13,327,000 (31 March 2020 : US\$35,620,000) (Note 4(b)(iv)) for guarantees provided to associate and joint venture.

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 March 2021 and 2020.

43 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Below are the mandatory standards and amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 April 2021 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 June 2020

- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 17 Insurance Contracts

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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NOTES TO FINANCIAL STATEMENTS

31 March 2021

44 SUBSEQUENT EVENTS

(i) Proposed set-off and settlement of owings of the Group

Subsequent to the end of the financial year, the Company is to undertake:

- a) the Swiber Holdings Limited (Judicial Managers Appointed) ("SHL") Subscription and Set-Off and Settlement Arrangement in accordance with the terms of the SHL 2020 SOSA, and the transactions contemplated thereunder which constitute interested person transactions under Chapter 9 of the Catalist Rules. It is also approved for the allotment and issuance of up to 238,337,380 SHL Subscription Shares at the Agreed Issued Price of S\$0.09 for each SHL Subscription Share to SHL, in accordance with the terms and conditions of the SHL 2020 SOSA.
- b) the Swiber Corporate Pte Ltd (In Creditors' Voluntary Liquidation) ("SCPL") Subscription and Set-Off and Settlement Arrangement in accordance with the terms of the SCPL SOSA, and the transactions contemplated thereunder which constitute interested person transactions under Chapter 9 of the Catalist Rules. It is also approved for the allotment and issuance of up to 8,382,620 SCPL Subscription Shares at the Agreed Issued Price of S\$0.09 for each SCPL Subscription Share to SCPL, in accordance with the terms and conditions of the SCPL SOSA.
- c) the Rawabi Holding Company Limited ("RHCL") Subscription and Set-Off and Settlement Arrangement in accordance with the terms of the RHCL 2020 SOSA, and the transactions contemplated thereunder which constitute interested person transactions under Chapter 9 of the Catalist Rules. It is also approved for the allotment and issuance of up to 405,546,000 RHCL Subscription Shares at the Agreed Issued Price of S\$0.09 for each RHCL Subscription Share to RHCL, in accordance with the terms and conditions of the RHCL 2020 SOSA.

The above parties have mutually agreed to extend the Long Stop Date for each of the above SOSA to 29 December 2021 (or such other date as the Parties may further mutually agree in writing) as more time is required to fulfil the relevant conditions precedent of each of the SOSA.

(ii) Debt restructuring

The Company is given to create and issue to DBS an aggregate principal amount of US\$43,766,662 Series A Convertible Bonds, such Series A Convertible Bonds to be convertible at the option of DBS into new ordinary shares of the Company at the agreed conversion price, subject to certain adjustments in accordance with the terms and conditions of Series A Convertible Bonds including to create and issue to DBS additional Series A Convertible Bonds upon capitalisation of accrued interests on these Convertible Bonds not paid on the due date. It is given to allot and issue up to 581,571,404 Series A Conversion Shares to be allotted or issued on the conversion of the Series A Conversion Bonds, to DBS.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2021

44 SUBSEQUENT EVENTS (CONT'D)

(ii) Debt restructuring (CONT'D)

The Company is given to create and issue to Maybank an aggregate principal amount of US\$6,233,338 Series B Convertible Bonds, such Series B Convertible Bonds to be convertible at the option of Maybank into new ordinary shares of the Company at the agreed conversion price, subject to certain adjustments in accordance with the terms and conditions of Series B Convertible Bonds including to create and issue to Maybank additional Series B Convertible Bonds upon capitalisation of accrued interests on these Convertible Bonds not paid on the due date. It is given to allot and issue up to 82,828,595 Series B Conversion Shares to be allotted or issued on the conversion of the Series B Conversion Bonds, to Maybank.

The Company is given to create and issue to RHC an aggregate principal amount of US\$125,000,000 Series C Convertible Bonds, such Series C Convertible Bonds to be convertible at the option of RHC into new ordinary shares of the Company at the agreed conversion price, subject to certain adjustments in accordance with the terms and conditions of Series C Convertible Bonds including to create and issue to RHC additional Series C Convertible Bonds upon capitalisation of accrued interests on these Convertible Bonds not paid on the due date. It is given to allot and issue up to 1,661,000,000 Series C Conversion Shares to be allotted or issued on the conversion of the Series C Conversion Bonds, to RHC.

SHAREHOLDINGS STATISTICS

As at 25 June 2021

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	208	6.75	8,471	0.00
100 – 1,000	602	19.55	342,162	0.06
1,001 – 10,000	1,526	49.55	6,355,378	1.14
10,001 – 1,000,000	722	23.44	46,005,537	8.22
1,000,001 and above	22	0.71	506,642,886	90.58
Total	3,080	100.00	559,354,434	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares Held	%
1	DBS NOMINEES PTE LTD	327,603,979	58.57
2	PHILLIP SECURITIES PTE LTD	117,971,090	21.09
3	ONG KAR LOON (WANG JIALUN)	11,716,666	2.09
4	GU JIAN LIN	5,696,433	1.02
5	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,672,351	0.84
6	RAFFLES NOMINEES (PTE) LIMITED	4,559,853	0.82
7	TOH BOON KENG	4,232,899	0.76
8	UOB KAY HIAN PTE LTD	3,337,624	0.60
9	CHAN KWAN BIAN	3,033,338	0.54
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,710,797	0.48
11	LIM OON HOCK OR LEW MOE KIEN	2,639,566	0.47
12	CROWN SHIP LIMITED	2,569,800	0.46
13	OCBC SECURITIES PRIVATE LTD	2,510,878	0.45
14	MAYBANK KIM ENG SECURITIES PTE. LTD	1,959,469	0.35
15	CHERAYATH AJAY ANDREWS	1,800,000	0.32
16	NG CHEE KEONG	1,728,601	0.31
17	CITIBANK NOMINEES SINGAPORE PTE LTD	1,591,378	0.28
18	TAN DAH CHING (CHEN DAQING)	1,520,000	0.27
19	LING YONG WAH	1,459,480	0.26
20	LOH GEOK CHENG	1,290,266	0.23
	Total	504,604,468	90.21

SHAREHOLDINGS STATISTICS

AS AT 25 JUNE 2021

Class of Shares	No. of Shares	%
ORDINARY	559,354,434	100.00
TREASURY	NIL	0.00
TOTAL ISSUED SHARES	559,354,434	100.00

VOTING RIGHTS	ON SHOW OF HANDS	:	ONE VOTE FOR EACH MEMBER
	ON A POLL	:	ONE VOTE FOR ORDINARY SHARE

SUBSTANTIAL SHAREHOLDER

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
RAWABI HOLDING COMPANY LIMITED	317,560,389	56.77	NIL	0.00
SWIBER HOLDINGS LIMITED	115,102,345	20.58	NIL	0.00
ALTURKI ABDULAZIZ ALI A	NIL	0.00	317,560,389 ⁽¹⁾	56.77

(1) By Virtue of Section 4 of the Securities and Futures Act, Cap. 289, Sheikh AlTurki, Abdulaziz Ali A is deemed to be interested in 317,560,389 shares held by Rawabi Company Holding Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 25 June 2021, 21.88% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has complied with the Rule 723 of the Listing Manual (Section B: Rules of Catalyst) of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the Company will be convened and held by way of electronic means on Thursday, 29 July 2021 at 3.30 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2021 together with the Directors’ Statement and the Independent Auditor’s Report thereon. **(Resolution 1)**

2. To re-elect Sheikh AlTurki Abdulaziz Ali A, a director who is retiring pursuant to Article 105 of the Company’s Constitution.

Sheikh AlTurki Abdulaziz Ali A, upon re-election as Director of the Company, remain as a Non-Executive Director and the Chairman of the Board.

[See Explanatory Note (a)]

(Resolution 2)

3. To re-elect Mr. Bote de Vries, a director who is retiring pursuant to Article 105 of the Company’s Constitution.

Mr. Bote de Vries, upon re-election as Director of the Company, remain as the Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company, and shall be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), Listing Manual Section B: Rules of Catalist (“**Rules of Catalist**”).

[See Explanatory Note (b)]

(Resolution 3)

4. That contingent upon the passing of Ordinary Resolution 3 above, shareholders (excluding the Directors and Chief Executive Officer (“CEO”) of the Company and their respective associates) to approve the continued appointment of Mr. Bote de Vries as an Independent Director in accordance with Rule 406(3)(d)(iii) of the Rules of Catalist which will take effect from 1 January 2022 and such Resolution shall remain in force until the earlier of (i) the retirement or resignation of Mr. Bote de Vries, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

[See Explanatory Note (b)]

(Resolution 4)

5. To appoint Mr. Poon Siew Loong, as an Independent Non-Executive Director of the Company pursuant to Article 90 of the Company’s Constitution.

Mr. Poon Siew Loong, upon appointment as Director of the Company, will be appointed as Independent Director and Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company and he is considered independent for the purpose of Rule 704(7) of the Rules of Catalist.

[See Explanatory Note (c)]

(Resolution 5)

6. To note the retirement of Mr. Yeo Jeu Nam, who is retiring as a Director of the Company.

[See Explanatory Note (d)]

7. To approve payment of Directors’ fees of US\$202,000 for the financial year ending 31 March 2022. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

8. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company to hold office until the conclusion of the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Nexia TS Public Accounting Corporation. **(Resolution 7)**
9. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

10. Authority to allot and issue shares (the "Share Issue Mandate")

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Rules of Catalist, authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Rules of Catalist as at the date of this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with subparagraph (2) below) or any such other limit as may be prescribed by the Rules of Catalist as at the date of this Resolution is passed;
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-
 - (a) new Shares arising from the conversion or exercise of convertible securities;

NOTICE OF ANNUAL GENERAL MEETING

- (b) new Shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments for (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) all applicable requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date on which the next Annual General Meeting of the Company is required by law and the Rules of Catalist to be held, whichever is earlier."

[See Explanatory Note (e)]

(Resolution 8)

11. Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with the Rawabi Group

"That:

- (1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Company, its subsidiaries and associated companies (the "**Group**") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix 1 of the Letter to Shareholders dated 14 July 2021 (the "**Letter to Shareholders**") appended to the Annual Report, with the Rawabi Group who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders (the "**Rawabi IPT Mandate**");
- (2) the Rawabi IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company; and
- (3) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Rawabi IPT Mandate and/or this Resolution."

[See Explanatory Note (f)]

(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

12. Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with the Holmen Group

"That:

- (1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Group or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix 2 of the Letter to Shareholders appended to the Annual Report, with the Holmen Group who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders (the "**Holmen IPT Mandate**");
- (2) the Holmen IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company; and
- (3) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Holmen IPT Mandate and/or this Resolution."

[See Explanatory Note (g)]

(Resolution 10)

BY ORDER OF THE BOARD

Chong Pei Wen (Ms)
Company Secretary
14 July 2021

Singapore

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

(a) In relation to Resolution 2 proposed above, Sheikh AlTurki, Abdulaziz Ali A is the Chairman of Rawabi Holding Company Limited, a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Sheikh AlTurki, Abdulaziz Ali A and the other directors, the Company and the detailed information on Sheikh AlTurki, Abdulaziz Ali A is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2021 Annual Report.

(b) In relation to Resolutions 3 and 4 proposed above, the election and continued appointment of Mr. Bote de Vries (who has served on the Board of the Company beyond nine (9) years since the date of his first appointment, 6 September 2010), as an Independent Non-Executive Director of the Company for a three-year term, with effect from the passing of these resolutions proposed at the forthcoming AGM, until the conclusion of the third annual general meeting of the Company following the passing of these resolutions

In the event the Two-Tier vote on re-appointment of Mr. Bote de Vries as an Independent Non-Executive Director is not passed at the AGM, Mr. Bote de Vries will be considered a Non-Independent, Non-Executive Director and the Company would endeavour to appoint additional Independent Directors or a replacement Independent Director within two months, but in any case, not later than three months from the date of AGM.

There is no relationship (including immediate family relationships) between Mr. Bote de Vries and the other directors, the Company or its 5% shareholders and the detailed information on Mr. Bote de Vries is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2021 Annual Report.

(c) Pursuant to Article 90 of the Company's Constitution, the NC has reviewed Mr. Poon Siew Loong's suitability and recommended to the Board of Directors (the "**Board**") of the Company for the appointment of Mr. Poon Siew Loong as an Independent Director of the Company. The Board has accepted the NC's recommendation. The particulars of Mr. Poon Siew Loong, who has consented to the proposed appointment, are set out in the section entitled "Disclosure of Information of Directors seeking re-election and appointment" in the Company's 2021 Annual Report.

There is no relationship (including immediate family relationships) between Mr. Poon and the other directors, the Company and the detailed information on Mr. Poon is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2021 Annual Report.

(d) Mr. Yeo Jeu Nam has indicated his intention to retire from the Board at the conclusion of this AGM due to his ill health. Subsequent to the conclusion of this AGM, Mr. Yeo Jeu Nam will cease to be an Independent Non-Executive Director of the Company, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

(e) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, or the date by which the next AGM is required by law to held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred per cent. (100%) of the issued shares excluding treasury shares and subsidiary holdings at the time of passing of this resolution, of which up to fifty per cent. (50%) may be issued other than on a pro-rata basis to shareholders.

(f) The Ordinary Resolution 9 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Rawabi Group as defined in Chapter 9 of the Rules of Catalist.

(g) The Ordinary Resolution 10 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Holmen Group as defined in Chapter 9 of the Rules of Catalist.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTES:

1. 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 AGM of the Company will be convened and held by electronic means through a “live” webcast (“**Live AGM Webcast**”). **NO PHYSICAL ATTENDANCE TO THE AGM IS PERMITTED.**

Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM which has been uploaded on SGXNet and the Company’s website on the same day.

2. The Annual Report, letter to shareholders, notice of AGM and proxy form will be sent to the shareholders solely by electronic means via publication on the Company’s website at the URL <http://www.vallianzholdings.com/newsroom.html> and SGXNet. Printed copies of these documents **WILL NOT** be despatched to shareholders.

3. **Registration of shareholders**

- (i) All shareholders who wish to watch or listen to Live AGM Webcast proceedings must pre-register online by 3.30 p.m. on 26 July 2021, at the URL <https://conveneagm.sg/vallianzegm2> for verification purposes.
- (ii) Shareholders who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPFIS Members and SRS investors) and wish to follow the proceedings of AGM through the Live AGM Webcast must inform their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) that they have registered for the Live AGM Webcast and provide their respective relevant intermediaries with their registration details.
- (iii) Following authentication of the shareholders’ status as shareholders, authenticated shareholders will receive an email notification, and would be able to access the Live AGM Webcast proceedings using the account credentials created upon completion of registration.
- (iv) Shareholders who do not receive an email by 3.30 p.m. on 29 July 2021, but who have registered by the Registration Deadline should contact the Company at the email address at sg.is.enquiry@sg.tricorglobal.com.
- (v) Please note that shareholders who have registered for the SOSA and/or RVOS Rights Issue EGM will not be required to register again to watch or listen to the live AGM webcast proceedings.

4. **Submission of questions in advance**

- (i) Please note that shareholders will not be able to ask questions at the Live AGM Webcast, and therefore it is important for shareholders to pre-register their participation in order to be able to submit their questions in advance of the AGM.
- (ii) Shareholders who pre-register to watch or listen to the Live AGM Webcast may also submit questions related to the resolutions to be tabled for approval at the AGM. All questions must be submitted by 3.30 p.m. on 24 July 2021 at the URL <https://conveneagm.sg/vallianzegm2>.
- (iii) The Company will address substantial and relevant questions received from the shareholders relating to the agenda of the AGM prior to the AGM via SGXNet and the Company’s website.
- (iv) The Company will publish the minutes of the AGM on SGXNet and on the Company’s website within one month from the date of AGM, and the minutes will include the responses to substantial and relevant questions from shareholders which were addressed prior to the AGM.

NOTICE OF ANNUAL GENERAL MEETING

5. Completion of the proxy form

- (i) Shareholders will not be able to vote online on the resolutions to be tabled for approval at the AGM. Instead, if shareholders (whether individual or corporate) wish to exercise their votes, they must submit a proxy form to appoint the Chairman of the meeting to vote on their behalf.
- (ii) Shareholders (whether individual or corporate) appointing the Chairman of the meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
- (iii) The duly completed and signed proxy form appointing the Chairman of the AGM as proxy must be submitted to the Company by 3.30 p.m. on 27 July 2021 via either the following means:
 - (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) electronic mail to sg.is.proxy@sg.tricorglobal.com;
- (iv) For CPFIS Members or SRS investors who wish to exercise their votes by appointing the Chairman of the AGM as their proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 19 July 2021).

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

- (v) In the case of a shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 3.30 p.m. on 26 July 2021, as certified by The Central Depository (Pte) Limited to the Company.

6. Reminder

Shareholders who wish to attend the Live AGM Webcast are reminded that the AGM is private. Invitations to attend the AGM shall not be forwarded to anyone who is not a shareholder of the Company or who is not authorized to attend the Live AGM Webcast. Recording of the Live AGM Webcast in whatever form is also strictly prohibited.

The Company asks for shareholders' indulgence as the AGM progresses in the event of any technical disruptions. The Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's announcements on SGXNet or the Company's website for any changes or updates on the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (a) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

Sheikh AlTurki Abdulaziz Ali A and Mr. Bote de Vries are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 July 2021 ("AGM") (collectively, the "Directors" and each a "Director").

Mr. Poon Siew Loong is proposed to be appointed as Independent Director at the forthcoming AGM.

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Sheikh AlTurki Abdulaziz Ali A	Mr. Bote de Vries	Mr. Poon Siew Loong
Date of Appointment	28 June 2018	6 September 2010	29 July 2021
Date of last re-election and re-appointment	26 July 2018	31 July 2019	–
Age	77	62	52
Country of principal residence	Kingdom of Saudi Arabia	Netherlands	Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)

The re-election of Sheikh AlTurki Abdulaziz Ali A as the Non-Executive Director and Chairman of the Board of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.

The Nominating Committee has recommended the following proposal be submitted to the shareholders for approval at the AGM to approve the appointment of Mr. Bote de Vries as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 406(3) (d)(iii) of the Catalist Rule which will take effect on 1 January 2022.

Mr. Bote de Vries has substantial business and commercial experience and substantial understanding of the role of, and experience in acting as independent directors.

The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Bote de Vries for reappointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr. Bote de Vries will be able to exercise independent judgement and demonstrate objectivity in his conduct and deliberations at Board and Board Committee meetings.

The Nominating Committee has recommended the appointment of Mr. Poon Siew Loong as Independent Director of the Company. The Board of Directors having considered the qualifications, skills and experiences of Mr. Poon Siew Loong, are satisfied that he is suitable for the role as an Independent Non-Executive Director of the Company.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

	Sheikh AlTurki Abdulaziz Ali A	Mr. Bote de Vries	Mr. Poon Siew Loong
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board	Lead Independent Director, Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee.	Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee.
Professional qualifications	<ol style="list-style-type: none"> Bachelor's degree in Business Administration Master's degree in International Business from George Washington University, USA Honorary Doctorate in "Humane Letters" from the Lebanese American University, Beirut, Lebanon. 	<ol style="list-style-type: none"> Bachelor of Biology, University of Leiden Masters in Law, University of Leiden 	<ol style="list-style-type: none"> Bachelor of Accountancy, National University of Singapore, Graduate Diploma in Marketing, Marketing Institute of Singapore CFA Charterholder, CFA Institute
Working experience and occupation(s) during the past 10 years	Chairman of Rawabi Holding Company Limited	2009 to Present – Independent Adviser of Finamar B.V.	<p>2007 to 2015 – Chief Investment Officer and Vice-President of Ascendas Land (Singapore) Pte Ltd</p> <p>2015 to 2016 – Executive Officer of F & T Group, China Office</p> <p>2016 to current – Managing Director of Shanghai Panlong Enterprise Management Consulting Co. Ltd.</p> <p>2021 to current – Chief Executive Officer of Pan Capital Pte. Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	As Chairman of Rawabi Holding Company Limited, Sheikh AlTurki is deemed to have an interest of 317,560,389 ordinary shares.	136,666 ordinary shares	NIL
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

Sheikh AlTurki Abdulaziz Ali A

Mr. Bote de Vries

Mr. Poon Siew Loong

Other Principal Commitments (Including Directorships)

Past (for the last 5 years)

- | | | |
|---|--|------------|
| <ol style="list-style-type: none"> 1. Rawabi Holding Co. Ltd. 2. Rawabi Holding Co. W.L.L. 3. Rawabi Oil & Gas Co. Ltd. 4. Rawabi Oilfield Services Co. Ltd. 5. Rawabi Wireless Solutions Co. Ltd. 6. Rawabi Travel & Tourism Co. Ltd. 7. Rawabi Electric Co. Ltd. 8. Rawabi Specialized Enclosure Co. Ltd. 9. Rawabi Integrated Gas Co. Ltd. 10. Rawabi Specialized Contracting Co. Ltd. 11. Rawabi Vallianz Offshore Services Co. Ltd. 12. Rawabi Vallianz International Co. Ltd 13. Rawabi Archer Co. Ltd. 14. Rawabi Hot-Hed Co. Ltd. 15. Rawabi Haytak Co. Ltd. 16. Rawabi Cetco Co. LLC 17. Rawabi Pason Co. Ltd. 18. Rawabi Geolog Co. Ltd. 19. Rawabi Foothills Co. Ltd. 20. Rawabi BUTEC Co. Ltd. 21. Rawabi United Safety Services Co. Ltd. 22. Frank's Rawabi Saudi Arabia Co. Ltd. 23. Gulf Union Cooperative Insurance Company 24. Gulf Union Insurance & Risk Management Co. (E.C.) 25. Gulf Union Holding Co. BSC (C) | <ol style="list-style-type: none"> 1. Artilium NV Londen (Non-Executive Board Member) 2. Lloydsfonds GMBH Hanburg (Non-Executive Board Member) 3. North Atlantic Drilling Ltd Non-Executive Board Member) | <p>Nil</p> |
|---|--|------------|

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

	Sheikh AlTurki Abdulaziz Ali A	Mr. Bote de Vries	Mr. Poon Siew Loong
Present	<ol style="list-style-type: none"> 1. Rawabi Holding Co. Ltd. 2. Rawabi Holding Co. W.L.L. 3. Rawabi Oil & Gas Co. Ltd. 4. Rawabi Oilfield Services Co. Ltd. 5. Rawabi Wireless Solutions Co. Ltd. 6. Rawabi Travel & Tourism Co. Ltd. 7. Rawabi Electric Co. Ltd. 8. Rawabi Specialized Enclosure Co. Ltd. 9. Rawabi Integrated Gas Co. Ltd. 10. Rawabi Specialized Contracting Co. Ltd. 11. Rawabi Vallianz Offshore Services Co. Ltd. 12. Rawabi Vallianz International Co. Ltd 13. Rawabi Archer Co. Ltd. 14. Rawabi Cetco Co. LLC 15. Rawabi Pason Co. Ltd. 16. Rawabi Geolog Co. Ltd. 17. Rawabi BUTEC Co. Ltd. 18. Rawabi United Safety Services Co. Ltd. 19. Frank's Rawabi Saudi Arabia Co. Ltd. 20. Gulf Union Cooperative Insurance Company 21. Gulf Union Insurance & Risk Management Co. (E.C.) 22. Gulf Union Holding Co. BSC (C) 23. Vallianz Holdings Limited 24. Nesma & Partners Contracting Co. Ltd. 25. Redland Industrial Services (Arabia) Co. Ltd. (Risal) 	<ol style="list-style-type: none"> 1. Vallianz Holdings Limited 2. Dutch Investment Fund for Seagoing Vessels (NBZ) 3. Building Society Humanitas (Supervisory Board Member) 4. Building Society Groenwest (Member Of Supervisory) 5. NNPC P&I Club (Chairman Of The Supervisory Board) 6. Golden Close (Non-Executive Board Member) 7. Qua Wonen Building Society Krimpenerwaard (Non-Executive Director) 8. Northern Ocean Limited (Non-Executive Director) 	<p>Shanghai Panlong Enterprise Management Consulting Co. Ltd. (Legal Person)</p> <p>Pan Capital Pte Ltd</p>

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

Sheikh AlTurki Abdulaziz Ali A

Mr. Bote de Vries

Mr. Poon Siew Loong

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

- | | | | |
|---|----|----|----|
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |
| (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 |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

	Sheikh AlTurki Abdulaziz Ali A	Mr. Bote de Vries	Mr. Poon Siew Loong
(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 regulator requirement that relate 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
(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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

Sheikh AlTurki Abdulaziz Ali A

Mr. Bote de Vries

Mr. Poon Siew Loong

(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 ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND APPOINTMENT

Sheikh AlTurki Abdulaziz Ali A

Mr. Bote de Vries

Mr. Poon Siew Loong

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?

(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

Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company?

Not applicable, as this relates to the re-election of Sheikh AlTurki as a director of the Company.

Not applicable, as this relates to the re-election of Mr. Bote de Vries as a director of the Company.

Mr. Poon will attend training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange within one year from the date of his appointment.

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

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PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT

- Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the annual general meeting (the "AGM") are set out in the Notice of AGM dated 14 July 2021.
- Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
- This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 July 2021.

*I/We _____ (Name) *NRIC/Passport No. _____
 of _____

being *a shareholder/shareholders of **VALLIANZ HOLDINGS LIMITED** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as *my/our proxy to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means on 29 July 2021 at 3.30 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "v" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "v" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of Audited Financial Statements for the financial year ended 31 March 2021 together with the Directors' Statement and Independent Auditor's Report thereon.			
2.	Re-election of Director pursuant to Article 105. – Sheikh AlTurki Abdulaziz Ali A			
3.	Re-election of Director pursuant to Article 105. – Mr. Bote de Vries			
4.	Approval of Mr. Bote de Vries's continued appointment as an Independent Director by shareholders (excluding the directors, chief executive officer and their associates), for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules (which will take effect from 1 January 2022).			
5.	Approval of appointment of Mr. Poon Siew Loong as an Independent Director of the Company pursuant to Article 90.			
6.	Approval of the payment of Directors' fees of US\$202,000 for the financial year ending 31 March 2022.			
7.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration.			
8.	Authority to allot and issue shares pursuant to the Share Issue Mandate.			
9.	Renewal of Shareholders' Mandate for Interested Person Transactions with Rawabi Group.			
10.	Renewal of Shareholders' Mandate for Interested Person Transactions with Holmen Group.			

Note:

* Please delete accordingly

Dated this _____ day of July 2021.

Total No. of Shares held in	
(a) CDP Register	
(b) Register of Members	

 *Signature(s) of Shareholder(s)/ Common Seal of Corporate shareholder

IMPORTANT: Please read notes overleaf

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Notes:

1. If the shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the shareholder of the Company.
2. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be held by way of electronic means and shareholders of the Company will not be able to attend the AGM in person.
3. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. This Proxy Form is not valid for use by shareholder who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)), including CPFIS members and/or SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such shareholder (including CPFIS members and/or SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. **CPFIS members and SRS investors should approach their respective CPF and/or SRS Approved Nominees at least seven working days before the AGM to specify voting instructions.**
5. The Chairman of the AGM, as a proxy, need not be a shareholder of the Company.

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AFFIX
STAMP

The Company Secretary
VALLIANZ HOLDINGS LIMITED
C/O Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02
Singapore 068898

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6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. The instrument appointing proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be submitted to the Company via either the following means:
 - (a) post to the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) electronic mail to sg.is.proxy@sg.tricorglobal.com;by no later than 3.30 p.m. on 27 July 2021, and in default the instrument of proxy shall not be treated as valid.
In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms via electronic mail.
8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.
9. In the case of a shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 3.30 p.m. on 26 July 2021, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 July 2021.

Fold this flap for sealing

Vallianz Holdings Limited
Company Registration No. 199206945E

1 Harbourfront Avenue
#06-08 Keppel Bay Tower
Singapore 098632
Tel: (65) 6911 6200
Fax: (65) 6659 1292

www.vallianzholdings.com
