



Navigating a Greener Future: Charting Sustainable Solutions at Sea

Annual Report 2023



OUR VALUES

Inspiring Trust

**CONSTRUCTING
SOLID PARTNERSHIPS
OF COLLABORATION**

Systematic Vigour

**EVERY METICULOUS DETAIL
GROUNDED IN EXECUTIONAL
EXCELLENCE**

Adaptive Solutions

**MEETING EVOLVING
CHALLENGES WITH
DYNAMIC SOLUTIONS**

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WE ARE VALLIANZ

Navigating a Greener Future: Charting Sustainable Solutions at Sea

Vallianz Holdings Limited ("**Vallianz**" and together with its subsidiaries, the "**Group**") is a well-established provider of offshore support vessels ("**OSVs**") and integrated offshore marine solutions to serve the ever-changing needs of the global energy industry.

For close to 30 years, the Group has answered the needs of the global energy industry through well-implemented integrated offshore marine solutions with a progressive yet pragmatic vision, and a team of highly motivated industry experts working in close collaboration with its customers.

We are a publicly listed enterprise registered in Singapore with an international footprint, spanning across markets in the Middle East, Asia Pacific and Gulf of Mexico. To provide adaptive solutions in an environment of rapidly evolving needs, Vallianz has a

fleet of 12 OSVs which comprise anchor handling tugs with supply capabilities, submersible launch barges, and flat top cargo barges.

The Group also owns a shipyard in Batam, Indonesia, which serves as a marine base for vessel docking, repairs and maintenance works. Our shipyard possesses strong in-house fabrication and engineering capabilities such as shipbuilding and fabrication works, which are part of the downstream services that are fully dedicated to supporting our subsidiaries, partners and customers. This further enhances our value proposition by broadening the spectrum of our marine services and takes us closer to our core focus on delivering operational and service excellence.



CORE BUSINESS

SPECIALISED OFFSHORE SUPPORT

Vallianz currently owns and operates 12 OSVs, which are available for charter to fulfil the growing demand of the global offshore energy market. The Group's vessels are deployed for offshore projects in the Middle East, Asia Pacific and Gulf of Mexico. To enhance our market competitiveness, we are focused on forging trusting partnerships with our customers, instilling systematic vigour to deliver executional excellence, and creating adaptive solutions to respond to our customers' evolving needs. The Group is continually assessing plans to expand our range of vessels and modernise our fleet to the latest standards.

HEAVY TRANSPORT VESSELS

Vallianz provides a fleet of two Submersible Heavy Lift Transport, Float-over & Launch Barges with Overall Length ranging from 140 to 160 Metres, Deadweight Capacity from 19,000 Tonnes up to 42,000 Tonnes, Advanced Ballast System up to 12,500 m³/hr and Deck Immersion of up to 11 Meters.

These barges are capable of performing a wide range of Offshore Operations, including Float-over Method Topside Installation up to 25,000 Tonnes, Jacket Launch up to 15,000 Tonnes, Submersible Heavy Lift and Transport of Floating Cargo up to 42,000 Tonnes.

The multi-functional architecture makes it simple and quick to configure for any unique project requirement, allowing for rapid mobilization and deployment.

SHIPBUILDING, ENGINEERING & FABRICATION

The Group's subsidiary, PT. United Sindo Perkasa, operates a shipyard located in the Kabil Industry Zone of Batam, Indonesia, which provides full end to end solutions for all aspects of shipbuilding, ship conversions and ship repairs, with vessels ranging from OSVs like Anchor Handling Tug Boats ("AHTS") and Multi-Purpose Support Vessels ("MPSV") to Research Vessels and even Offshore Floating Fish Farms. The shipyard is supported by a specialised in-house engineering division which allows the Group to provide turnkey engineering solutions and services to our clients. Leveraging on our expertise in shipbuilding and engineering, we provide fabrication services for offshore and onshore structures such as pipe and pipe spool fabrication and installation as well as structure steel fabrication for our customers in the marine and renewable sectors.

MARINE TECHNOLOGY

Vallianz believes that in this ever-changing marine climate, vessel digitalisation and alternative marine technology are the pillars of a sustainable marine future. As such, the Group works with our customers and partners to provide advanced solutions such as marine electrification using battery systems, alternative fuel and green design turnkey engineering solutions, as well as vessel digitalisation using digital remote monitoring systems.

RENEWABLES & SUSTAINABLE ENERGY

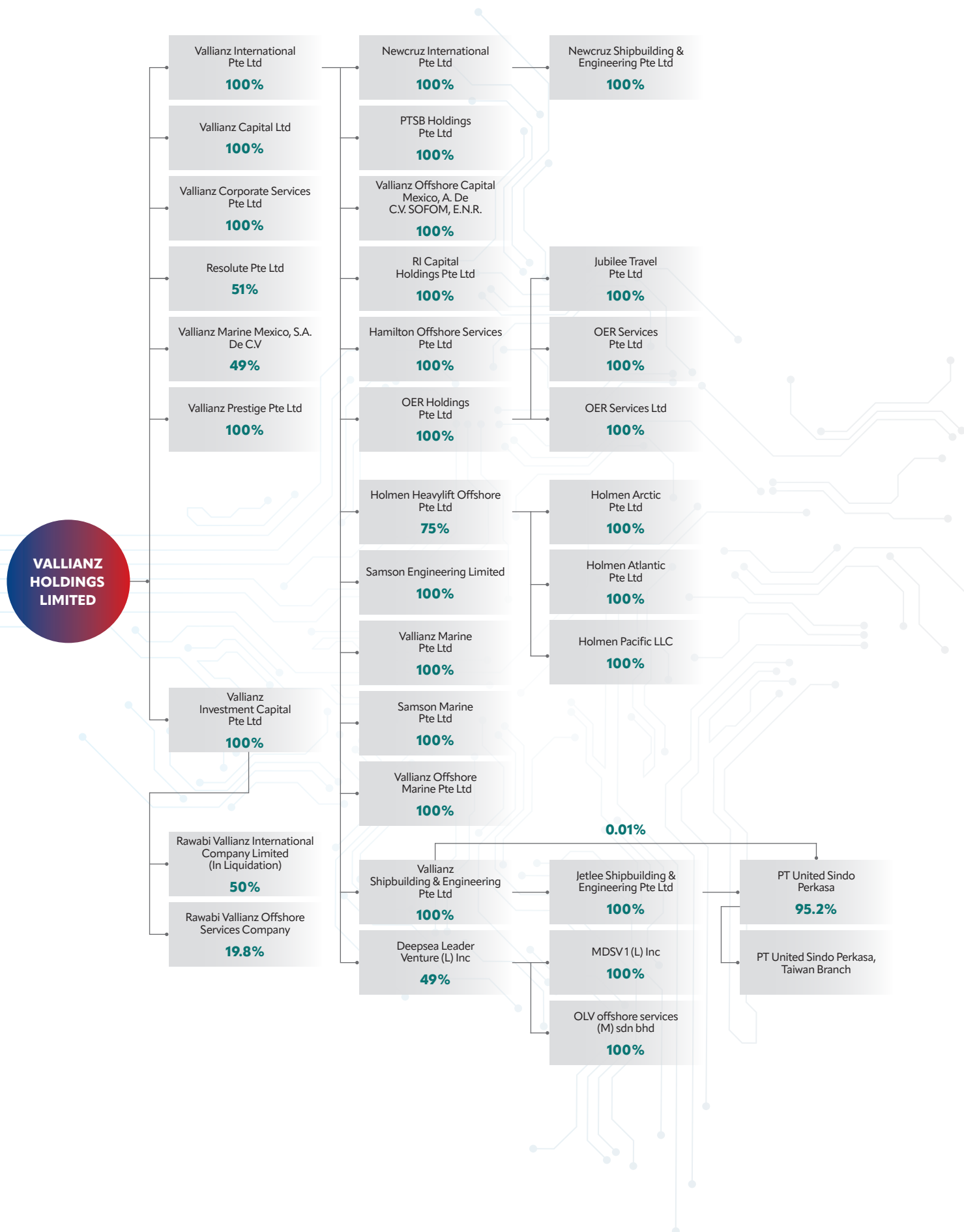
Vallianz supports decarbonization by embracing industry-leading advancements within our existing business lines and infrastructure to work positively for more efficient, reliable, and sustainable operations. We are aligned with various progressive energy and solution partners to bring about a sustainable future.

Vallianz has embarked on harnessing the power of renewables to support our energy transformation journey through the alignment with various portfolios in the wind and alternative energy sectors, designing our vessels with zero-emission or net-zero emission capabilities in mind, through the incorporation of battery solutions and alternative fuels integration.

Vallianz is also broadening our services in offshore renewables by the provision of Service Operations Vessels ("SOV"), Crew Transfer Vessels ("CTV"), DP2 Heavy Transport Vessels ("HTV") and light fabrication for offshore wind structures such as monopiles and jackets.



CORPORATE STRUCTURE



GEOGRAPHICAL PRESENCE

**Serving major and national
energy companies
worldwide**



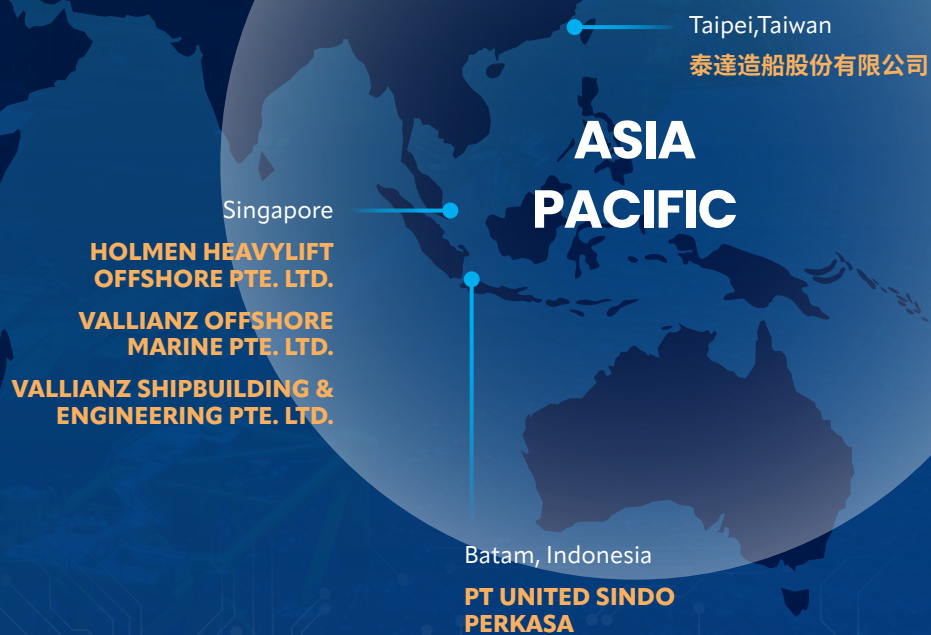
**GULF OF
MEXICO**

Mexico City, Mexico
Cd. Del Carmen, Mexico

**VALLIANZ MARINE MEXICO
S.A. DE C.V**

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, Mexico, Taiwan and Indonesia.



CHAIRMAN'S MESSAGE

“With the ongoing recovery of the global energy industry, Vallianz will continue to build on the progress of our strategic initiatives and move forward in the same trajectory to revitalise our core businesses in vessel chartering and shipyard services.”

MR. OSMAN IBRAHIM
Non-Executive Chairman



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present Vallianz's annual report for the 12 months ended 31 March 2023 ("FY2023").

The year 2022 started out as one of promise for businesses worldwide due to the encouraging rebound in global economic activity in the aftermath of the COVID-19 pandemic. However, this optimistic scenario turned out to be short-lived as the economic recovery began to falter with the emergence of headwinds ranging from rising geopolitical tensions, growing inflationary pressures, soaring interest rates and supply disruptions caused by the Russia-Ukraine war.

Despite these myriad uncertainties, the global energy industry still continued on a steady recovery path in 2022 as energy demand began returning to pre-pandemic levels. This drove higher level of activities in both the conventional offshore oil and gas ("O&G") industry and the fast-emerging offshore renewable energy sector which in turn benefited the vast network of players serving these industries.

Under this more benign industry backdrop, Vallianz, which operates in the offshore support vessel ("OSV") and shipbuilding markets, has continued executing a multi-prong strategy to re-engineer and revitalise our core businesses to ensure the Group has a stronger foundation for the future.

FINANCIAL PERFORMANCE FOR FY2023

During FY2023, the Group's revenue increased 133% to US\$149.2 million from US\$64.2 million in FY2022. The top line performance was contributed mainly by the strong growth recorded at our well-established vessel chartering business as well as our shipyard and vessel management services business.

Due to higher revenue and the improved operating environment, the Group registered a turnaround in gross profit to US\$12.3 million in FY2023 compared to a gross loss of US\$4.5 million in FY2022. This was attained on the back of higher margin contributions from both our vessel chartering business and shipyard and vessel management services business. At the bottom line however, the Group recorded higher loss attributable to shareholders of the company of US\$9.4 million compared to last financial year due mainly to the absence of one-off gain and share of results of associate, as well as an exceptional expense in FY2023.



GLOBAL ECONOMIC AND ENERGY OUTLOOK

In its latest World Economic Outlook released in April 2023, the International Monetary Fund ("**IMF**") is forecasting global economic growth to slow from 3.4% in 2022 to 2.8% this year before recovering to 3% in 2024. IMF also warned that risks are heavily skewed to the downside with heightened chances of a hard landing. In a plausible alternative scenario, IMF projected that global economic growth could decelerate to about 2.5% this year.

Moreover, IMF expects growth to remain around 3% over the next five years to 2028 which is its lowest medium-term projection since 1990, and well below the global economy's average growth of 3.8% in the past two decades. IMF said the pandemic outlook reflects the tight policy stances needed to bring down inflation, the fallout from the recent deterioration in financial conditions, Russia's war in Ukraine, and growing geoeconomic fragmentation.

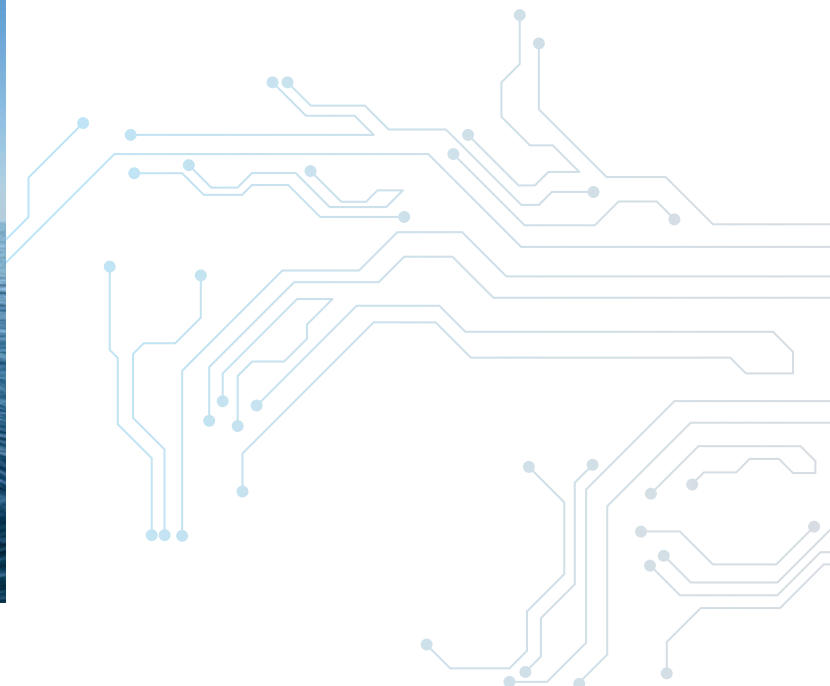
The weaker economic outlook has weighed on the global oil market as concerns over slower economic growth and demand have resulted in softer crude oil prices since the start of 2023. Nonetheless, the Organization of Petroleum Exporting Countries ("**OPEC**") in its Monthly Oil Market Report for June 2023 has forecasted world oil demand to grow by 2.3 million barrels per day ("**bpd**") to an average of 101.9 million bpd in 2023 compared to 99.6 million bpd in 2022. However, OPEC has warned that this forecast is subject to many uncertainties such as a slowdown in economic growth during the second half of 2023 amid high inflation, elevated

key interest rates and tight labour markets, as well as the geopolitical conflict in Eastern Europe.

Although the economy's prospects appear uncertain in the medium term, the recovery in oil demand to pre-pandemic levels and the overall improvement in oil prices when compared to the market doldrums between 2016 and 2021 have driven higher activities in offshore exploration and production. According to Rystad Energy, which is an independent energy research and business intelligence company, the offshore O&G industry can look forward to US\$100 billion in annual capex commitments through to 2024.

With the energy industry also transitioning towards sources of renewable energy, this has driven strong growth of the wind market. Research provider BloombergNEF projects the global offshore wind market to increase to a cumulative 27.6 gigawatts by 2035 from just 0.1 gigawatt installed currently. Consultancy group Wood Mackenzie expects Asia Pacific to become the largest wind market in future, fuelled by projects in North Asia and Australia.

The recovery in the offshore energy markets has resulted in a strong pick-up in demand for OSVs. Coupled with the ageing and tight supply of the global OSV fleet, this has led to an increase in the industry's vessel utilisation and upward momentum of charter day rates globally. Shipbroker Fearnley Offshore Supply expects the demand for most OSV types to increase further as more production facilities come online during the year. To meet the future needs of both the offshore O&G and wind markets, Clarksons Research estimates that investments in excess of US\$20 billion will be required to build 400 OSVs by 2030.



CHAIRMAN'S MESSAGE

POISED TO RIDE THE OFFSHORE ENERGY INDUSTRY'S GROWTH

Today, Vallianz offers integrated solutions across five core pillars – Specialised Offshore Support, Heavy Transport Vessels, Shipbuilding, Engineering & Fabrication, Marine Technology, and Renewables & Sustainable Energy. With the ongoing recovery of the global energy industry, the Group continues to execute our strategy to revitalise our core businesses to build long-term sustainability, expand market share and position for the transformation of the global energy industry.

Over the past year, the pick-up of activities in the conventional offshore O&G sector has had a positive impact on the Group's OSV chartering and specialised heavy transport vessel businesses. Our fleet is actively utilised at present with vessels deployed at various offshore engineering, procurement, construction and installation projects across Asia and the Middle East. We also continue to witness a high level of inquiries for our vessels. To take advantage of the demand for OSVs and rising charter rates, the Group has acquired new OSVs during FY2023 and is planning to further expand our fleet in the coming financial year.

At the same time, the Group's shipyard and engineering business is also benefiting from the increased demand for new vessels to replace the ageing global fleet. Our shipyard in Batam, Indonesia is well positioned with in-house fabrication and engineering capabilities to provide high value end-to-end solutions for all aspects of shipbuilding, ship conversions and ship repairs, for vessels ranging from OSVs to Research Vessels and Offshore Floating Fish Farms.

Activities at the Group's shipyard have increased significantly compared to previous years. The shipyard's impressive track record in the construction of Multi-Purpose and Accommodation Vessels, and Harbour, Mooring and Docking Tugs has attracted inquiries from international customers across Asia, the Middle East and Europe for potential projects. Over the past year, the shipyard completed deliveries of a 85m Multi-Purpose and Accommodation Vessel and Docking Tugs that have been deployed for projects of a national oil company in the Middle East ("**NOC**"). The Group is currently building additional OSVs, including a Crane Boat, 90m Service Accommodation Vessel and Anchor Handling Supply Tugs, for the NOC's projects.

The Group has also made inroads into the Taiwan shipbuilding market. Our shipyard has completed construction of a tugboat which was delivered in December 2022 to TIPM, a subsidiary of state-owned Taiwan International Ports Corporation. The Group is also currently building three research vessels which are slated for delivery to the Fisheries Research Institute of Taiwan from the end of 2023 to 2024.

With our sights set on building a presence in the offshore wind market, Vallianz has formed strategic partnerships with leading international marine companies to build specialised vessels that will be the first of their kind in the global offshore wind industry.

In June 2022, the Group sealed an alliance with Ulstein Design & Solutions B.V., Shift Clean Energy and Bureau Veritas to develop a heavy transport vessel ("**HTV**") that will be capable of transporting monopiles, jackets, transition pieces and turbine blades to support offshore wind farm projects, as well as heavy structure modules for LNG and carry out floatover operations of offshore structures. We are currently in discussions with international end-users for potential collaborations regarding further enhancements to the HTV with the aim of securing long-term charters. Depending on the outcome of these discussions, construction of the HTV is planned for completion in 2025.

The Group is also partnering Dutch shipbuilder, Royal IHC to design and build a next-generation Service Operation Vessel ("**SOV**") that will support the operations and maintenance of offshore wind farms. Besides state-of-the-art technology to ensure high levels of safety, reliability and workability, the SOV is designed to be ready for true zero emission operations by using full battery offshore charging system and alternative fuels for propulsion. The Group is currently in early discussions for the delivery of the SOV to a European customer by end of 2026.

We believe both these unique HTV and SOV projects will serve as a springboard to advance the Group's marine technology and engineering capabilities, as well as strengthen Vallianz's profile in the offshore wind farm industry.

In addition to the environmentally-friendly SOV, the Group is also focused on seeking more opportunities from the offshore industry's decarbonisation trend. In early 2022, the Group teamed up with SeaTech Solutions International Pte Ltd, Shift Clean Energy and the American Bureau of Shipping to construct an all-electric, zero carbon emissions harbour tug ("**E-Volt Electric Tug**"). The E-Volt Tug will yield environmental and economic benefits to end-users, industry and community at large, and is expected to lead to a transformation in the way port operations are carried out.



With the maritime industry on a trajectory of digitalisation, Vallianz is firmly committed to staying ahead of the curve and has been moving rapidly to accelerate digitalisation and utilise innovative marine technologies in our core businesses to deliver cutting-edge solutions.

In November 2022, the Group engaged Australia-based Harvest Technology Group to implement a real-time monitoring solution on our newbuild vessel, Vallianz Prestige. This digital solution which uses CCTV revolutionises the Group's operations as it enhances the safety and efficiency of our vessel by supporting our crew and monitoring operations remotely, thus saving time, energy, and resources. As our showcase vessel, the Group has also implemented other features on board Vallianz Prestige to give it a complete digital solution. This includes integrated remote monitoring for vessel performance which includes equipment monitoring, navigation and communication monitoring, and fuel monitoring; as well as digital twinning which is a 3-Dimensional scan of the vessel that allows digital views of different equipment and areas. All these information is relayed back to our centralized V-Hub at the Group's headquarters in Singapore. If this initiative proves successful, the Group will gradually roll out this complete digital solution in all our vessels.

Looking ahead, while the global OSV sector appears to have brighter prospects, the Group is taking a prudent approach and will maintain our cautious stance as there are still many uncertainties weighing on the global economy.

Over the past two years, we have strengthened our assets, capabilities and network to tap the prospects in the offshore conventional and renewable energy markets, as well as to seize opportunities spawned by decarbonisation and digitalisation trends in the marine sector. Vallianz will continue to build on the progress of our initiatives and move forward in the same trajectory to revitalise our core businesses in vessel chartering and shipyard services.

APPRECIATION

In closing, I wish to thank my fellow Directors for their valuable contributions and wise counsel over the years. On behalf of the Board, I would like to express our appreciation to our valued shareholders, customers, suppliers, business partners and associates for their continued trust and support of Vallianz. Last but not least, we would like to express our heartfelt appreciation to our management and staff for their hard work, dedication and contributions to the Group.

OSMAN IBRAHIM
Non-Executive Chairman



FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For FY2023, the Group's revenue more than doubled to US\$149.2 million, up 133% from US\$64.2 million in FY2022. This was lifted by higher revenue contributions from both Vessel Chartering, and Shipyard and Vessel Management Services segments.

Revenue from the Vessel Chartering segment surged 107% to US\$64.8 million in FY2023 from US\$31.4 million in FY2022 on the back of higher vessel utilisation and higher average daily charter rates. The Shipyard and Vessel Management Services segment's revenue also jumped more than two-fold to US\$84.3 million in FY2023 compared to US\$32.8 million in FY2022, attributed mainly to an increase in shipbuilding projects as well as vessel consultancy and management services contracts that were secured by our shipyard in Batam, Indonesia.

As a result, the Shipyard and Vessel Management Services segment's revenue contribution expanded to 57% in FY2023 from 51% in FY2022. The Vessel Chartering segment contributed approximately 43% to Group revenue in FY2023 as compared to 49% in FY2022.

In tandem with higher revenue, the Group registered a gross profit of US\$12.3 million in FY2023, reversing a gross loss of US\$4.5 million in FY2022.

The Vessel Chartering segment recorded a gross profit margin of 12.3% in FY2023 as compared to a negative gross profit margin of 7% in FY2022. This improvement was driven mainly by higher average daily charter rates for our vessel fleet during FY2023.

The Shipyard and Vessel Management Services segment registered a gross profit margin of 5% in FY2023 compared to a negative margin of 7% in FY2022. This was lifted by an increase in contribution from the provision of consultancy and vessel project management services.

Net other loss was US\$2.2 million in FY2023 compared to a net other income of US\$6.3 million in FY2022 due mainly to the absence of a one-off gain from disposal of associates of US\$6.4 million and one-off creditors written back of US\$2.2 million which were occurred in FY2022.

Administrative expenses in FY2023 increased marginally to US\$8.0 million from US\$7.4 million in FY2022.

Finance costs in FY2023 increased to US\$8.9 million compared to US\$6.1 million in FY2022 due mainly to higher interest rates on term loans.





Following a reduction of the Group's shareholding interest in Rawabi Vallianz Offshore Services ("RVOS") from 40.7% to 19.77% in January 2022, RVOS ceased to be an associate of the Group. As such, the share of results of associates amounted to nil in FY2023 as compared to US\$8.1 million in FY2022.

The Group recorded an exceptional item of US\$3.2 million in FY2023, due mainly to a loss on disposal of a vessel, Rawabi 18. The disposal took into consideration the age, state of the vessel, higher operating and upkeeping costs of the vessel. Rawabi 18 was arrested in the United Arab Emirates in FY2017 due to non-repayment to a bunker supplier while the vessel was under the charter of Swiber Offshore Construction Pte Ltd which has been placed under liquidation. The arrest was lifted on 30 June 2022 after a commercial settlement was arrived at with the bunker supplier on 10 June 2022.

As a result of the above, the Group registered a loss attributable to owners of the Company of US\$9.4 million in FY2023 as compared to a loss of US\$2.4 million in FY2022.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023, trade receivables decreased to US\$6.6 million from US\$18.7 million as at 31 March 2022, due to the Group's efforts in collecting outstanding trade receivables. Other receivables as at 31 March 2023 increased to US\$56.4 million from US\$38.1 million as at 31 March 2022, attributed mainly to an increase in down-payments made to third-party suppliers for the construction of new vessels.

Property, plant and equipment increased to US\$74.7 million as at 31 March 2023 from US\$67.0 million as at 31 March 2022, due mainly to the purchase of a new vessel costing US\$10.4 million, drydock for certain vessels of US\$4.5 million and the construction costs for a Heavy Transport Vessel of US\$2.1 million. These were partially offset by disposal of property, plant and equipment with carrying value of US\$3.7 million, as well as depreciation expenses of US\$6.2 million.

Total current and non-current borrowings decreased to US\$121.6 million as at 31 March 2023 from US\$123.6 million as at 31 March 2022 due mainly to repayment of borrowings.

The Group's trade payables decreased to US\$8.1 million as at 31 March 2023 from US\$20.7 million as at 31 March 2022 following settlement of outstanding payments to suppliers. Other payables decreased to US\$38.5 million as at 31 March 2023 from US\$44.8 million as at 31 March 2022 due mainly to lower accrued interest in relation to shareholders' advances during FY2023.

The Group's contract liabilities as at 31 March 2023 increased to US\$51.6 million from US\$20.5 million as at 31 March 2022, due mainly to deposits received in advance for construction projects.

CONSOLIDATED STATEMENT OF CASH FLOWS

In FY2023, the Group generated net cash from operating activities of US\$18.3 million. Net cash used in investing activities in FY2023 totalled US\$16.4 million, attributed mainly to purchases of property, plant and equipment. Net cash generated from financing activities amounted to US\$12.0 million as a result of advances from shareholders of US\$16.5 million which was offset partially by repayment of term loans of US\$2.0 million and interest payment of US\$2.6 million.

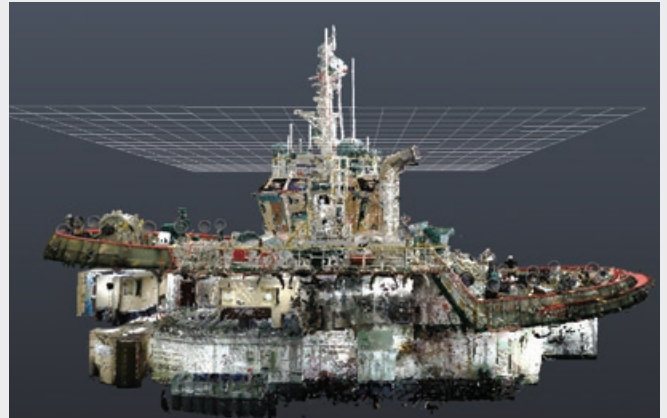
As a result, the Group's cash and cash equivalents as at 31 March 2023 increased to US\$20.8 million from US\$6.8 million as at 31 March 2022.

DEVELOPMENTS IN SUSTAINABLE SOLUTIONS



1) Development of E-VOLT Electric Tug

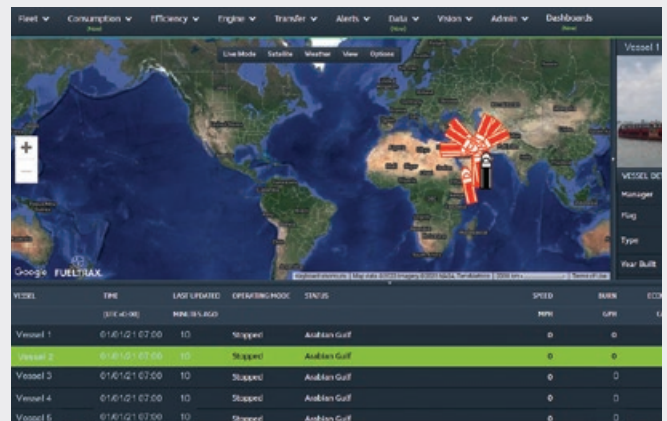
- 60-80T bollard pull Fully electric harbour tug.
- Signing of MOU with Seatech, ABS and SHIFT done in February 2022.
- Steel cutting done on February 2022.



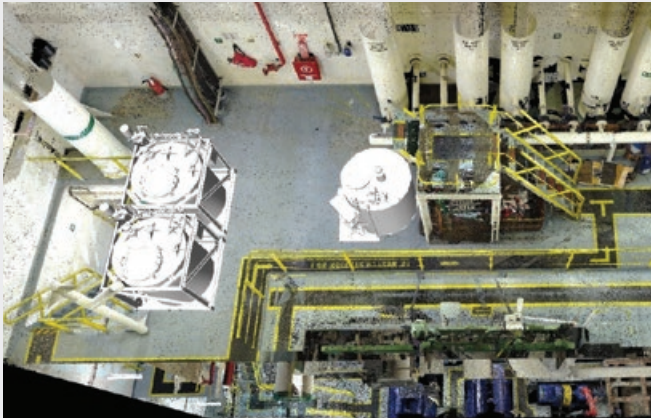
- ### 2) Digital Twinning (Digitalization)
- Vessel walkthrough using 3D scanning technology to produce a 3D digital twin model for technical/operational support, and also marketing purposes. Links and embedded documents on key components in the 3D model allow viewers to navigate and monitor the important components of the vessel.



- ### 3) V-Hub (Digitalization)
- Remote monitoring of vessel's key equipment through sensors by data consolidation and monitoring through a central system, using analytics to optimize the vessels' efficiency.



- ### 4) Remote Fuel Oil and Bunker Monitoring
- Outfitting vessels with FuelTrax's Electronic Fuel Management System (EFMS) to ensure accurate fuel usage transparency and emissions tracking, to enable better fuel consumption and OPEX savings.



- 5) Ballast Water Treatment System (BWTS)** - Outfitting of Scienco/FAST's InTank's BWTS ongoing on the Holmen Semi-Submersible fleet for treatment of Ballast Water before discharge to sea. Outfitting of similar BWTS systems to other sea-going vessels with worldwide operations in compliance with IMO standards.



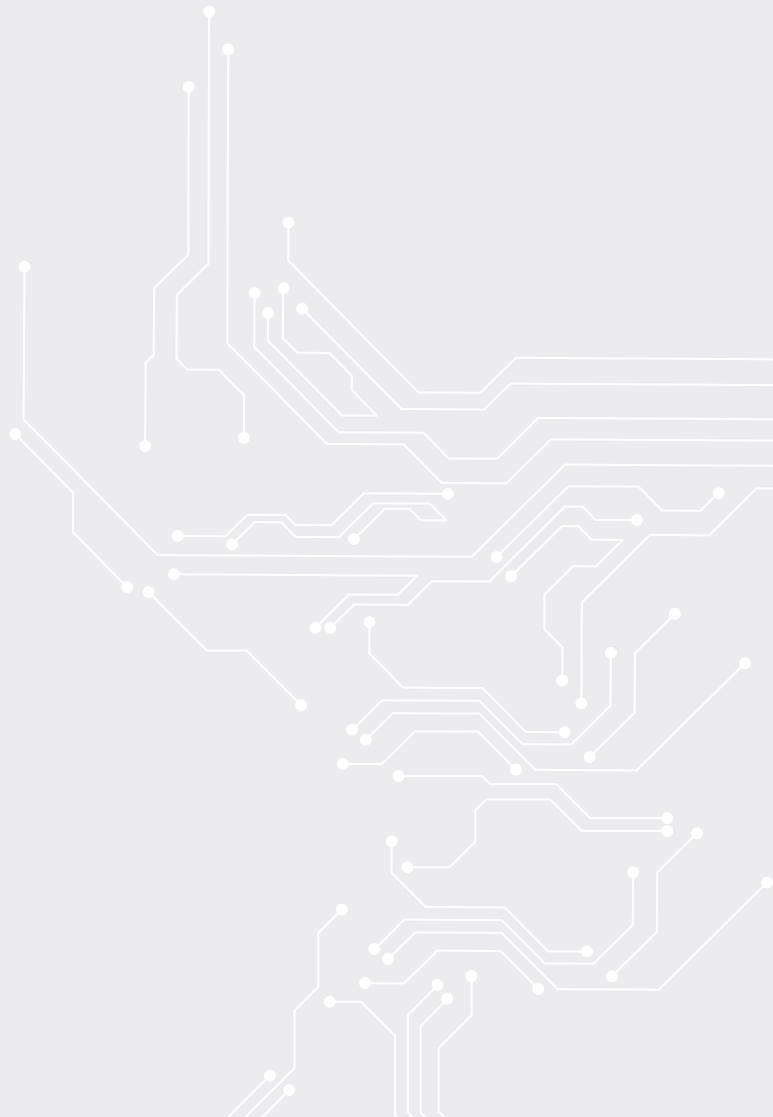
6) Development of Service Operation Vessel (SOV) for windfarms

- Collaboration with Royal IHC on the design and construction of a next generation SOV to support the operations and maintenance of offshore windfarms.
- Designed to meet the evolving needs of the offshore windfarms.
- SOV designed to be ready for net zero emission operations from battery storage system and alternative fuel engines.



7) Development of Heavy Transport Vessel for the windfarm sector with Ulstein

- Engagement of Ulstein Design and Solutions for the design of the DP2 Heavy Transport Vessel.
- Equipped with green/renewable initiatives including Battery Energy Storage Systems and green dual-fuelled engines.
- Large deck area and huge deadweight at a draft allowing entry to most world-wide ports.



VALLIANZ FLEET

SUBMERSIBLE LAUNCH BARGE

| Name | DWT | Topside | Jacket Launch | Year Build |
|-----------------|-----------|----------|-----------------|------------|
| Holmen Atlantic | 16,000 MT | 15,000MT | up to 13,000 MT | 2012 |
| Holmen Pacific | 30,000 MT | 20,000MT | up tp 20,000 MT | 2012 |

ANCHOR HANDLING TUG SUPPLY (DP2)

| Name | BHP | Bollard Pull (T) | Year Build |
|--------------------|-------|------------------|------------|
| Vallianz Commander | 9,000 | 120 | 2012 |
| Vallianz Steadfast | 9,000 | 120 | 2012 |
| Vallianz Premier | 8,080 | 120 | 2011 |
| Vallianz Prelude | 8,080 | 108.8 | 2011 |
| Vallianz Prestige | 8,160 | 120 | 2022 |
| Vallianz Supreme | 7,300 | 90 | 2012 |

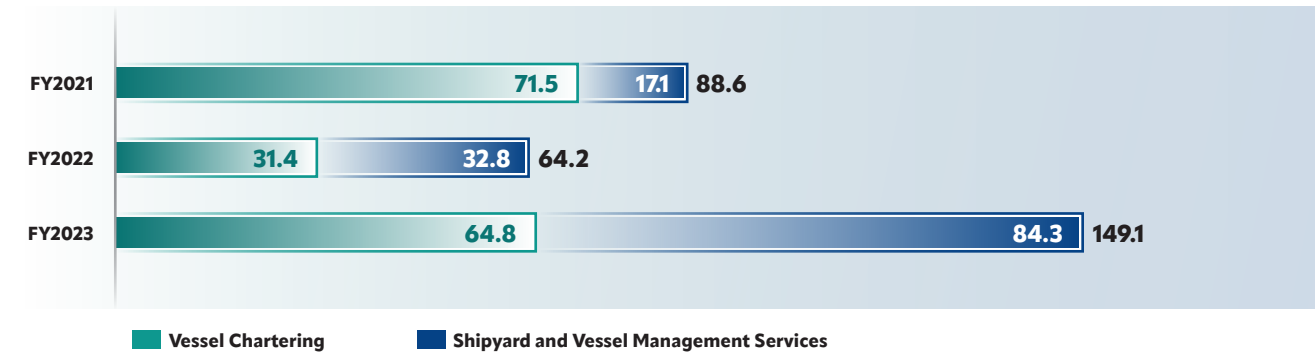
FLAT TOP CARGO BARGE

| Name | Dimensions (ft) | Deck Loading | Year Build |
|----------------------------------|-----------------|-----------------------|------------|
| Vallianz 331 | 330 x 100 x 20 | 25 Ton/m ² | 2014 |
| Prestige 281 (D-2 Compliance) | 282 x 90 x 18 | 20 Ton/m ² | 2023 |
| Prestige 282 (D-2 Compliance) | 280 x 90 x 16 | 20 Ton/m ² | 2023 |
| USP 10 | 180 x 56 x 12 | 10 Ton/m ² | 2014 |

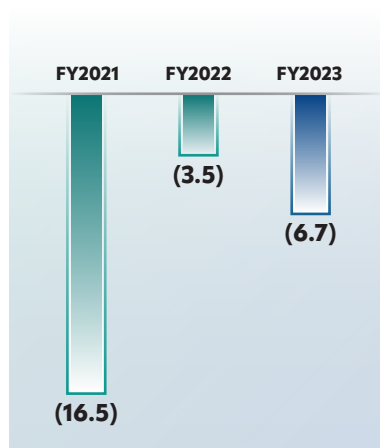
FINANCIAL HIGHLIGHTS

REVENUE

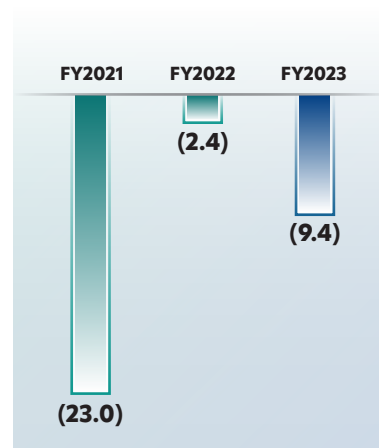
(US\$ Million)



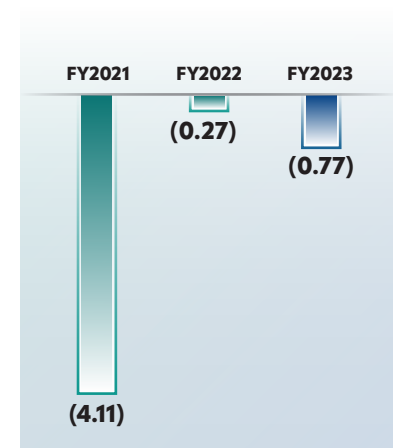
**OPERATING PROFIT/(LOSS) BEFORE
TAX AND EXCEPTIONAL EXPENSES**
(US\$ Million)



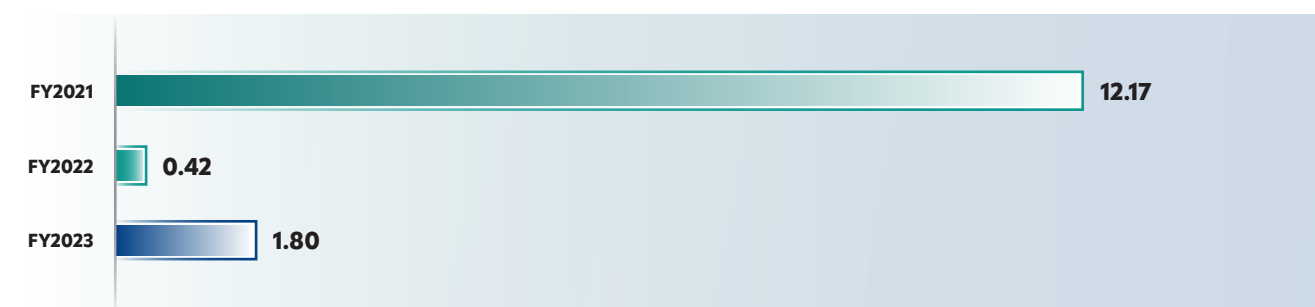
**NET PROFIT/(LOSS) ATTRIBUTABLE
TO OWNERS OF THE COMPANY**
(US\$ Million)



**EARNINGS/(LOSS)
PER SHARE**
(US Cents)



NET ASSET VALUE PER SHARE
(US Cents)



BOARD OF DIRECTORS



MR. OSMAN IBRAHIM
Non-Executive Chairman

Mr. Osman Ibrahim was appointed to the Vallianz Board in December 2021 the Non-Executive Chairman of Vallianz. Mr. Ibrahim joined Rawabi Holding Company Limited ("RHC") in 1989 and has been the Group President & CEO of RHC since January 2009. During his impressive tenure at the RHC Group, Mr. Ibrahim has held several important positions including Group Vice President Finance and Administration and Group Executive Vice President. He plays a vital role in leading RHC's strategic development and expansion of its operations. Prior to joining RHC, Mr. Ibrahim headed the Mergers and Acquisition Department in a consulting firm in Egypt.

Mr. Ibrahim is an Executive Board Member at RHC's Board of Directors and heads the RHC's Board Investment Committee. He is the Chairman of United Safety Ltd.

Canada, Rawabi Archer, Rawabi CETCO, Rawabi Pason and Rawabi Geolog. He is the Vice Chairman of the Board at Egypt-based Magmom Saudi Properties, and a Director at the Boards of Redland Industrial Services (Arabia) Limited and Gabas Albilad Holding Co. Ltd.

Mr. Ibrahim sits on the Board of all RHC's affiliate companies and joint ventures including Rawabi United Safety Services, Rawabi Vallianz Offshore Services Co. Ltd. and Rawabi BUTEC.

Mr. Ibrahim has a background in Finance, Law, COBOL programming management and Strategic Planning. He holds a Bachelor of Science in Accounting and a Master's in Finance. He has attended several executive programs in prestigious universities such as IMD and INSEAD.



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 drives 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.



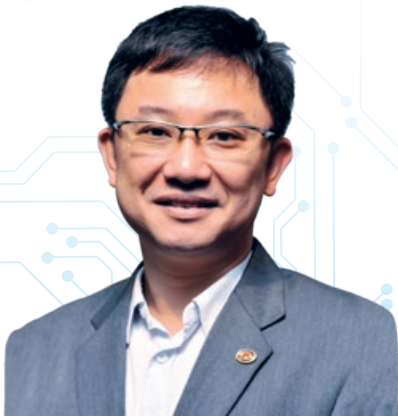
MR. BOTE DE VRIES
Non-Executive Lead Independent Director

Mr. Bote de Vries was appointed to the Vallianz Board 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) and Qua Wonen Building Society Krimpenerwaard. 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.

“ **We believe in innovative thinking and the power of energy to transform the Earth to build a thriving and resilient environment for future generations.** ”

MR. LING YONG WAH
Executive Director and CEO

BOARD OF DIRECTORS

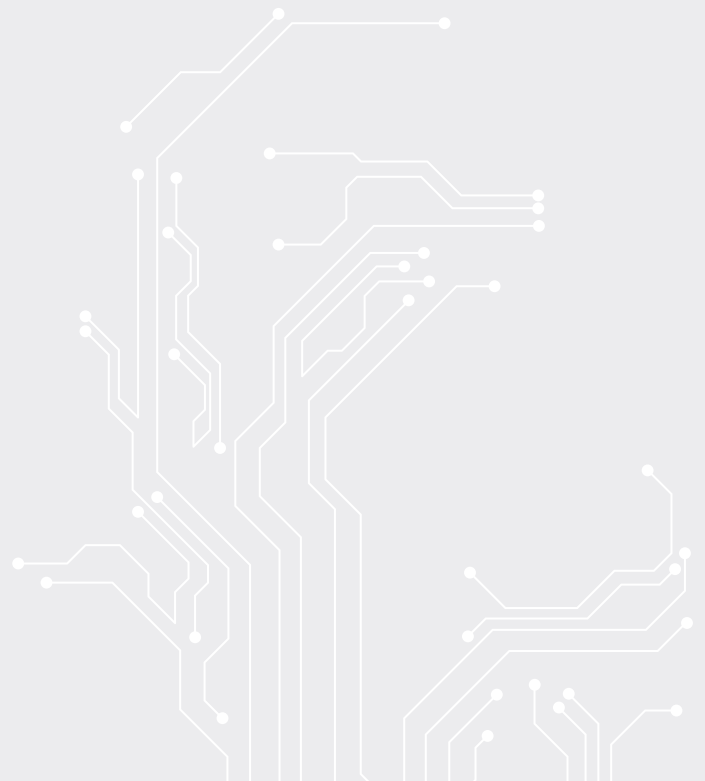


MR. CHONG CHEE KEONG CHRIS
Non-Executive Independent Director

Mr. Chris Chong joined the Vallianz Board in February 2018. He has been in private practice since graduating from the National University of Singapore 1994 with Honours. He founded boutique corporate finance & commercial law practice CHRIS CHONG & C T HO LLP and is instrumental in establishing the firm's good standing in the corporate and investment market in Singapore. His practice also advises issuers, issue managers and trustees of debt and equity securities in corporate and capital markets work of varying degrees of complexity, including fund regulatory advisory on the full spectrum of fund management work, ranging from establishment and structuring of investment funds, to assisting fund managers on their regulatory and compliance issues.

Mr. Chris Chong has sat on the board of public companies listed on the Singapore Exchange as non-executive independent director and acts for banks and corporate clients in corporate mergers and acquisitions, cross-border joint ventures and private equity investments.

His previous professional appointments include being a former appointed committee member of the Singapore-Sichuan Trade & Investment Committee ("**SSTIC**"). He has keen interest in football management and was the Honorary Legal Advisor of Home United Football Club (now known as Lion City Sailors FC), a professional football club of the Singapore Professional Soccer League ("**SPL**") from 2000 to 2019. He is presently a member of the Football Association of Singapore's Community Outreach, Grassroots & Volunteer Committee, and is also involved with advising SPL club Geylang International FC in its corporate restructuring towards privatisation.



CORPORATE SOCIAL RESPONSIBILITY

A DECADE OF COMPASSION AND CARE: TRANSFORMING LIVES WITH CARE CORNER SENIORS SERVICES

Celebrating 12 Years of Partnership with Care Corner Seniors Services

For the past 12 years, Vallianz has had the privilege of collaborating with Care Corner Seniors Services Ltd ("CCSS") to bring compassion and care to the elderly in our community. CCSS has been at the forefront of providing comprehensive support to senior citizens in Singapore. Our partnership has enabled us to make a meaningful impact on their well-being, and we're excited to share some of the highlights from our journey this year.

The Return of Banquets: Rekindling the Spirit of Celebration

Throughout the years, we have continuously adapted our initiatives to best serve the needs of the seniors at CCSS. Traditionally, we organized grand dinner banquets to celebrate special occasions together. However, due to the COVID-19 Safe Management Measures, we had to modify our approach and provide packed lunches instead. Despite the necessary change, our commitment to fostering a joyful and communal atmosphere remained unwavering.

In early 2023, with the lifting of the COVID-19 Safe Management Measures, we were thrilled to welcome the return of our grand dinner banquets in collaboration with CCSS. We were excited to gather once again in a larger setting and create unforgettable experiences for the seniors. These banquets not only provide a festive celebration but also served as an opportunity for the elderly to connect, forge new friendships, and feel the warmth of a supportive community.



Festive Joy: Spreading Cheer during the Mid-Autumn Festival

During the Mid-Autumn Festival, we continued our tradition of distributing delightful mooncakes, symbolic of togetherness and unity. Together with bento lunches, the fragrant flavors and shared indulgence of mooncakes evoked fond memories and created a sense of connection among the elderly, reminding them of the joyous spirit of the festival.

Supporting the Hot Meals Program: Nourishing Seniors Every Day

Throughout our partnership with CCSS, we have remained dedicated to supporting the Hot Meals Program. We understand the importance of regular and nutritious meals for the well-being of seniors. By contributing to this program, we ensure that elderly individuals have access to healthy and balanced meals daily. This support not only promotes their physical health but also enhances their overall quality of life.



Continued Dedication: Looking Ahead

As we reflect on the past 12 years of collaboration with CCSS, we are filled with gratitude for the opportunity to make a positive impact in the lives of seniors in our community. Our partnership with CCSS have been a testament to the transformative power of compassion and care. As we continue this meaningful journey together, we remain committed to uplifting the lives of seniors and creating a society where they are valued, cherished, and celebrated.

CORPORATE INFORMATION

(As at the date of this Annual Report)

BOARD OF DIRECTORS

Mr. Osman Ibrahim
Non-Executive Chairman

Mr. Ling Yong Wah
Executive Director and CEO

Mr. Bote de Vries
Non-Executive Lead Independent Director

Mr. Chong Chee Keong Chris
Non-Executive Independent Director

COMPANY SECRETARY

Ms. Chong Pei Wen

AUDIT COMMITTEE

Mr. Bote de Vries (Chairman)
Mr. Chong Chee Keong Chris
Mr. Osman Ibrahim

REMUNERATION COMMITTEE

Mr. Chong Chee Keong Chris (Chairman)
Mr. Bote de Vries
Mr. Osman Ibrahim

NOMINATING COMMITTEE

Mr. Chong Chee Keong Chris (Chairman)
Mr. Bote de Vries
Mr. Osman Ibrahim

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

CLA Global TS Public Accounting Corporation
(Formerly known as Nexia TS Public Accounting Corporation)
80 Robinson Road, #25-00,
Singapore 068898

Partner-in-charge: Mr. Loh Ji Kin
(From financial year 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.vallianzhholdings.com

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("**Board**") of Vallianz Holdings Limited ("**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 recognises that good corporate governance is imperative for sustained growth and investor confidence.

This Corporate Governance Statement outlines the Company's corporate governance processes and activities that are in place, with specific reference to the Code of Corporate Governance 2018 ("**Code**").

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 Annual 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.

| | |
|----------------------------|--|
| Mr. Osman Ibrahim | Non-Executive and Non-Independent Chairman |
| Mr. Ling Yong Wah | Executive Director and Chief Executive Officer |
| Mr. Bote de Vries | Non-Executive Lead Independent Director |
| Mr. Chong Chee Keong Chris | Non-Executive Independent Director |

The Company has also identified Mr. Kevin Wong Chee Fatt ("**Mr. Kevin Wong**") as a suitable candidate to be appointed to the Board as a Non-Executive Independent Director of the Company and is putting forth Mr. Kevin Wong's appointment for shareholders' approval at the forthcoming AGM. If approved, Mr. Kevin Wong's appointment as a Non-Executive Independent Director of the Company will take effect from 1 October 2023. Further details of Mr. Kevin Wong are set out under the Section Disclosure of information on Directors Seeking Re-election/Appointment of this Corporate Governance Statement.

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

- 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 recognising 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. On an annual basis, each director is also required to submit details of his associates for the purpose of monitoring interested person transactions. 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 familiarise them with the 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.

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 the Board 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 equip Directors with relevant sustainability knowledge, all Directors have completed their mandatory sustainability training.

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 to 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 criterion to measure their contributions. The Board also takes into account the contributions by the Directors in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

CORPORATE GOVERNANCE STATEMENT

During FY2023, 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 | 2 | 3 | 1 | 1 |
| Directors / Members | Number of meetings attended | | | |
| Mr. Osman Ibrahim | 2 | 3 | 1* | 1* |
| Mr. Ling Yong Wah | 2 | 3 | 1* | 1* |
| Mr. Bote de Vries | 2 | 3 | 1 | 1 |
| Mr. Chong Chee Keong Chris | 2 | 3 | 1 | 1 |
| Mr. Yeo Chee Neng ⁽¹⁾ | 2 | 2* | 1* | 1* |
| Mr. Poon Siew Loong ⁽²⁾ | 1 | 1 | 1 | 1 |

* Attended by invitation

Notes:

(1) Mr. Yeo Chee Neng resigned as the Executive Director and Vice Chairman on 31 December 2022.

(2) Mr. Poon Siew Loong resigned as the Non-Executive Independent Director on 27 June 2022.

Management recognises 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 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 Annual Report, the Board comprises one (1) Executive Director, one (1) Non-Executive Non-Independent Director and two (2) Non-Executive Independent Directors.

| Name of Directors | Board of Directors | AC | NC | RC |
|----------------------------|---|----------|----------|----------|
| Mr. Osman Ibrahim | Non-Executive Non-Independent Director (Chairman) | Member | Member | Member |
| Mr. Ling Yong Wah | Executive Director (CEO) | – | – | – |
| Mr. Bote de Vries | Non-Executive Lead Independent Director | Chairman | Member | Member |
| Mr. Chong Chee Keong Chris | Non-Executive Independent Director | Member | Chairman | Chairman |

Provision 2.2 of the Code requires independent directors to make up a majority of the Board, where the Chairman is not independent and Provision 2.3 of the Code requires non-executive directors to make up a majority of the Board.

The Company complies with Provision 2.3 of the Code as it has a majority of three (3) out of four (4) Directors on the Board who are non-executive Directors.

CORPORATE GOVERNANCE STATEMENT

However, the Company does not comply with Provision 2.2 of the Code as the Chairman is not independent and its Independent Directors do not make up majority of the Board. Nevertheless, as set out earlier, the Company has identified Mr. Kevin Wong as a suitable candidate to be appointed as a Non-Executive Independent Director of the Company and is putting forth Mr. Kevin Wong's appointment for shareholders' approval at the forthcoming AGM. If approved, Mr. Kevin Wong's appointment as a Non-Executive Independent Director of the Company will take effect from 1 October 2023. In addition, he will be appointed as a member of the AC, NC and RC of the Company. Accordingly, the Company will be able to comply with Provision 2.2 of the Code upon Mr. Kevin Wong's appointment.

The NC has reviewed the size and composition of the Board and Board Committees and with the concurrence of the Board, is of the view that the current Board composition (including the appointment of the new Non-Executive Independent Director to the Board) provides diversity and has the appropriate mix of expertise and experience.

The Board has established the Board Diversity Policy and embraces a diverse, inclusive and collaborative culture. The Board acknowledges and accepts the benefits of diversity on the Board, and views diversity at the Board level as being a critical and essential element in supporting the attainment of its strategic objectives and its sustainable development. A diverse Board will include and make good use of differences amongst Directors in terms of skills, experience, background, gender, age, ethnicity and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including but not limited to those described above, 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.

The NC will monitor the implementation of the Board Diversity Policy and report annually in the Corporate Governance Statement on the Board's composition in terms of diversity. The NC will review this policy as and when appropriate to ensure its effectiveness. The NC will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

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 definition of what constitutes an Independent Director as set out in the Catalist Rules and the Code, in its review.

The criteria for independence are determined based on the definition provided in the Code and the Catalist Rules, 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.

CORPORATE GOVERNANCE STATEMENT

- (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 (subject to the new Catalist Rule 406(3)(d)(iv) as further elaborated below); and
 - (iv) is not directly associated with a substantial shareholder of the Company.
- (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 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 and the Catalist Rules.

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.

With effect from 11 January 2023, Rule 406(3)(d)(iv) of the Catalist Rules states that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. As announced in the Responses to Comments on Consultation Paper dated 11 January 2023, there will be a one-year transition period to the above-mentioned rule and as such, the nine-year limit will be implemented at issuer’s AGMs held for the financial year ended on or after 31 December 2023.

As at the date of this Annual Report, save for Mr. Bote de Vries (“**Mr. de Vries**”), who was appointed to the Board on 6 September 2010, none of the Non-Executive Independent Directors have served the Board beyond nine (9) years from the date of first appointment. Mr. de Vries was subject to the two-tier voting process during the AGM held on 29 July 2021 and was approved by shareholders for his continued appointment as a Non-Executive Independent Director of the Company for a three-year term. In view of Rule 406(3)(d)(iv), Mr. de Vries may continue to be considered independent until the conclusion of the next AGM of the Company to be held in 2024.

The NC and Board have also 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 were not in any way affected or impaired by the length of his 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.

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 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 16 to 18 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3: 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.

Mr. Osman Ibrahim ("**Mr. Osman**") assumes the leadership role and responsibilities as the Chairman of the Group while Mr. Ling Yong Wah ("**Mr. Ling**"), as the CEO, assumes 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 between the Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and CEO are not related.

The CEO, will lead Management in setting strategies, objectives and missions and are responsible for the daily management and operations of the Group. The role of the CEO 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 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.

The CEO's performance and remuneration are reviewed annually by the NC and the RC, whose members comprise all Non-Executive Directors of the Company, the majority of whom are independent. 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 Independent Director, the Independent Directors will meet (via electronic means or otherwise) periodically without the presence of the other non-independent Directors and Management, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

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

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.

Provision 4.2 of the Code requires the NC to comprise at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

The Company's NC presently comprises Mr. Chong Chee Keong Chris ("**Mr. Chong**") (Non-Executive Independent Director), Mr. de Vries (Lead Independent Director) and Mr. Osman (Non-Executive and Non-Independent Chairman).

CORPORATE GOVERNANCE STATEMENT

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the performance and contribution of each 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 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 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 for FY2023

It is mandatory for the NC to review annually whether a director is independent based on the Catalist Rules and guidelines of the Code as mentioned under Principle 2 above. The independence of each Director will be reviewed annually by the NC and the Board. Each Non-Executive 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. The Non-Executive 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 Non-Executive 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 two (2) Non-Executive Independent Directors are independent. None of the Non-Executive Independent Directors has any relationship including immediate family relationship with the other Directors, the Company or its substantial shareholders.

CORPORATE GOVERNANCE STATEMENT

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.

Mr. Chong Chee Keong Chris will stand for re-election and re-appointment at the forthcoming AGM pursuant to Article 105 of the Company's Constitution.

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.

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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 Annual 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 over in the preceding three years are as follows:

Mr. Osman Ibrahim – Non-Executive Director (Chairman)

| | |
|---|---|
| Date of appointment | 8 December 2021 |
| Date of last re-election | 22 July 2022 |
| 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 | <ul style="list-style-type: none"> • Group President and CEO of Rawabi Holding Group of Companies • Non-Executive Chairman of Vallianz Holdings Limited |

Mr. Ling Yong Wah – Executive Director (CEO)

| | |
|---|---|
| Date of appointment | 17 March 2014 |
| Date of last re-election | 22 July 2022 |
| 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 | Lead Independent Director of Frencken Group Limited |
| Principal Commitments | Executive Director and CEO of Vallianz Holdings Limited |

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

| | |
|---|--|
| Date of appointment | 6 September 2010 |
| Date of last re-election | 29 July 2021 |
| 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 | <ul style="list-style-type: none"> • Managing Director of Finamar B.V. • Non-executive board positions:- <ul style="list-style-type: none"> - Dutch Investment Fund for Seagoing Vessels (NBZ) - NNPC (P&I Club) - Qua Wonen Building Society Krimpenerwaard |

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 |

CORPORATE GOVERNANCE STATEMENT

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 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 directors, 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.

The performance of each Director 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 FY2023. 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. In addition, the appointment of Mr. Kevin Wong as the new Non-Executive Independent Director will further enhance the effectiveness of the Board. The NC will review the appropriateness of the Board size and composition 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.

Provision 6.2 of the Code requires the RC to comprise at least three directors, all of whom are non-executive directors, and the majority of whom, including the RC Chairman, are independent.

The Company's RC presently comprises Mr. Chong (Non-Executive Independent Director), Mr. de Vries (Lead Independent Director) and Mr. Osman (Non-Executive, Non-Independent Chairman). Mr. Chong is the Chairman of the RC. Accordingly, the Company is currently in compliance with Provision 6.2 of the Code.

The RC is responsible for:

- (a) recommending to the Board a framework of remuneration for the Directors, CEO and key management personnel;
- (b) determining specific remuneration packages for each Director and key management personnel;

CORPORATE GOVERNANCE STATEMENT

- (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 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 Director and key management personnel for recommendation to the Board. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and key management personnel.

In determining remuneration packages of the Executive Director and key management personnel, the RC will ensure that the Executive Director and key management personnel 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 Director's and key management personnel's 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 Independent 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 FY2023.

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.

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The RC will also take into account the performance of the Group as well as that of the Executive Director 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 Director and key management personnel to provide good stewardship of the Group and successfully manage the Group for the long term.

The Company has established employment contracts with its Executive Director and key management personnel, whereby the employment contracts can be terminated by either party, giving not less than the required notice to the other. The employment contracts cover the terms of employment and specifically their salaries and bonuses.

The Non-Executive 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.

The RC has reviewed and assessed that the directors' fees of the Non-Executive Directors for FY2024 is appropriate, considering the past track record and expected effort and responsibilities of the said Directors.

There is no contractual provision under the present remuneration structure that allows the Company to reclaim variable incentive components of remuneration from the Executive Director and key executives. However, in alignment with the current regulatory standards, the variable incentives of the Executive Director 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.

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 FY2023:

| Remuneration Band and Name of Directors | Salary ⁽¹⁾ % | Bonus ⁽²⁾ % | Directors' Fees % | Others Benefits % | Total % |
|--|----------------------------|---------------------------|-------------------------|-------------------------|------------|
| S\$500,001 to S\$750,000 | | | | | |
| Yeo Chee Neng ⁽³⁾ | 85 | 1 | 4 | 10 | 100 |
| S\$250,001 to S\$500,000 | | | | | |
| Ling Yong Wah | 83 | 8 | 8 | 1 | 100 |
| S\$250,000 and below | | | | | |
| Osman Ibrahim | – | – | 84 | 16 | 100 |
| Bote de Vries | – | – | 100 | – | 100 |
| Chong Chee Keong Chris | – | – | 100 | – | 100 |
| Poon Siew Loong ⁽⁴⁾ | – | – | 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.

(3) Pro-rated director's remuneration from 1 April 2022 to 31 December 2022.

(4) Pro-rated director's fee from 1 April 2022 to 27 June 2022.

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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 9 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the 9 key executives of the Group (who are not Directors or CEO) for FY2023:

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 | 84 | 15 | 1 | 100 |
| S\$150,000 and below | 5 | 91 | 8 | 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 the FY2023.

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.

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 were adequate and effective as at 31 March 2023.

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 reports to the AC on half-yearly basis.

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The Company had appointed Virtus Assure Pte. Ltd. ("**Virtus**") as internal auditor since 8 December 2020. On an annual basis, the Company's internal auditor will prepare an internal 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;
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 all interested persons transactions.

Based on the internal controls established and maintained by the Company, including the above internal controls implemented, and the reviews performed by the internal auditor, Management and the Board, with the concurrence with the AC, are 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 2023.

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.

Sanctions-related risk

Although the Group operates internationally with overseas customers, none of the Group's personnel or entity is exposed to sanctions-related risks. The Board confirms that there has been no material change in its risk of being subject to any sanctions law. The Board's comment as aforementioned on the adequacy and effectiveness of internal controls and risk management systems included consideration related to any sanctions-related risk. The AC concurred with the Board's said comment.

In view of ongoing geopolitical developments, the Board and AC will continue to monitor such developments and assess the Company's risk of becoming subject to, or violating, any sanctions law and ensure that timely and accurate disclosures are made to the SGX-ST and other relevant authorities on such risks where applicable, and if deemed necessary, engage relevant professional advisers to assist them in such matters.

PRINCIPLE 10: AUDIT COMMITTEE

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

Provision 10.2 of the Code requires that the AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. In addition, at least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The Company's AC currently comprises Mr. de Vries (Lead Independent Director), Mr. Chong (Non-Executive Independent Director) and Mr. Osman (Non-Executive Non-Independent Chairman). Mr. de Vries is the Chairman of the AC. Accordingly, the Company is in compliance with Provision 10.2 of the Code.

Mr. de Vries and Mr. Osman have recent and relevant accounting or financial management expertise or experience. In addition, upon the appointment of Mr. Kevin Wong as the Non-Executive Independent Director and a member of the various Board committees, his long track record of working in the banking industry and financial expertise will also value-add to the effectiveness of the AC. Accordingly, the Board is of the view that the AC members are suitably qualified to discharge the AC's responsibilities.

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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 the shareholders on the appointment, re-appointment and removal of external auditors, and the approval of 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 Catalist Rules 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;
- 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;

CORPORATE GOVERNANCE STATEMENT

- 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;
- 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.

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 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 in place a Whistle Blowing Policy to provide a channel for employees of the Group and independent parties to report, in good faith and in confidence, their concerns about possible improprieties relating to financial reporting or on other matters. The AC oversees the function in the administration of the Whistle Blowing Policy. The Whistle Blowing Policy provides for procedures to ensure that:

- (a) independent investigations are carried out in an appropriate and timely manner;
- (b) appropriate action is taken to correct the weakness in internal controls and policies that allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (c) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

The AC serves as the independent function responsible for oversight and monitoring of whistle-blowing and will investigate reports made in good faith. The Company is committed to ensure whistle-blowers who submit complaints or reports in good faith are protected against any discrimination, retaliation or harassment. The Whistle Blowing Policy has been circulated to all employees. As at the date of this Annual Report, there were no reports received through the whistle blowing mechanism.

The AC conducted an evaluation of the relevant competency of CLA Global TS Public Accounting Corporation ("CLA"), (formerly known as Nexia TS Public Accounting Corporation) for the provision of external audit and was 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\$255,000 for FY2023. 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 recommends the re-appointment of CLA at the forthcoming AGM.

The Group has appointed different auditors for its Singapore and overseas subsidiaries during FY2023.

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.

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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, key management personnel will be invited to attend the Board/AC meetings to answer queries and provide detailed insights into their area of operations. The AC is 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 key management personnel 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 has been 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.

The internal auditor's primary reporting line is to the AC Chairman. Procedures are in place for the internal auditor to report its findings and recommendations independently to the AC. The AC will review the internal audit plan to ensure that the scope 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 relevant key Management. The internal auditor's summary of findings and recommendations are discussed at the AC meetings on a half-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 SGXNET. Reports or circulars are made available to all shareholders via the Company's website and SGXNET and where applicable, physical copies are also dispatched to 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.

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All 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.

All Directors have attended the last AGM held on 22 July 2022 held via electronic means.

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.

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 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 22 July 2022, the Company had put all the resolutions tabled to vote by poll. The voting results of all votes cast in respect of each resolution and the respective percentages were displayed during the AGM and announced in a timely manner via SGXNET after the AGM.

As the authentication of shareholder identity 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 meeting held in FY2022 was published on the Company's corporate website and the SGXNET within one month from 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 FY2023 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.

CORPORATE GOVERNANCE STATEMENT

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 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 SGXNET and 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.

Shareholders who have any inquiries concerning the Company are encouraged to contact the aforementioned investor relations team. The Company endeavours to provide prompt and timely responses to address shareholders' questions and concerns.

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 its 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 July 2023.

CORPORATE GOVERNANCE STATEMENT

INTERESTED PERSON TRANSACTIONS

The Company has in place the RHC IPT Mandate and the HOL IPT Mandate (as defined in the circular to shareholders dated 16 July 2023 to renew these general mandates at the forthcoming AGM).

Disclosure in compliance with Rule 907

In compliance with Rule 907 of the Catalist Rules, there were no transactions with interested persons for FY2023 which exceeds the stipulated threshold except as disclosed below:

| Name of Interested person and 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 and its subsidiaries (" RHC Group ") ⁽¹⁾ RHC is a controlling shareholder of the Company | | |
| Interests on shareholder's advances paid to the RHC Group | US\$1,285,164 | Not applicable |
| Obtaining other goods and services from the RHC Group | Not applicable | US\$533,380 |
| Chartering of vessels from the RHC Group | Not applicable | US\$6,597,379 |
| Chartering of vessels to the RHC Group | Not applicable | US\$41,010,620 |
| Provision of project management services to the RHC Group | Not applicable | US\$348,087,180 |
| (b) IPTs with Holmen Heavylift Offshore Pte. Ltd. (" HOL ") and its subsidiaries (" HOL Group ") ⁽²⁾ HOL Group is 75% owned by the Group and 25% owned by Equatoriale Holdings Limited which is in turn 80% owned by RHC | | |
| Advance provided by the Group to HOL Group | US\$1,580,953 | Not applicable |
| Provision of corporate services to the HOL Group | Not applicable | US\$132,000 |
| Chartering of vessels to the HOL Group | Not applicable | US\$396,000 |
| Provision of shipyard and related services to the HOL Group | Not applicable | US\$1,285,956 |

Notes:

- (1) Interest on shareholder's advances from RHC Group is in relation to the RHC Loan Agreement as approved by shareholders at the EGM held on 27 April 2021. Other ongoing transactions with RHC Group are covered under the RHC IPT Mandate which was last renewed at the AGM held on 22 July 2022. The Company is seeking the renewal of the RHC IPT Mandate at the upcoming AGM which is scheduled to be held on 31 July 2023; and
- (2) Advances provided by the Group to the HOL Group were in relation to the Holmen Loan Agreement to assist HOL Group in servicing its existing bank loans obligations, which was approved by shareholders at the EGM held on 27 April 2021. The other ongoing transactions with the HOL Group are covered under the HOL IPT Mandate which was last renewed at the AGM held on 22 July 2022. The Company is seeking the renewal of the HOL IPT Mandate at the upcoming AGM which is scheduled to be held on 31 July 2023.

CORPORATE GOVERNANCE STATEMENT

MATERIAL CONTRACTS

Save for the service agreement and employment contract entered into between the Executive Director and the Company, RHC Loan Agreement, Holmen Loan Agreement, contracts entered into pursuant to the RHC IPT Mandate and the HOL IPT Mandate, 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 FY2023 or, if not then subsisting, entered into since the end of previous financial year.

DEALINGS IN SECURITIES

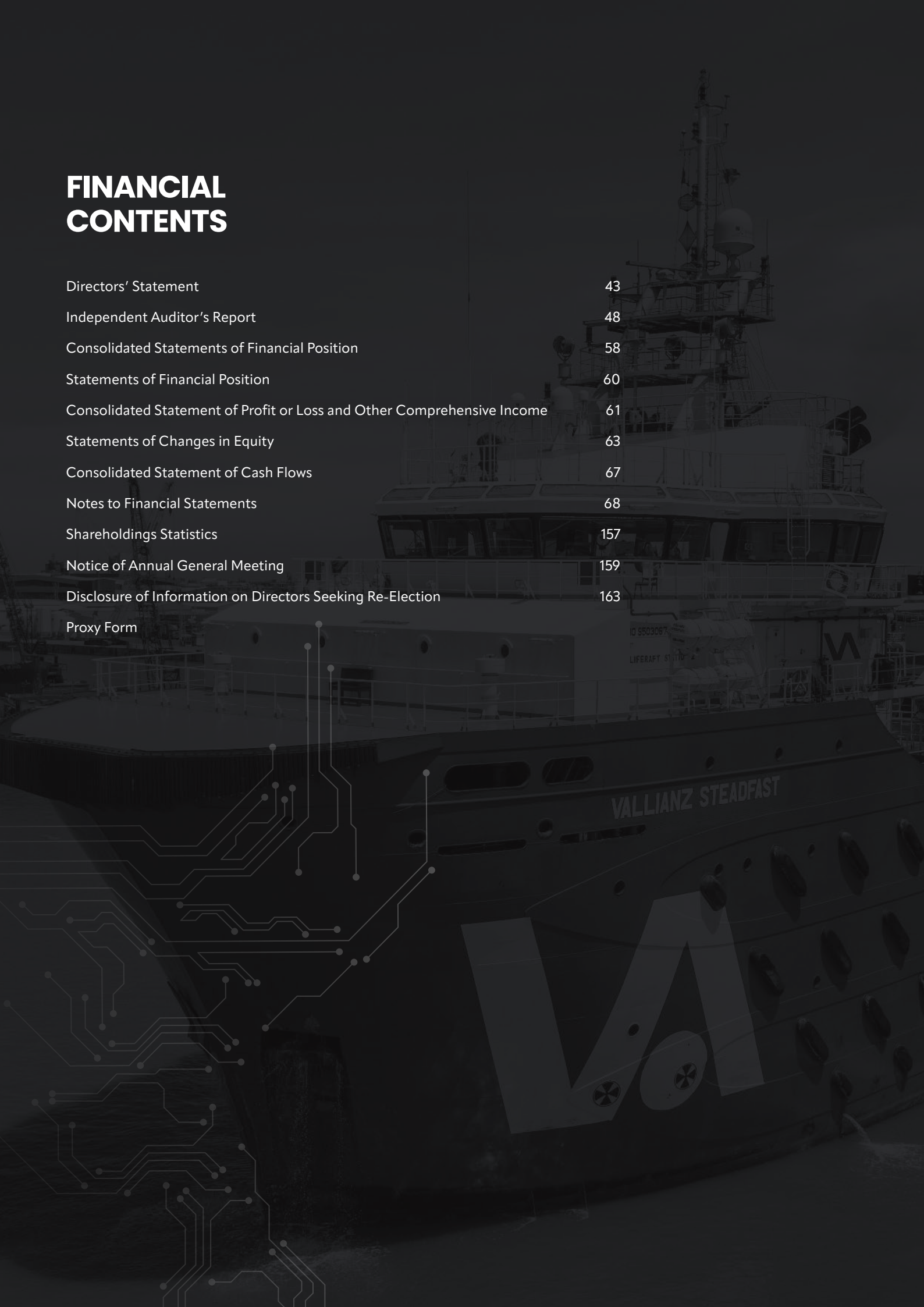
The Company has adopted an internal code on dealings in securities. Directors, senior Management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the year commencing 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 a 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 FY2023.

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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 2023 and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2023.

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 156 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 2023, 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:

Osman Ibrahim
Ling Yong Wah
Bote de Vries
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.

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 end of year | At beginning of year | At end of year | At beginning of year |
| <u>The Company</u> | | | | |
| (Ordinary shares) | | | | |
| Osman Ibrahim | 1,033,333 | 1,033,333* | - | - |
| Ling Yong Wah | 1,526,146 | 1,526,146 | - | - |
| Bote de Vries | 136,666 | 136,666 | - | - |

*Due to an inadvertent oversight, the 1,033,333 Shares (adjusted for share consolidation) in scrip form, was not disclosed since the Director's appointment on 8 December 2021. These Shares were awarded through Vallianz's Performance Share Plan. The Director's interest in the Shares has not changed since issuance and the oversight has been rectified with a Form 1 disclosure on 12 July 2023.

The director's interests in the shares of the Company as at 21 April 2023 are the same as those as at 31 March 2023.

4 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)
 Chong Chee Keong Chris (Non-Executive Independent Director)
 Osman Ibrahim (Non-Executive Non-Independent Director)(Appointed on 23 September 2022)

During the financial year, the Audit Committee held three meetings.

The functions of the Audit Committee include the following:

- review with the Company's external auditors their audit plan, their evaluation of the system of internal accounting controls in the 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;

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

DIRECTORS' STATEMENT

4 AUDIT COMMITTEE (CONT'D)

- make recommendations to the Board on the proposal to the 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;
- 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;

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

DIRECTORS' STATEMENT

4 AUDIT COMMITTEE (CONT'D)

- 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;
- 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, and the statement of financial position and statement of changes in equity of the Company before their submission to the Board.

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 CLA Global TS Public Accounting Corporation for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**DIRECTORS' STATEMENT****5 AUDITORS**

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

ON BEHALF OF THE DIRECTORS

.....
Ling Yong Wah

.....
Bote de Vries

12 July 2023

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 2023, 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 156.

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 Singapore Companies Act 1967 (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 2023 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 2023, the carrying amount of the Group's vessels amounted to US\$56,677,000, representing 21.1% of the Group's total assets.</p> <p>During the financial year ended 31 March 2023, 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 the significant degree of judgement and assumptions involved in determining the recoverable amounts of vessels.</p> | <p>In obtaining sufficient appropriate 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 2023, the Group recorded a net loss of US\$11,276,000. As at 31 March 2023, net current liabilities amounted to US\$16,088,000. The Group has total borrowings and convertible bonds of US\$121,633,000 and US\$45,908,000 respectively, of which US\$34,149,000 are repayable within one year.</p> <p>As disclosed in Notes 3(i), 19 and 26 to the financial statements, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder and the financial covenant of consolidated tangible net worth (Group) under the Restructuring Agreement with two of the financial institutions. In the prior financial year, the Group secured a waiver letter from the sole Perpetual Securities holder covering up to 31 March 2023. Subsequent to the financial year ended 31 March 2023, the Company obtained an extension of waiver which will remain effective till 31 March 2024. As at 31 March 2023, the Group also obtained waiver in principle from two financial institutions to waive the breach of financial covenant up to 31 March 2024.</p> <p>In addition, the Group has breached the financial covenants of positive net profit margin, debt service coverage ratio and debt to equity ratio with another financial institution. The non-current portion of the term loan with the breach for which a waiver letter was not obtained as at 31 March 2023 has been classified as current liabilities. Subsequent to the financial year ended 31 March 2023, the Group has obtained a letter from the financial institution stating that the breach does not affect the credit facility that has been granted, albeit with certain conditions.</p> <p>As disclosed in Note 19, as at the date of this report, the Group has not been served with any notices of events of default for any of its loans.</p> | <p>In obtaining sufficient appropriate audit evidence, the following procedures were performed:</p> <ul style="list-style-type: none"> • 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 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>Assessment of the going concern basis in preparation of the financial statements (CONT'D)</p> <p>Furthermore, during the financial year ended 31 March 2023, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations.</p> <p>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>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 style="list-style-type: none"> • the Group had obtained an extension of waiver up to 31 March 2024 from the sole Perpetual Securities holder for the breach of financial covenants; • the Group had obtained waiver in principle from two of the financial institutions prior to the financial year end; and • the Group has also obtained from its ultimate holding company an undertaking to provide continuing financial and other support as necessary to the Group so as to enable it to continue its operations for the next 12 months from the date of the financial statements and to continue to trade and to meet its financial obligations and commitments. As part of the financial support, the ultimate holding company will not demand the repayment of the advances and is agreeable to classify these shareholder advances amounting to US\$39,838,000 as equity. | |

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>Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.</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 the going concern assumption in preparing the financial statements.</p> <p>In addition, given the geopolitical conflict and other uncertainties in the wider macro environment, any post balance sheet effects that 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 12 to the financial statements)</p> <p>As at 31 March 2023, the carrying amount of the Group's 19.77% equity interest in RVOS amounted to US\$60,853,000, representing 22.7% of the Group's total assets.</p> <p>The management has engaged a third-party independent valuer to assist in the assessment of the fair value of the equity interest in RVOS as at financial year end.</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 equity interest in RVOS as at financial year end.</p> | <p>In obtaining sufficient appropriate audit evidence, the following procedures were performed:</p> <ul style="list-style-type: none"> • Evaluated the objectivity, independence and expertise of the third party independent valuer; • Reviewed management's assessment on classification of the financial assets for interest in RVOS; • 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 and fair value of the interest as at financial year end with the assistance of our valuation specialist; and • Reviewed the disclosures 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 29 to the financial statements)</p> <p>During the financial year ended 31 March 2023, the Group's revenue from vessel chartering income and shipyard and vessel management services income amounted to US\$64,832,000 and US\$84,342,000 respectively.</p> <p>Revenue from vessel chartering comprises time charter, bareboat charter and other ancillary services. Time charter contracts are segregated into a lease component (lease of vessels) and a non-lease component (provision of other ancillary 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.</p> <p>Time charter and bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the leases. Other ancillary services income is accounted for in accordance with SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15") and revenue is recognised at a point in time.</p> <p>Revenue derived from shipyard and vessel management services income is accounted for in accordance with SFRS(I) 15, where revenue is recognised at an amount that reflects the consideration in the contracts at 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 appropriate 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 entered into 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, if any, 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.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore,

12 July 2023

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****31 March 2023**

| | <u>Note</u> | Group | | |
|--|-------------|----------------|------------------------|----------------|
| | | 31 March | 31 March | 1 April |
| | | 2023 | 2022 | 2021 |
| | | US\$'000 | US\$'000 (Restated) | US\$'000 |
| <u>ASSETS</u> | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 7 | 20,778 | 6,835 | 6,713 |
| Trade receivables | 8 | 6,616 | 18,735 | 7,428 |
| Other receivables | 9 | 56,411 | 38,140 | 18,570 |
| Inventories | 10 | 930 | 744 | 725 |
| Contract assets | 11 | - | 760 | - |
| Financial assets at fair value through other comprehensive income | 12 | 31,729 | 31,729 | 31,729 |
| Total current assets | | 116,464 | 96,943 | 65,165 |
| Non-current assets | | | | |
| Monies pledged with banks | 7 | 372 | 699 | 699 |
| Other receivables | 9 | 14,843 | 14,843 | - |
| Financial assets at fair value through other comprehensive income | 12 | 60,853 | 60,853 | - |
| Property, plant and equipment | 13 | 74,728 | 66,983 | 68,233 |
| Right-of-use assets | 14 | 469 | 368 | 600 |
| Associates | 18 | - | - | 175,598 |
| Total non-current assets | | 151,265 | 143,746 | 245,130 |
| Total assets | | 267,729 | 240,689 | 310,295 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****31 March 2023**

| | <u>Note</u> | Group | | |
|---|-------------|-----------|------------------------|-----------|
| | | 31 March | 31 March | 1 April |
| | | 2023 | 2022 | 2021 |
| | | US\$'000 | US\$'000 (Restated) | US\$'000 |
| <u>LIABILITIES AND EQUITY</u> | | | | |
| Current liabilities | | | | |
| Term loans | 19 | 34,149 | 32,209 | 32,680 |
| Trade payables | 20 | 8,139 | 20,726 | 20,642 |
| Other payables | 21 | 38,476 | 44,823 | 38,900 |
| Contract liabilities | 11 | 51,567 | 20,507 | 24,399 |
| Lease liabilities | 22 | 151 | 241 | 225 |
| Income tax payable | | 70 | 100 | 27 |
| Total current liabilities | | 132,552 | 118,606 | 116,873 |
| Non-current liabilities | | | | |
| Term loans | 19 | 87,484 | 91,365 | 142,545 |
| Retirement benefit obligation | | 605 | 582 | 536 |
| Lease liabilities | 22 | 349 | 160 | 382 |
| Deferred tax liabilities | 23 | 1,449 | 1,613 | 1,780 |
| Convertible bonds | 24 | 45,908 | 43,840 | - |
| Total non-current liabilities | | 135,795 | 137,560 | 145,243 |
| Capital and reserves | | | | |
| Share capital | 25 | 382,274 | 382,274 | 347,746 |
| Perpetual capital securities | 26 | 22,500 | 22,500 | 22,500 |
| Foreign currency translation reserve | 27 | (74) | (24) | (46) |
| Shareholder's advances | 28 | 39,838 | 13,675 | 115,582 |
| Equity component of convertible bonds | 24 | 6,719 | 6,679 | - |
| Other reserve | | (625) | (607) | (607) |
| Accumulated losses | | (428,855) | (419,467) | (417,102) |
| Equity attributable to owners of the Company and capital securities holders | | 21,777 | 5,030 | 68,073 |
| Non-controlling interests | 17 | (22,395) | (20,507) | (19,894) |
| Total equity | | (618) | (15,477) | 48,179 |
| Total liabilities and equity | | 267,729 | 240,689 | 310,295 |

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**STATEMENTS OF FINANCIAL POSITION
31 March 2023**

| | <u>Note</u> | <u>Company</u> | |
|--|-------------|-----------------|-----------------|
| | | <u>31 March</u> | <u>31 March</u> |
| | | <u>2023</u> | <u>2022</u> |
| | | <u>US\$'000</u> | <u>US\$'000</u> |
| <u>ASSETS</u> | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 574 | 139 |
| Other receivables | 9 | 500,039 | 470,738 |
| Total current assets | | <u>500,613</u> | <u>470,877</u> |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 2 | 21 |
| Subsidiary corporations | 17 | 454 | 404 |
| Total non-current assets | | <u>456</u> | <u>425</u> |
| Total assets | | <u>501,069</u> | <u>471,302</u> |
| <u>LIABILITIES AND EQUITY</u> | | | |
| Current liabilities | | | |
| Trade payables | 20 | - | 1 |
| Other payables | 21 | 346,113 | 335,782 |
| Total current liabilities | | <u>346,113</u> | <u>335,783</u> |
| Non-current liabilities | | | |
| Convertible bonds | 24 | 45,908 | 43,840 |
| Total non-current liabilities | | <u>45,908</u> | <u>43,840</u> |
| Capital and reserves | | | |
| Share capital | 25 | 382,274 | 382,274 |
| Perpetual capital securities | 26 | 22,500 | 22,500 |
| Shareholder's advances | 28 | 24,490 | - |
| Equity component of Convertible bonds | 24 | 6,719 | 6,679 |
| Other reserve | | 28 | 28 |
| Accumulated losses | | (326,963) | (319,802) |
| Equity attributable to owners of the Company and capital securities holders, representing total equity | | <u>109,048</u> | <u>91,679</u> |
| Total liabilities and equity | | <u>501,069</u> | <u>471,302</u> |

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 2023**

| | <u>Note</u> | <u>2023</u> | <u>2022</u> |
|---|-------------|-----------------|----------------|
| | | US\$'000 | US\$'000 |
| Revenue | 29 | 149,174 | 64,150 |
| Cost of sales | | (136,833) | (68,646) |
| Gross profit / (loss) | | 12,341 | (4,496) |
| Other (loss) / income, net | 30 | (2,164) | 6,342 |
| Administrative expenses | | (7,972) | (7,365) |
| Finance costs | 31 | (8,936) | (6,081) |
| Share of results of associates | 18 | - | 8,052 |
| Operating loss | | (6,731) | (3,548) |
| Exceptional item | 33 | (3,195) | - |
| Loss before tax | | (9,926) | (3,548) |
| Income tax (expense) / credit | 32 | (1,350) | 70 |
| Loss for the year | 33 | (11,276) | (3,478) |
| Other comprehensive (loss) / income: | | | |
| <u>Item that may be reclassified subsequently to profit or loss</u> | | | |
| Exchange differences on translation of foreign operations | 27 | (50) | 22 |
| Actuarial loss on post-employment benefit obligation | | (18) | - |
| Other comprehensive (loss) / income for the year, net of tax | | (68) | 22 |
| Total comprehensive loss for the year | | (11,344) | (3,456) |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)****Year ended 31 March 2023**

| | <u>Note</u> | <u>2023</u> | <u>2022</u> |
|--|-------------|-----------------|----------------|
| | | US\$'000 | US\$'000 |
| Loss for the year attributable to: | | | |
| Owners of the Company | | (9,388) | (2,365) |
| Non-controlling interests | | (1,888) | (1,113) |
| | | <u>(11,276)</u> | <u>(3,478)</u> |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (9,456) | (2,343) |
| Non-controlling interests | | (1,888) | (1,113) |
| | | <u>(11,344)</u> | <u>(3,456)</u> |
| Loss per share (US cents) | | | |
| Basic | 34 | <u>(0.77)</u> | <u>(0.27)</u> |
| Diluted | 34 | <u>(0.77)</u> | <u>(0.27)</u> |

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2023

| | Share capital US\$'000 | Perpetual capital securities US\$'000 | Foreign currency translation reserve US\$'000 | Shareholder's advances US\$'000 | Other reserve US\$'000 | Accumulated losses US\$'000 | Equity component of convertible bonds 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 2022 | 382,274 | 22,500 | (24) | 13,675 | (607) | (419,467) | 6,679 | 5,030 | (20,507) | (15,477) |
| Total comprehensive loss for the year | | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (9,388) | - | (9,388) | (1,888) | (11,276) |
| Other comprehensive loss for the year | - | - | (50) | - | (18) | - | - | (68) | - | (68) |
| Total | - | - | (50) | - | (18) | (9,388) | - | (9,456) | (1,888) | (11,344) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Deemed investment by a Shareholder, net (Note 28) | - | - | - | 26,163 | - | - | - | 26,163 | - | 26,163 |
| Total | - | - | - | 26,163 | - | - | - | 26,163 | - | 26,163 |
| Recognition of equity component of convertible bonds | - | - | - | - | - | - | 40 | 40 | - | 40 |
| At 31 March 2023 | 382,274 | 22,500 | (74) | 39,838 | (625) | (428,855) | 6,719 | 21,777 | (22,395) | (618) |

Group

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2023

| | 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 component of convertible bonds 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 |
|--|---------------------------|--|--|-----------------------------------|---------------------------|--------------------------------|---|---|---------------------------------------|-------------------|
| Group (CONT'D) | | | | | | | | | | |
| At 1 April 2021 | 347,746 | 22,500 | (46) | 115,582 | (607) | (417,102) | - | 68,073 | (19,894) | 48,179 |
| Total comprehensive loss for the year | | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (2,365) | - | (2,365) | (1,113) | (3,478) |
| Other comprehensive income for the year | - | - | 22 | - | - | - | - | 22 | - | 22 |
| Total | - | - | 22 | - | - | (2,365) | - | (2,343) | (1,113) | (3,456) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Deemed repayment by a Shareholder, net | - | - | - | (67,379) | - | - | - | (67,379) | - | (67,379) |
| Conversion of shareholders' advances to ordinary shares | 34,528 | - | - | (34,528) | - | - | - | - | - | - |
| Allotment of shares to minority shareholders (Note 17) | - | - | - | - | - | - | - | - | 500 | 500 |
| Total | 34,528 | - | - | (101,907) | - | - | - | (67,379) | 500 | (66,879) |
| Recognition of equity component of convertible bonds | - | - | - | - | - | - | 6,679 | 6,679 | - | 6,679 |
| At 31 March 2022 | 382,274 | 22,500 | (24) | 13,675 | (607) | (419,467) | 6,679 | 5,030 | (20,507) | (15,477) |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2023

| Company | Share capital US\$'000 | Perpetual capital securities US\$'000 | Shareholder's advance US\$'000 | Other reserve US\$'000 | Accumulated losses US\$'000 | Equity component of convertible bonds US\$'000 | Total equity US\$'000 |
|--|---------------------------|--|-----------------------------------|---------------------------|--------------------------------|---|--------------------------|
| At 1 April 2022 | 382,274 | 22,500 | - | 28 | (319,802) | 6,679 | 91,679 |
| Total comprehensive loss for the year | | | | | | | |
| Loss for the year | - | - | - | - | (7,161) | - | (7,161) |
| Total | - | - | - | - | (7,161) | - | (7,161) |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Deemed investment by a shareholder | - | - | 24,490 | - | - | - | 24,490 |
| Total | - | - | 24,490 | - | - | - | 24,490 |
| Recognition of equity component of convertible bonds | - | - | - | - | - | 40 | 40 |
| At 31 March 2023 | 382,274 | 22,500 | 24,490 | 28 | (326,963) | 6,719 | 109,048 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2023

| <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 | Equity component of convertible bonds US\$'000 | Total equity US\$'000 |
|---|---------------------------|--|-----------------------------------|---------------------------|--------------------------------|---|--------------------------|
| At 1 April 2021 | 347,746 | 22,500 | 108,251 | 28 | (318,631) | - | 159,894 |
| Total comprehensive loss for the year | | | | | | | |
| Loss for the year | - | - | - | - | (1,171) | - | (1,171) |
| Total | - | - | - | - | (1,171) | - | (1,171) |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Deemed repayment by a shareholders (Note 28) | - | - | (73,723) | - | - | - | (73,723) |
| Conversion of shareholders' advances to ordinary shares (Note 25) | 34,528 | - | (34,528) | - | - | - | - |
| Total | 34,528 | - | (108,251) | - | - | - | (73,723) |
| Recognition of equity component of convertible bonds | - | - | - | - | - | 6,679 | 6,679 |
| 31 March 2022 | 382,274 | 22,500 | - | 28 | (319,802) | 6,679 | 91,679 |

See accompanying notes to financial statements.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**CONSOLIDATED STATEMENT OF CASH FLOWS****Year ended 31 March 2023**

| | 2023 | 2022 |
|--|---------------|------------------------|
| | US\$'000 | US\$'000 (Restated) |
| Operating activities | | |
| Loss before tax | (9,926) | (3,548) |
| Adjustments for: | | |
| Loss allowance for trade and other receivables (Note 30) | 1,610 | 961 |
| Bad debts written off (Note 30) | 565 | 1,040 |
| Creditors written back (Note 30) | - | (2,253) |
| Depreciation of property, plant and equipment (Note 13) | 6,156 | 5,837 |
| Depreciation of right-of-use assets (Note 14) | 260 | 232 |
| Provision for retirement benefit obligation | 23 | 46 |
| Finance costs | 8,936 | 6,081 |
| Loss on disposal of property, plant and equipment | 2,480 | - |
| Gain on disposal of associates (Note 30) | - | (6,383) |
| Unrealised foreign exchange differences | (52) | 23 |
| Share of results of associates | - | (8,052) |
| Operating cash flows before working capital changes | 10,052 | (6,016) |
| Trade and other receivables | (8,327) | (32,878) |
| Trade and other payables | (14,869) | 40,390 |
| Inventories | (186) | (19) |
| Contract assets | 760 | (760) |
| Contract liabilities | 31,060 | (3,892) |
| Cash generated from / (used in) operations | 18,490 | (3,175) |
| Income tax paid | (194) | (24) |
| Net cash generated from / (used in) operating activities | 18,296 | (3,199) |
| Investing activities | | |
| Purchase of property, plant and equipment (Note 13) | (17,601) | (4,587) |
| Proceeds from disposal of investment in associate | - | 2,850 |
| Proceeds from disposal of property, plant and equipment | 1,221 | - |
| Dividend received | - | 4,263 |
| Net cash (used in) / generated from investing activities | (16,380) | 2,526 |
| Financing activities | | |
| Decrease in cash pledged | 327 | - |
| Interest paid | (2,632) | (1,549) |
| Proceeds from new term loans raised | 60 | 2,420 |
| Proceeds from shareholder's advances (Note 28) | 16,535 | 3,701 |
| Principal payment of lease liabilities | (262) | (206) |
| Repayment of term loans | (2,001) | (4,071) |
| Issuance of shares by a subsidiary corporation to non-controlling interest | - | 500 |
| Net cash from financing activities | 12,027 | 795 |
| Net increase in cash and cash equivalents | 13,943 | 122 |
| Cash and cash equivalents at beginning of the year | 6,835 | 6,713 |
| Cash and cash equivalents at end of the year (Note 7) | 20,778 | 6,835 |

See accompanying notes to financial statement.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****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 are detailed in Notes 17 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 2023 were authorised for issue by the Board of Directors on 12 July 2023.

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 Companies Act 1967 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 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interpretations and amendments to published standards effective in 2023

On 1 April 2022, 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, results of subsidiary corporations 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.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiary corporations are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

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 Accounting Standards). 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 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associates.

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

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 (loss) / income, net" line item.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 recognising 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, net' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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, trade receivables and contract assets. 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 and contract assets. 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. However, if 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 (if available) or internal credit rating;
- 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;
- Significant increases in credit risk on other financial instruments of the same 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.

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.

Despite the foregoing, 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 debtor 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 debtor; 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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, except for assets for which the simplified approach was used.

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

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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.

Compound instruments

The component parts of convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. Where the conversion option remains unexercised at the maturity date of the convertible loan notes, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

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 lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The Group has applied the practical expedient which permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification and accordingly has accounted for any change in lease payments resulting from the COVID-19-related rent concessions applying SFRS(I) 16 as if the change were not a lease modification.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its vessels.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease on the same basis as charter hire income. The accounting policy for charter hire income is set out in Note 2 "Revenue". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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.

CASH AND CASH EQUIVALENTS - In the statement of financial position, cash and bank balances comprise cash and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purpose.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

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.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ASSOCIATES - 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.

The results and assets and liabilities of associate 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 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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.

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. 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 when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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, profits and losses are eliminated to the extent of the Group's interest in the relevant associate where material.

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, bareboat charter and other ancillary services. Bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the relevant leases. Other ancillary services income is recognised when services are rendered and the respective performance obligations are satisfied at a point in time.

Charter hire contracts are segregated into a lease component (lease of vessels) and a non-lease component (provision of other ancillary services). 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Shipyard and vessel management services income

Construction income - the Group constructs and sells vessels under long-term contracts with customer. Such contracts are entered into before construction of the vessels begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the vessels to another customer and has an enforceable right to payment for work done. Revenue is recognised over time using the input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Brokerage income - the Group acts as the broker for the customer by sourcing for a vessel that meet the specification requirements of the customer. The performance obligation of brokerage income includes facilitating brokerage arrangement between the customer and the vessel owner. Brokerage income is recognised as a performance obligation satisfied over time based on the time lapse and the service provided stated in the contract at an agreed percentage of lump sum charter hire fee of the vessel.

Vessel management services income - the performance obligation of vessel management income includes technical management service, crew management service and commercial management service which are all highly interrelated. Vessel management income is recognised as a performance obligation satisfied over time in the period in which the services are rendered at an agreed fixed price.

Commission income - commission income from acting as an agent on purchase of vessels on behalf of a related company is recognised in profit or loss when the transaction is completed and the Group's rights to receive the commission income have been established.

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.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary corporations and associates, 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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 is re-attributed to non-controlling interests and is 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.

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 2023

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 2023, the Group recorded a net loss for the year of US\$11,276,000 (31 March 2022: US\$3,478,000). As at 31 March 2023, the Group is in net current liabilities position of US\$16,088,000 (31 March 2022: US\$21,663,000).

As disclosed in Notes 19 and 26 to the financial statements, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder and the financial covenant of consolidated tangible net worth (Group) under the Restructuring Agreement with two of the financial institutions. In the prior financial year, the Group secured a waiver letter from the sole Perpetual Securities holder covering up to 31 March 2023. Subsequent to the financial year ended 31 March 2023, the Company obtained an extension of waiver which will remain effective till 31 March 2024. As at 31 March 2023, the Group also obtained waiver in principle from two financial institutions to waive the breach of financial covenant up to 31 March 2024.

In addition, the Group has breached the financial covenants of positive net profit margin, debt service coverage ratio and debt to equity ratio with another financial institution. The non-current portion of the term loan with the breach for which a waiver letter was not obtained has been classified as current liabilities. Subsequent to the financial year ended 31 March 2023, the Group has obtained a letter from the financial institution stating that the breach does not affect the credit facility that has been granted, albeit with certain conditions.

As disclosed in Note 19, as at date of these financial statements, the Group has not been served with any notices of events of default for any of its loans.

Furthermore, during the financial year ended 31 March 2023, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

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

Financial statements have been prepared on a going concern basis (CONT'D)

The directors are of the view that the Group will be able to meet their obligations in the foreseeable future due to the following:

- the Group had obtained an extension of waiver up to 31 March 2024 from the sole Perpetual Securities holder for the breach of financial covenants;
- the Group had obtained waiver in principle from two of the financial institutions prior to the financial year end; and
- the Group has also obtained from its ultimate holding company an undertaking to provide continuing financial and other support as necessary to the Group so as to enable it to continue its operations for the next 12 months from the date of the financial statements and to continue to trade and to meet its financial obligations and commitments. As part of the financial support, the ultimate holding company will not demand the repayment of the advances and is agreeable to classify these shareholder advances amounting to US\$39,838,000 as equity.

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

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

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

Vessel useful life and impairment (CONT'D)

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.

Estimation of loss allowances

When measuring ECL, the Group and the 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

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

Impairment of investments in subsidiary corporations

Management exercises its judgement in estimating recoverable amounts of its investments in subsidiary corporations 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 the Company consider the respective recoverable amounts 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 are disclosed in Notes 17.

Measurements in financial assets at fair value through other comprehensive income ("FVTOCI")

a) Impairment of financial assets at FVTOCI (unquoted preference shares)

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

b) Fair value measurement of financial assets at FVTOCI (unquoted equity shares)

Management determined the appropriate valuation techniques and inputs for fair value measurement. The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as long-term revenue growth rate, management's experience and knowledge of market conditions of the specific industries. Changes in assumptions relating to these factors could affect the reported fair value of financial assets. See Note 4(b)(vi) for further disclosures.

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

Shipbuilding contracts

The Group recognised revenue from shipbuilding contracts over time using the input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Significant assumptions and judgements are required in determining the extent of the contract costs incurred, the estimated costs to completion, the recoverable amount for any variation work. Estimates of costs to completion which have yet to be contracted for are based on past experience, prevailing market conditions, and factors specific to the shipbuilding contract.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

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

Shipbuilding contracts (CONT'D)

During the course of a project, the contract sum may also be adjusted for variations, omissions and other variable consideration. Variations could relate to unpriced change orders approved by customers for which the subcontracted shipyard will determine and estimate on the transaction price based analogous estimating method.

Management review shipbuilding contracts for foreseeable losses whenever there is indication that the sum of fixed price contract and any variation sums may be lower than the total expected construction cost.

The above judgement and estimates affect the amount of revenue recognised (Note 29), the cost included in cost of sales; the recognised profits included; contract liabilities (Note 11). Management's estimates take into account known significant event and information available when the financial statements are prepared. They are subject to periodic reassessment. Current estimates may be subject to material change in future depending on market conditions and the result of actions to be taken in future.

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 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| | (restated) | | | |
| Financial assets | | | | |
| Financial assets at amortised cost | 56,693 | 47,538 | 500,575 | 470,842 |
| Financial assets at fair value through OCI | 92,582 | 92,582 | - | - |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | 214,156 | 232,963 | 392,021 | 379,623 |
| Lease liabilities | 500 | 401 | - | - |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(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.

(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 2023 US\$'000 | 31 March 2022 US\$'000 | 31 March 2023 US\$'000 | 31 March 2022 US\$'000 |
| Group | | | | |
| SGD | 2,403 | 4,212 | 2,259 | 2,363 |
| Company | | | | |
| SGD | 233 | 696 | 213 | 139 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (Cont'd)

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 | |
|-----|----------|----------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| SGD | (7) | (93) | (1) | (28) |

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 19 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\$826,000 (31 March 2022: increase or decrease by approximately US\$823,000).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (Cont'd)

(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 2023, 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.

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 2023
4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)
(b) Financial risk management policies and objectives (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 2023</u> | | | | | | |
| Trade receivables | 8 | (i) | Lifetime ECL | 6,616 | - | 6,616 |
| Trade receivables | 8 | Doubtful | Lifetime ECL | 2,889 | (2,889) | - |
| Due from outside parties | 9 | Performing | 12-month ECL | 1,448 | - | 1,448 |
| Deposits | 9 | Performing | 12-month ECL | 9,493 | - | 9,493 |
| Due from related company | 9 | Performing | 12-month ECL | 3,143 | - | 3,143 |
| Due from related company | 9 | Doubtful | Lifetime ECL | 82,235 | (67,392) | 14,843 |
| | | | | <u>105,824</u> | <u>(70,281)</u> | <u>35,543</u> |
| <u>31 March 2022</u> (Restated) | | | | | | |
| Trade receivables outside parties | 8 | (i) | Lifetime ECL | 7,837 | - | 7,837 |
| Trade receivables related companies | 8 | (i) | Lifetime ECL | 10,898 | - | 10,898 |
| Trade receivables | 8 | Doubtful | Lifetime ECL | 1,279 | (1,279) | - |
| Due from outside parties | 9 | Performing | 12-month ECL | 656 | - | 656 |
| Deposits | 9 | Performing | 12-month ECL | 3,059 | - | 3,059 |
| Due from related company | 9 | Performing | 12-month ECL | 2,711 | - | 2,711 |
| Due from related company | 9 | Doubtful | Lifetime ECL | 82,235 | (67,392) | 14,843 |
| | | | | <u>108,675</u> | <u>(68,671)</u> | <u>40,004</u> |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)****(b) Financial risk management policies and objectives (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 2023</u> | | | | | | |
| Due from ultimate holding company | 9 | Performing | 12-month ECL | 392 | - | 392 |
| Due from subsidiary corporations | 9 | Performing | 12-month ECL | 499,341 | - | 499,341 |
| Due from subsidiary corporations | 9 | Doubtful | Lifetime ECL | 214,131 | (214,131) | - |
| Due from related companies | 9 | Performing | 12-month ECL | 35 | - | 35 |
| Due from outside companies | 9 | Performing | 12-month ECL | 89 | - | 89 |
| Deposits | 9 | Performing | 12-month ECL | 144 | - | 144 |
| | | | | <u>714,132</u> | <u>(214,131)</u> | <u>500,001</u> |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (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 2022</u> | | | | | | |
| Due from ultimate holding company | 9 | Performing | 12-month ECL | 387 | - | 387 |
| Due from subsidiary corporations | 9 | Performing | 12-month ECL | 470,006 | - | 470,006 |
| Due from subsidiary corporations | 9 | Doubtful | Lifetime ECL | 214,131 | (214,131) | - |
| Due from related companies | 9 | Performing | 12-month ECL | 71 | - | 71 |
| Due from outside companies | 9 | Performing | 12-month ECL | 82 | - | 82 |
| Deposits | 9 | Performing | 12-month ECL | 157 | - | 157 |
| | | | | 684,834 | (214,131) | 470,703 |

- (i) For trade receivables, the Group and the Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine 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 2023

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

(b) Financial risk management policies and objectives (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 58% (31 March 2022: 68%) of the Group's trade and other receivables are due from related companies.

At the end of the reporting period, approximately 99% (31 March 2022: 99%) of the Company's trade and other receivables are due from subsidiary corporations and related companies.

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 is 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 respective counterparties to the guarantees, is US\$170,530,000 (31 March 2022: US\$170,673,000) for guarantees provided to subsidiary corporations and US\$10,660,000 (31 March 2022: US\$12,727,000) for guarantees provided to related company (Note 38). 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.

During the financial year ended 31 March 2023, the Group recorded a net loss for the year of US\$11,276,000 (31 March 2022: US\$3,478,000). As at 31 March 2023, the Group is in net current liabilities position of US\$16,088,000 (31 March 2022: US\$21,663,000).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (Cont'd)

(v) Liquidity risk management (Cont'd)

As disclosed in Notes 19 and 26 to the financial statements, the Group has breached the financial covenants imposed by the sole Perpetual Securities holder and the financial covenant of consolidated tangible net worth (Group) under the Restructuring Agreement with two of the financial institutions. In the prior financial year, the Group secured a waiver letter from the sole Perpetual Securities holder covering up to 31 March 2023. Subsequent to the financial year ended 31 March 2023, the Company obtained an extension of waiver which will remain effective till 31 March 2024. As at 31 March 2023, the Group also obtained waiver in principle from two financial institutions to waive the breach of financial covenant up to 31 March 2024.

In addition, the Group has breached the financial covenants of positive net profit margin, debt service coverage ratio and debt to equity ratio with another financial institution. The non-current portion of the term loan with the breach for which a waiver letter was not obtained has been classified as current liabilities. Subsequent to the financial year ended 31 March 2023, the Group has obtained a letter from the financial institution stating that the breach does not affect the credit facility that has been granted, albeit with certain conditions.

As disclosed in Note 19, as at date of these financial statements, the Group has not been served with any notices of events of default for any of its loans.

Furthermore, during the financial year ended 31 March 2023, the Group has been receiving advances from its ultimate holding company to support its loan repayments and operations.

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.

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:

- the Group had obtained an extension of waiver up to 31 March 2024 from the sole Perpetual Securities holder for the breach of financial covenants;
- the Group had obtained waiver in principle from two of the financial institutions prior to the financial year end; and
- the Group has also obtained from its ultimate holding company an undertaking to provide continuing financial and other support as necessary to the Group so as to enable it to continue its operations for the next 12 months from the date of the financial statements and to continue to trade and to meet its financial obligations and commitments. As part of the financial support, the ultimate holding company will not demand the repayment of the advances and is agreeable to classify these shareholder advances amounting to US\$39,838,000 as equity.

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

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (Cont'd)**(v) Liquidity risk management (Cont'd)**

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.

*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 2023</u> | | | | | | |
| Non-interest bearing | - | 46,615 | - | - | - | 46,615 |
| Lease liabilities (fixed rate) | 5.25 | 151 | 349 | - | - | 500 |
| Variable interest rate instruments | 5.35 | 33,427 | - | 192,159 | (60,465) | 165,121 |
| Fixed interest rate instruments | 6.90 | 2,587 | - | - | (167) | 2,420 |
| | | <u>82,780</u> | <u>349</u> | <u>192,159</u> | <u>(60,632)</u> | <u>214,656</u> |
| <u>31 March 2022</u> | | | | | | |
| Non-interest bearing (restated) | - | 65,549 | - | - | - | 65,549 |
| Lease liabilities (fixed rate) | 5.25 | 241 | 160 | - | - | 401 |
| Variable interest rate instruments | 1.93 | 32,341 | - | 151,773 | (19,600) | 164,514 |
| Fixed interest rate instruments | 5.60 | 507 | 2,660 | - | (267) | 2,900 |
| | | <u>98,638</u> | <u>2,820</u> | <u>151,773</u> | <u>(19,867)</u> | <u>233,364</u> |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (Cont'd)

| | 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 |
| Company | | | | | | |
| <u>31 March 2023</u> | | | | | | |
| Non-interest bearing | - | 346,113 | - | - | - | 346,113 |
| Variable interest rate instruments | 5.35 | - | - | 66,133 | (20,225) | 45,908 |
| | | <u>346,113</u> | <u>-</u> | <u>66,133</u> | <u>(20,225)</u> | <u>392,021</u> |
| <u>31 March 2022</u> | | | | | | |
| Non-interest bearing | - | 335,783 | - | - | - | 335,783 |
| Variable interest rate instruments | 1.5 | - | - | 48,655 | (4,815) | 43,840 |
| | | <u>335,783</u> | <u>-</u> | <u>48,655</u> | <u>(4,815)</u> | <u>379,623</u> |

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\$372,000 (31 March 2022: US\$699,000). All financial assets are non-interest bearing.

(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).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2023

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

(b) Financial risk management policies and objectives (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 2023 | 31 March 2022 | | | | |
| | US\$'000 | US\$'000 | | | | |
| Group | | | | | | |
| - Unquoted equity shares | 60,853 | 60,853 | Level 3 | Income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee. | a) Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 3.0% to 10.0% per annum. b) Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 13.8% to 15.9%. | a) The higher the revenue growth rate, the higher the fair value. If the revenue growth was 1% higher/lower while all other variables were held constant, the carrying amount would increase/ decrease by US\$7,190,000/\$(6,984,000). b) The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was 1% higher/lower while all other variables were held constant, the carrying amount would increase/ decrease by US\$7,348,000. |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (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 2023 | 31 March 2022 | | | | |
| Group | US\$'000 | US\$'000 | | | | |
| - unquoted preference shares | 31,729 | 31,729 | Level 3 | Adjusted net asset method ⁽ⁱ⁾ | Fair value of vessel held by the issuer ⁽ⁱⁱ⁾ | <div><div>c) The higher the WACC, the lower the fair value. If the WACC was 0.5% higher/lower while all other variables were held constant, the carrying amount would decrease/ increase by US\$(15,830,000)/US\$19,745,000.</div><div>d) The higher the discount, the lower the fair value. If the discount was 5% higher/lower while all other variables were held constant, the carrying amount would decrease/ increase by US\$4,121,000.</div></div> <div>Lower market value of the vessel results in lower fair value.</div> |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(b) Financial risk management policies and objectives (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.*

There was no transfer between the different levels of the fair value hierarchy during the financial years ended 31 March 2023 and 2022.

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 2023 and 2022, other than certain financial assets at FVTOCI and derivative financial instruments, as disclosed in Notes 12 and 19 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 financial years ended 31 March 2023 and 2022. The Group's overall strategy remains unchanged from the prior period.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

(c) Capital management policies and objectives (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 19 to the financial statements.

As at the end of the financial 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

The Singapore Companies Act 1967 defines a holding company as a subsidiary corporation of another corporation if (i) the corporation controls the board of the subsidiary corporation, or (ii) controls more than half of the voting power of the subsidiary corporation. RHC, incorporated in the Kingdom of Saudi Arabia, is the ultimate holding company by virtue of its shareholdings in the Company. 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 | |
|---------------------------------------|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| <u>Ultimate holding company</u> | | |
| Shareholder's advances | (16,535) | (3,701) |
| Payment made on behalf by | (9,628) | (16,852) |
| Loan interest | (1,285) | (3,682) |
| Provision of other goods and services | (198) | - |
| | | |
| <u>Related companies</u> | | |
| Project management income | 62,384 | 8,449 |
| Charter hire income | 41,011 | - |
| Charter hire expense | (6,597) | (1,311) |
| Provision of other goods and services | (335) | - |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related companies and the effect of these on the basis determined between the parties is reflected in these financial statements. Outstanding balances as at 31 March 2023 and 2022 are disclosed on Notes 8, 9 and 21 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 | |
|---------------------------|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| <u>Associate</u> | | |
| Project management income | - | 19,666 |
| Charter hire income | - | 1,100 |
| Charter hire expense | - | (4,255) |

Compensation of directors and key management personnel

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

| | Group | |
|--------------------------|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Short-term benefits | 1,754 | 1,949 |
| Post-employment benefits | 101 | 94 |
| | 1,855 | 2,043 |

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

NOTES TO FINANCIAL STATEMENTS 31 March 2023

7 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cash at bank | 21,129 | 7,511 | 574 | 139 |
| Cash on hand | 21 | 23 | - | - |
| | 21,150 | 7,534 | 574 | 139 |
| Less: Monies pledged with banks - non-current (Note 19) | (372) | (699) | - | - |
| Cash and cash equivalents | 20,778 | 6,835 | 574 | 139 |

8 TRADE RECEIVABLES

| | Group | | Company | |
|-----------------|------------------|------------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 (Restated) | US\$'000 | US\$'000 |
| Outside parties | 9,505 | 9,116 | - | - |
| Related company | - | 10,898 | - | - |
| | 9,505 | 20,014 | - | - |
| Loss allowance | (2,889) | (1,279) | - | - |
| Total | 6,616 | 18,735 | - | - |

The credit period on services rendered is 30 days (31 March 2022: 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 has been written off is subject to enforcement activities.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****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 2023 | | | | | | |
| Gross trade receivables | 3,629 | 893 | 1,268 | 278 | 3,437 | 9,505 |
| Loss allowance | - | - | - | - | (2,889) | (2,889) |
| Total | 3,629 | 893 | 1,268 | 278 | 548 | 6,616 |

31 March 2022

| | | | | | | |
|------------------------------------|--------|-------|-----|-----|---------|---------|
| Gross trade receivables (restated) | 11,009 | 1,558 | 360 | 215 | 6,872 | 20,014 |
| Loss allowance | - | - | - | - | (1,279) | (1,279) |
| Total | 11,009 | 1,558 | 360 | 215 | 5,593 | 18,735 |

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 2021 | - | 318 | 318 |
| Loss allowance during the year | - | 961 | 961 |
| Balance as at 31 March 2022 | - | 1,279 | 1,279 |
| Loss allowance during the year | - | 1,610 | 1,610 |
| Balance as at 31 March 2023 | - | 2,889 | 2,889 |

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

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2023

9 OTHER RECEIVABLES

| | Group | |
|---------------------------------|------------------|------------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 (Restated) |
| <i><u>Current</u></i> | | |
| Outside parties | 1,448 | 656 |
| Related companies | 3,143 | 2,711 |
| Prepayments | 648 | 2,198 |
| Deposits ⁽ⁱ⁾ | 51,172 | 32,575 |
| | 56,411 | 38,140 |
| Loss allowance | - | - |
| | 56,411 | 38,140 |
| <i><u>Non-current</u></i> | | |
| Related company ⁽ⁱⁱ⁾ | 82,235 | 82,235 |
| Loss allowance | (67,392) | (67,392) |
| | 14,843 | 14,843 |
| | | |
| | Company | |
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 |
| <i><u>Current</u></i> | | |
| Outside parties | 89 | 82 |
| Ultimate holding company | 392 | 387 |
| Subsidiary corporations | 713,472 | 684,137 |
| Related companies | 35 | 71 |
| Prepayments | 38 | 35 |
| Deposits | 144 | 157 |
| | 714,170 | 684,869 |
| Loss allowance | (214,131) | (214,131) |
| | 500,039 | 470,738 |

⁽ⁱ⁾ Deposits comprise down-payments to subcontractors for shipbuilding, amounted to US\$41,679,000 (31 March 2022: US\$29,516,000).

⁽ⁱⁱ⁾ During the financial year ended 31 March 2022, the Group had disposal its entire 49% interest in PTVOM, a related company of a major shareholder. Consequently, other receivables due from PTVOM previously classified as deemed investment in associate to better reflect the non-current nature of the asset has been reclassified to non-current other receivables.

The credit period on these receivables is 30 days (31 March 2022: 30 days).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****9 OTHER RECEIVABLES (CONT'D)**Expected credit lossesDue from ultimate holding company 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 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 companies 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 and related companies, adjusted for factors that are specific to the ultimate holding company and related companies and general economic conditions of the industry in which the ultimate holding company and related companies operate, in estimating the probability of default of the amounts due from ultimate holding company and related companies as well as the loss upon default. The Group and the Company determine the amounts due from ultimate holding company and related companies to be subject to immaterial credit loss.

Due from related companies and subsidiary corporations

These amounts are unsecured, interest-free and repayable on demand.

For purpose of impairment assessment of performing receivables due from related companies 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 companies and subsidiary corporations, adjusted for factors that are specific to the related companies and subsidiary corporations and general economic conditions of the industry in which the related companies and subsidiary corporations operate, in estimating the probability of default of the amounts due from related companies and subsidiary corporations as well as the loss upon default. The Group and the Company determine the amounts due from related companies 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).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

9 OTHER RECEIVABLES (CONT'D)

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.

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 | | | | | | |
|--|----------------|-----------------|-----------------|------------------|---------------|----------|
| | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 - 120 days | > 120 days | Total |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 31 March 2023 | | | | | | |
| Gross other receivables | 1,448 | - | - | - | 3,143 | 4,591 |
| Loss allowance | - | - | - | - | - | - |
| Total | 1,448 | - | - | - | 3,143 | 4,591 |
| 31 March 2022 | | | | | | |
| Gross other receivables (restated) | 656 | - | - | - | 2,711 | 3,367 |
| Loss allowance | - | - | - | - | - | - |
| Total | 656 | - | - | - | 2,711 | 3,367 |

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 2022 and 31 March 2023 | - |
| | |
| | Lifetime ECL- credit impaired US\$'000 |
| Company | |
| Balance as at 31 March 2022 and 31 March 2023 | 214,131 |

There is no movement in loss allowance for the Company during the financial year ended 31 March 2023.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****10 INVENTORIES**

| | Group | |
|------------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 |
| Consumables and spares | 930 | 744 |

11 CONTRACT ASSETS AND CONTRACT LIABILITIES

| | Group | |
|----------------------|------------------|------------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 (Restated) |
| Contract assets | - | 760 |
| Contract liabilities | 51,567 | 20,507 |

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. 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 2023 and 2022.

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 vessel 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 2023.

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

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date.

The increase in contract liabilities is due to more shipbuilding contracts entered into in the current financial year ended 31 March 2023 and the payments received exceed the progress of the contracts.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

11 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D)

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

| | Group | |
|--|------------------|------------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 (restated) |
| Shipyard and vessel management services income | 20,507 | 24,399 |

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | Group | |
|---|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 |
| Investment in equity instruments designated at fair value through other comprehensive income ("FVTOCI"): | | |
| <i>Current assets</i> | | |
| Unquoted preference shares held in ROPL | 31,729 | 31,729 |
| <i>Non-current assets</i> | | |
| Unquoted equity shares held in RVOS | 60,853 | 60,853 |

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 and unquoted equity shares measured at FVTOCI has been disposed of during the current reporting period.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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

Unquoted preference shares - ROPL

The investments in unquoted preference shares represent preference shares issued by related party, Resolute 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 2023 and 2022.

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.

As disclosed in Note 19, 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 2023, including the additional interests and penalty payable of US\$6,531,000 (31 March 2022: 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 2023 and 2022.

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

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31 March 2023

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

Reconciliation of fair value measurement of the unquoted preference shares:

| | Group | |
|---|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | 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 | 31,729 | 31,729 |

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.

Unquoted equity shares - RVOS

The investments in unquoted preference shares represent Group's 19.77% interests in the ordinary share capital of Rawabi Vallianz Offshore Services Company Limited ("RVOS"), an entity involved in provision of offshore marine support services.

During the financial year ended 31 March 2022, on 17 November 2021, Vallianz Investment Capital Pte. Ltd. ("VIC") (as Seller), a wholly-owned subsidiary of the Company, and Vallianz Holding Limited ("VHL") (as Seller's Shareholder) entered into a Sale and Purchase Agreement ("SPA") with Rawabi Energy Company ("REC") (as Buyer) and Rawabi Holding Company Limited ("RHCL") (as Buyer's Shareholder) for the disposal by VIC of 90,000 ordinary shares in RVOS constituting 20.93% of the total paid-up issued share capital of RVOS to REC for a consideration of US\$80,000,000.

On 12 January 2022, the Group completed its partial disposal of the shareholding interest in RVOS. Accordingly, the Group's shareholding interest in RVOS has reduced from 40.7% to 19.77%.

The Board has assessed that the Group will no longer have the ability to exercise significant influence over RVOS. Consequently, RVOS ceased to be an associate of the Group. The Group's remaining 19.77% interests in RVOS is accounted for as "financial assets at fair value through other comprehensive income" in the statement of financial position of the Group.

The valuation methodology for these investments is disclosed in Note 4(b)(vi).

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

13 PROPERTY, PLANT AND EQUIPMENT

| | Computers US\$'000 | Office equipment and furniture 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 | | | | | | | | | | |
| Cost: | | | | | | | | | | |
| At 31 March 2021 | 765 | 569 | 355 | 56 | 153,652 | 4,974 | 8,706 | 13,861 | 4,158 | 187,096 |
| Additions | 41 | 37 | 84 | 65 | 240 | 1,309 | 1,298 | 9 | 1,504 | 4,587 |
| Disposals | (7) | (3) | - | (1) | - | - | (106) | - | - | (117) |
| Transfer | - | - | - | - | - | 1,421 | - | 21 | (1,442) | - |
| Adjustment | - | - | - | - | 39,539 | - | - | - | - | 39,539 |
| Exchange differences | (2) | - | - | 1 | - | - | (27) | - | - | (28) |
| At 31 March 2022 | 797 | 603 | 439 | 121 | 193,431 | 7,704 | 9,871 | 13,891 | 4,220 | 231,077 |
| Additions | 101 | 17 | 202 | 35 | 11,002 | - | 10 | - | 6,234 | 17,601 |
| Disposals | (46) | (33) | - | (60) | (26,690) | - | (7) | - | (2) | (26,838) |
| Transfer | - | - | - | - | 2,325 | 3,185 | - | - | (5,510) | - |
| Exchange differences | 7 | - | - | - | - | - | 120 | - | - | 127 |
| At 31 March 2023 | 859 | 587 | 641 | 96 | 180,068 | 10,889 | 9,994 | 13,891 | 4,942 | 221,967 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 |
|--|-----------------------|---|------------------------|-------------------------------|---------------------|-------------------------|--------------------------------------|-----------------------------------|---|-------------------|
| | | | | | | | | | | |
| <u>Group (CONT'D)</u> | | | | | | | | | | |
| Accumulated depreciation: | | | | | | | | | | |
| At 31 March 2021 | 665 | 547 | 181 | - | 15,728 | 3,250 | 4,791 | 4,477 | - | 29,639 |
| Depreciation for the Year (Note 33) | 71 | 11 | 65 | 32 | 3,071 | 1,317 | 425 | 845 | - | 5,837 |
| Disposals | (7) | (3) | - | (1) | - | - | (106) | - | - | (117) |
| Exchange differences | (1) | - | - | 6 | - | (3) | (30) | - | - | (28) |
| At 31 March 2022 | 728 | 555 | 246 | 37 | 18,799 | 4,564 | 5,080 | 5,322 | - | 35,331 |
| Depreciation for the Year (Note 33) | 80 | 24 | 92 | 38 | 3,195 | 1,364 | 398 | 965 | - | 6,156 |
| Disposals | (47) | (33) | - | (53) | (4,812) | (530) | (7) | - | - | (5,482) |
| Exchange differences | 6 | - | - | - | - | - | 120 | - | - | 126 |
| At 31 March 2023 | 767 | 546 | 338 | 22 | 17,182 | 5,398 | 5,591 | 6,287 | - | 36,131 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers | Office furniture and equipment | Renovation | Motor vehicles | Vessels | Dry-docking | Plant and machineries | Leasehold building | Construction - in-progress | Total |
|-------------------------|-----------|---|------------|-------------------|----------|-------------|--------------------------|-----------------------|-------------------------------|----------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Group (CONT'D) | | | | | | | | | | |
| Accumulated impairment: | | | | | | | | | | |
| At 31 March 2021 | - | 3 | 23 | - | 84,325 | - | 3,465 | 121 | 1,287 | 89,224 |
| Adjustment | - | - | - | - | 39,539 | - | - | - | - | 39,539 |
| At 31 March 2022 | - | 3 | 23 | - | 123,864 | - | 3,465 | 121 | 1,287 | 128,763 |
| Disposals | | | | | (17,655) | - | - | - | - | (17,655) |
| At 31 March 2023 | - | 3 | 23 | - | 106,209 | - | 3,465 | 121 | 1,287 | 111,108 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers US\$'000 | Office equipment US\$'000 | Office furniture and 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> | | | | | | | | | | | |
| Carrying amount: | | | | | | | | | | | |
| At 31 March 2023 | 92 | 38 | | 280 | 74 | 56,677 | 5,491 | 938 | 7,483 | 3,655 | 74,728 |
| At 31 March 2022 | 69 | 45 | | 170 | 84 | 50,768 | 3,140 | 1,326 | 8,448 | 2,933 | 66,983 |

Certain of the Group's property, plant and equipment with a total carrying amount of US\$60,388,000 (31 March 2022: US\$63,682,000) were mortgaged to financial institutions for facilities granted (Note 19). The leasehold building is located in Batam, Indonesia.

In the previous financial years and as at 31 March 2023, the Group recorded an accumulative impairment loss of US\$111,109,000 on the carrying amount of its property, plant and equipment. 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. During the financial year ended 31 March 2023, no additional impairment loss or reversal of impairment loss has been recognised.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023**

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers | Office furniture and equipment | Motor vehicle | Renovation | Total |
|---------------------------|-----------|--------------------------------------|------------------|------------|----------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| <u>Company</u> | | | | | |
| Cost: | | | | | |
| At 31 March 2022 and 2021 | 14 | 25 | 111 | 130 | 280 |
| Additions | 3 | - | - | - | 3 |
| At 31 March 2023 | 17 | 25 | 111 | 130 | 283 |
| Accumulated depreciation: | | | | | |
| At 1 April 2021 | 11 | 25 | 75 | 130 | 241 |
| Depreciation for the year | 1 | - | 17 | - | 18 |
| At 31 March 2022 | 12 | 25 | 92 | 130 | 259 |
| Depreciation for the year | 3 | - | 19 | - | 22 |
| At 31 March 2023 | 15 | 25 | 111 | 130 | 281 |
| Carrying amount: | | | | | |
| At 31 March 2023 | 2 | - | - | - | 2 |
| At 31 March 2022 | 2 | - | 19 | - | 21 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2023

14 RIGHT-OF-USE ASSETS

| | Office premise US\$'000 | Office furniture and equipment US\$'000 | Total US\$'000 |
|---------------------------|----------------------------|--|-------------------|
| <u>Group</u> | | | |
| Cost: | | | |
| At 31 March 2022 | 697 | - | 697 |
| Addition for the year | 341 | 20 | 361 |
| At 31 March 2023 | 1,038 | 20 | 1,058 |
| Accumulated depreciation: | | | |
| At 31 March 2022 | 329 | - | 329 |
| Depreciation for the year | 259 | 1 | 260 |
| At 31 March 2023 | 588 | 1 | 589 |
| Carrying amount: | | | |
| At 31 March 2023 | 450 | 19 | 469 |
| | | | |
| | Office premise US\$'000 | Office furniture and equipment US\$'000 | Total US\$'000 |
| <u>Group</u> | | | |
| Cost: | | | |
| At 31 March 2022 and 2021 | 697 | - | 697 |
| Accumulated depreciation: | | | |
| At 31 March 2021 | 97 | - | 97 |
| Depreciation for the year | 232 | - | 232 |
| At 31 March 2022 | 329 | - | 329 |
| Carrying amount: | | | |
| At 31 March 2022 | 368 | - | 368 |

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

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****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.

Office furniture and equipment

The Group leases office furniture and equipment for the purpose of back office operations.

(a) Carrying amounts of ROU assets

| | Group | |
|--------------------------------|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Office premises | 450 | 368 |
| Office furniture and equipment | 19 | - |
| Total (Note 14) | 469 | 368 |

(b) Depreciation charge during the year

| | 2023 | 2022 |
|--------------------------------|----------|----------|
| | US\$'000 | US\$'000 |
| Office premises | 259 | 232 |
| Office furniture and equipment | 1 | - |
| Total (Note 14) | 260 | 232 |

(c) Interest expense

| | 2023 | 2022 |
|---|----------|----------|
| | US\$'000 | US\$'000 |
| Interest expense on lease liabilities (Note 22) | 15 | 26 |

(d) Lease expense not capitalised in lease liabilities

| | 2023 | 2022 |
|----------------------------------|----------|----------|
| | US\$'000 | US\$'000 |
| Lease expense – low value leases | 140 | 28 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS 31 March 2023

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

(e) Total income from right-of-use assets in 2023 was Nil (2022: Nil).

(f) Total cash outflow for all leases in 2023 was US\$426,000 (2022: US\$282,000).

(g) Addition of right-of-use assets during the financial year 2023 was US\$361,000 (2022: Nil).

16 LEASES – THE GROUP AS A LESSOR

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

Charter hire income from vessels is disclosed in Note 29.

17 SUBSIDIARY CORPORATIONS

| | Company | |
|--|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 |
| <i>Unquoted equity shares, at cost</i> | | |
| Beginning of financial year | 29,816 | 29,816 |
| Addition ^(a) | 50 | - |
| End of financial year | 29,866 | 29,816 |
| <i>Accumulated impairment loss</i> | | |
| Beginning and end of financial year | (29,412) | (29,412) |
| Carrying amount | 454 | 404 |

^(a) On 13 October 2022, the Company acquired 100% equity interest in Vallianz Prestige Pte. Ltd. ("Vallianz Prestige") for a cash consideration of US\$1.

On 13 February 2023, Vallianz Prestige allotted and issued 49,999 ordinary shares and the Company subscribed 100% of the shares issued for a cash consideration of US\$49,999. Prestige remains a wholly owned subsidiary corporation of the Company. The Company was dormant for the financial year ended 31 March 2023.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023**

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 2023 % | 31 March 2022 % | |
| 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 Prestige Pte. Ltd. ⁽¹⁾ | Singapore | 100 | - | Vessel ownership and chartering. |
| Vallianz Marine Mexico S.A. De C.V. ⁽⁴⁾ | 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. |
| Newcruz International Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Investment holding. |
| Hamilton Offshore Services Pte. Ltd. ^{(1) (6)} | Singapore | 100 | 100 | Provision of shipyard and engineering services |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2023

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 2023 | 31 March 2022 | |
| | | % | % | |
| OER Holdings Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Investment holding. |
| RI Capital Holdings Pte. Ltd. ⁽¹⁾ | Singapore | 100 | 100 | Investment holding. |
| Samson Engineering Limited ⁽³⁾ | Labuan, Malaysia | 100 | 100 | Provision of shipbuilding and engineering services. |
| 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 ⁽²⁾ | Indonesia | 95.24 | 95.24 | Provision of shipyard and engineering services. |
| <u>Held by Vallianz Investment Capital Pte. Ltd.</u> | | | | |
| Rawabi Vallianz International Company Limited ⁽⁴⁾⁽⁵⁾ | 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 2023**

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 2023 | 31 March 2022 | |
| | | % | % | |
| 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> | | | | |
| 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 CLA Global TS Public Accounting Corporation, Singapore.

(2) Audited by KAP. Hendrawinata Hanny Erwin & Sumargo, Indonesia.

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

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

(5) The Group had 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.

(6) On 5 April 2022, Hamilton Offshore Services Pte. Ltd. ("HOS") had issued 49,998 new ordinary shares for a total consideration of US\$49,998 by way of capitalisation of the loan amounting to USD49,998 due to Vallianz International Pte Ltd ("VIPL") by HOS. VIPL is a wholly owned subsidiary corporation of the Company. HOS remains a wholly owned subsidiary corporation of the Group.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****17 SUBSIDIARY CORPORATIONS (CONT'D)**

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 2023 | 31 March 2022 |
| Vessel ownership and chartering. | Singapore | 3 | 2 |
| Vessel management and chartering. | Singapore | 1 | 1 |
| Provision of offshore marine support services. | Kingdom of Saudi Arabia | 1 | 1 |
| 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 | 1 |
| | | <u>15</u> | <u>14</u> |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****17 SUBSIDIARY CORPORATIONS (CONT'D)**

Details of non-wholly owned subsidiary corporations that have 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 2023 | 31 March 2022 | 2023 | 2022 | 31 March 2023 | 31 March 2022 |
| Resolute Pte Ltd | Singapore | 49 | 49 | (15) | (15) | 1,240 | 1,255 |
| Vallianz Marine Mexico, S.A De C.V | Mexico | 51 | 51 | - | - | (3,482) | (3,482) |
| Holmen Group | Singapore | 25 | 25 | (1,873) | (1,098) | (20,653) | (18,780) |
| Rawabi Vallianz International Company Limited ⁽¹⁾ | Kingdom of Saudi Arabia | 50 | 50 | - | - | - | - |
| PT United Sindo Perkasa ⁽²⁾ | Indonesia | 4.76 | 4.76 | - | - | 500 | 500 |
| | | | | (1,888) | (1,113) | (22,395) | (20,507) |

⁽¹⁾ The Group had 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.

⁽²⁾ The non-controlling interests of PTUSP is not material to these financial statements, as such, no further disclosure is made.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Current assets | 2,161 | 2,200 | 15,404 | 14,590 | 34,960 | 34,960 |
| Non-current assets | - | - | 55,119 | 54,047 | - | - |
| Current liabilities | (9,037) | (9,028) | (99,604) | (89,692) | (44,244) | (44,213) |
| Non-current liabilities | - | - | (52,366) | (52,900) | - | - |
| Equity attributable to owners of the Group | (3,369) | (3,346) | (61,085) | (55,466) | 1,291 | 1,306 |
| Non-controlling interests | (3,507) | (3,482) | (20,362) | (18,489) | 1,240 | 1,255 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

17 SUBSIDIARY CORPORATIONS (CONT'D)

| | Vallianz Marine Mexico, S.A De C.V | | Holmen Group | | Resolute Pte Ltd | |
|---|------------------------------------|----------|--------------|----------|------------------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | - | - | - | - | - | - |
| (Expenses)/income | - | - | (7,493) | (4,392) | (30) | (30) |
| (Loss)/Profit for the year | - | - | (7,493) | (4,392) | (30) | (30) |
| (Loss)/Profit attributable to owners of the Group | - | - | (5,620) | (3,294) | (15) | (15) |
| (Loss)/Profit attributable to the non-controlling interests | - | - | (1,873) | (1,098) | (15) | (15) |
| (Loss)/Profit for the year | - | - | (7,493) | (4,392) | (30) | (30) |
| Net cash inflow from operating activities | - | - | 4,485 | 17,304 | - | - |
| Net cash (outflow)/inflow from investing activities | - | - | (4,246) | 255 | - | - |
| Net cash outflow from financing activities | - | - | (298) | (17,552) | - | - |
| Net cash (outflow)/inflow | - | - | (59) | 7 | - | - |

As at 31 March 2023, the Company has given undertakings to provide financial support up to US\$577,168,000 (31 March 2022 : US\$558,176,000) 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 2023

18 ASSOCIATES

| | Group | |
|-----------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 |
| Carrying amount | - | - |

The movement of share of post-acquisition results and reserves as at 31 March 2023 and 2022 is as follows:

| | Group |
|--|------------------|
| | 31 March 2022 |
| | US\$'000 |
| Beginning of financial year | 5,982 |
| Share of post-acquisition results and reserves | 8,052 |
| Disposal ^(a) | (14,034) |
| End of financial year | - |

^(a) As disclosed elsewhere in the financial statements, RVOS and PTVOM have ceased to be associates of the Group during the financial year ended 31 March 2022.

FY2022

RVOS

As disclosed in Note 12 to the financial statements, on 12 January 2022, the Group completed its partial disposal of 20.93% shareholding interest in RVOS for proceeds of US\$80,000,000, which was used to set off the shareholder advances. Prior to partial disposal of the investment in RVOS, dividends of US\$31,487,000 was declared by RVOS. Part of this dividend of US\$27,224,000 was used to offset against the shareholder's advances received from RHC. Accordingly, the Group's shareholding interest in RVOS has reduced from 40.7% to 19.77%. The Board has assessed that the Group will no longer have the ability to exercise significant influence over RVOS. Consequently, RVOS ceased to be an associate of the Group and the Group ceased equity accounting of the results of RVOS from the date of completion of disposal. The Group's remaining 19.77% interests in RVOS is accounted for as "financial assets at fair value through other comprehensive income" in the statement of financial position of the Group whose fair value at the date of disposal was US\$60,853,000, which was determined using a discounted cash flow model. 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****18 ASSOCIATES (CONT'D)**

This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

| | 2022 US\$'000 |
|--|------------------|
| Proceeds of disposal | 80,000 |
| Add: Fair value of investment retained (19.77%) | 60,853 |
| Less: Carrying amount of investment on the date of loss of significant influence | (137,320) |
| Gain on disposal | <u>3,533</u> |

PTVOM

During the financial year ended 31 March 2022, the Group had disposal its entire 49% interest in PTVOM for a consideration of US\$2,850,000. The cost of investment on disposal date had been fully impaired, as a result, a gain on disposal of US\$2,850,000 has been recognised in the previous financial year. Consequently, other receivables due from PTVOM previously classified as deemed investment in associate to better reflect the non-current nature of the asset has been reclassified to non-current other receivables.

19 TERM LOANS

| | Group | |
|---|------------------------------|------------------------------|
| | 31 March 2023 US\$'000 | 31 March 2022 US\$'000 |
| Loans | 121,633 | 123,574 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (34,149) | (32,209) |
| Amount due for settlement after 12 months | <u>87,484</u> | <u>91,365</u> |
| - Within 2 to 5 years | - | 2,420 |
| - After 5 years | 87,484 | 88,945 |
| Amount due for settlement after 12 months | <u>87,484</u> | <u>91,365</u> |
| <i>Term loans are represented by:</i> | | |
| Term loan I | 87,484 | 88,945 |
| Term loan II | 31,729 | 31,729 |
| Term loan III | 2,420 | 2,900 |
| | <u>121,633</u> | <u>123,574</u> |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS 31 March 2023

19 TERM LOANS (CONT'D)

As at 31 March 2023 and 2022, the Group has various bank loans with repayment terms of up to 2030.

The carrying amount of floating rate loans amounting to US\$119,213,000 (31 March 2022: US\$120,674,000) 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\$2,420,000 (31 March 2022: US\$2,900,000), by discounting their future cash flows at the market rate, to be US\$2,119,000 (31 March 2022: US\$2,732,000). 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 38);
- (vi) the unquoted preference shares held by the Group (Note 12); and
- (vii) shares in subsidiary corporations incorporated in Singapore.

Term loan I

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 8.2 years and the maturity of these borrowings were extended to December 2022.

On 19 February 2021, the Company has entered into a debt-restructuring agreement ("RA") 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. The final maturity date was extended to 96 months from the effective date. On or from the effective date, an aggregate amount of US\$50,000,000 shall immediately be reconstituted into US\$50,000,000 in principal amount of bonds as part of the debt-restructuring agreement. Prior to the settlement via bonds, the outstanding principal of the Group was US\$145,099,000. On 22 June 2021, approval has been obtained from shareholders for proposed issuance of convertible bonds to two financial institutions and the bonds, Series A and Series B Convertible Bonds, had been issued on 12 August 2021. Refer to Note 24 to the financial statements for further disclosure on convertible bonds.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

19 TERM LOANS (CONT'D)

On the final maturity date, the Group shall make a bullet repayment or payment of the outstanding principal after deducting all amounts previously repaid or paid through the cash sweep. Commencing from 1 April 2022 until final maturity date or until the date on which the balance of the outstanding principal is repaid and discharged in full, the independent accountant will determine the cash generated by the Singapore Fleet (vessels owned by the Group), for the six month period ending on each determination date (31 March and 30 September of each financial year) after deducting (i) operational costs, (ii) sales and general administrative expenses, (iii) professional fees and expenses, (iv) tax, (v) interest payment, incurred by the Singapore Fleet, and (vi) US\$1 million (the "Surplus Cash"). The Group shall apply such Surplus Cash generated from the Singapore Fleet to the lenders toward the prepayment of the outstanding principal (the "Cash Sweep"). If the amount of Surplus Cash is negative or less than US\$100,000 for any period ending on Surplus Cash Determination Date, the amount of Surplus Cash shall be deemed to be zero.

As at 31 March 2023, the Group had breached the financial covenant of consolidated tangible net worth (Group) under the Restructuring Agreement with two of the financial institutions. The Group has obtained waiver in principle from the two financial institutions as at 31 March 2023.

Term loan II

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.

Term loan III

During the financial year ended 31 March 2023, the Group has breached the financial covenants of positive net profit margin, debt service coverage ratio and debt to equity ratio with the financial institution. The non-current portion of the term loan owed to the financial institution amounting to US\$1,880,000 (31 March 2022: Nil), for which a waiver letter was not obtained, has been classified as current liabilities as at 31 March 2023, as the Group does not have the unconditional right to defer settlement of the non-current term loan. Subsequent to the financial year ended 31 March 2023, the Group has obtained a letter from the financial institution stating that the breach does not affect the credit facility that has been granted, albeit with certain conditions.

As at date of these financial statements, the Group has not been served with any notices of events 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.

| | 1 April 2022 | Financing cash flow (i) | 31 March 2023 |
|------------|---------------------|----------------------------|---------------------|
| Term loans | US\$'000 123,574 | US\$'000 (1,941) | US\$'000 121,633 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS
31 March 2023

19 TERM LOANS (CONT'D)

| | 1 April 2021 | Financing cash flow ⁽ⁱ⁾ | Non-cash changes Repayment of term loans via convertible bond | 31 March 2022 |
|------------|-----------------|---------------------------------------|--|------------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Term loans | 175,225 | (1,651) | (50,000) | 123,574 |

(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.

20 TRADE PAYABLES

| | Group | | Company | |
|-------------------|------------------|------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Outside parties | 4,142 | 16,809 | - | 1 |
| Related companies | 3,997 | 3,917 | - | - |
| | 8,139 | 20,726 | - | 1 |

The average credit period on trade payables is 30 days (31 March 2022: 30 days) and no interest is charged on the balances.

21 OTHER PAYABLES

| | Group | | Company | |
|-------------------------|------------------|------------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 (Restated) | US\$'000 | US\$'000 |
| Outside parties | 4,515 | 4,205 | 645 | 423 |
| Subsidiary corporations | - | - | 325,489 | 318,318 |
| Related companies | 9,162 | 8,483 | 13 | - |
| Accruals | 24,799 | 32,135 | 19,966 | 17,041 |
| | 38,476 | 44,823 | 346,113 | 335,782 |

The average credit period on other payables due to outside parties is 30 days (31 March 2022: 30 days) and no interest is charged on the balances. The amounts due to subsidiary corporations and related companies are unsecured, interest-free and repayable on demand.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****22 LEASE LIABILITIES (THE GROUP AS LESSEE)**Lease liabilities

| | Group | |
|-------------------------|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Maturity analysis: | | |
| Year 1 | 169 | 255 |
| Year 2 | 339 | 151 |
| Year 3 | 4 | 4 |
| Year 4 | 6 | 4 |
| Year 5 | - | 6 |
| | 518 | 420 |
| Less: Unearned interest | (18) | (19) |
| | 500 | 401 |
| Analysed as: | | |
| Current | 151 | 241 |
| Non-current | 349 | 160 |
| | 500 | 401 |

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 flows as cash flows from financing activities.

| | Non-cash | | | |
|-------------------|--------------|--------------------------------|-----------|------------------|
| | 1 April 2022 | Principal and interest payment | Additions | Interest expense |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Lease liabilities | 401 | (277) | 361 | 15 |
| | | | | 500 |

| | Non-cash | | | |
|-------------------|--------------|--------------------------------|-----------|------------------|
| | 1 April 2021 | Principal and interest payment | Additions | Interest expense |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Lease liabilities | 607 | (254) | 22 | 26 |
| | | | | 401 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS 31 March 2023

23 DEFERRED TAX

| | Group | |
|--------------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 |
| Deferred tax liabilities | 1,449 | 1,613 |

The movements in deferred tax (assets) and liabilities are as follows:

| | Group Accelerated tax depreciation US\$'000 |
|------------------------------------|--|
| At 1 April 2021 | 1,780 |
| Credit to profit or loss (Note 32) | (134) |
| Others | (33) |
| At 31 March 2022 | 1,613 |
| Credit to profit or loss (Note 32) | (166) |
| Others | 2 |
| At 31 March 2023 | 1,449 |

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 2022: Nil).

24 CONVERTIBLE BONDS

As disclosed in Note 19 to the financial statements, on 12 August 2021, the Company issued Series A and Series B Convertible Bonds with a nominal value of US\$50,000,000 in aggregate, and US\$43,766,662 and US\$6,233,338 respectively, to two financial institutions. The bonds bear interest for each interest period at the rate equal to the six-month USD LIBOR per annum and are payable in cash semi-annually in arrears on each interest payment date by way of Surplus Cash as defined in Note 19 to the financial statements. If such cashflow is insufficient to pay such interest in cash, any interest not paid in cash will be capitalised and be paid in the form of additional Series A and B Convertible Bonds. The bonds are due for repayment 96 months from the issue date at their nominal value of US\$50,000,000 or may be converted into ordinary shares of the Company at the option of the holder, at any time from the issue date up to the close of business (at the specified office of the issue) on the date falling three business days prior to the maturity date, at the initial rate of S\$0.10 per share, subject to adjustment stipulated in the agreements with the respective financial institutions.

The fair value of the liability component, included in non-current, is calculated using a weighted average effective interest rate of the Group. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

During the financial year ended 31 March 2023, the Company has repaid the interest of US\$33,000 and US\$1,317,000 by way of capitalisation and payment in the form of additional Series A and Series B Bonds with a value of US\$1,317,000 in aggregate, and US\$271,500 and US\$1,045,255 respectively on 30 September 2022 and 31 March 2023.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****24 CONVERTIBLE BONDS (CONT'D)**

The carrying amount of the liability component of the convertible bonds at the reporting date is derived as follows:

| | 2023 | 2022 |
|--|---------------|---------------|
| | US\$'000 | US\$'000 |
| <u>Group and Company</u> | | |
| Face value of convertible bonds at issuance | 51,317 | 50,000 |
| Equity conversion component on initial recognition | (6,719) | (6,679) |
| Liability component on initial recognition | 44,598 | 43,321 |
| Accumulated amortisation of interest expense | 1,363 | 539 |
| Accumulated payments of interest | (53) | (20) |
| | <u>45,908</u> | <u>43,840</u> |

25 SHARE CAPITAL

| | Group and Company | | | |
|--|-------------------|------------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | '000 | '000 | US\$'000 | US\$'000 |
| Number of ordinary shares | | | | |
| Issued and paid up: | | | | |
| At the beginning of the year | 1,211,620 | 559,354 | 382,274 | 347,746 |
| Issuance of new ordinary shares pursuant to the completion of 2020 SOSA arrangement ⁽ⁱ⁾ | - | 652,266 | - | 34,528 |
| At the end of year | <u>1,211,620</u> | <u>1,211,620</u> | <u>382,274</u> | <u>382,274</u> |

⁽ⁱ⁾ On 4 October 2021, the Company announced the completion of the 2020 Set-off and Settlement Arrangement ("SOSA Arrangements"), pursuant to which 652,266,000 new ordinary shares in the capital of the Company had been allotted and issued at the agreed price of S\$0.09 per SOSA Subscription Share in accordance with the terms of the Settlement Agreements which comprise 405,546,000, 238,337,000 and 8,383,000 SOSA Subscription Shares issued to RHC, a corporate shareholder placed under judicial management and wholly-owned subsidiary corporation of the corporate shareholder placed under judicial management respectively.

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 financial year are ranked pari passu with the existing ordinary shares of the Company.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS 31 March 2023

26 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.

During the financial year ended 31 March 2022, 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 which remains effective till 31 March 2023. Subsequent to the financial year ended 31 March 2023, the Company had obtained an extension of waiver which will remain effective till 31 March 2024.

27 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 in a separate component of equity under the header of foreign currency translation reserve.

Movement in translation reserve is as follows:

| | Group | |
|--|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| At beginning of the year | 24 | 46 |
| Net currency translation differences of financial statements of foreign subsidiary corporations | 50 | (22) |
| At end of the year | 74 | 24 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

28 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. As disclosed in Note 25 to the financial statements, during the financial year ended 31 March 2022, the Company has settled the aforesaid amount by way of issuance of ordinary shares.

During the financial year ended 31 March 2023, the Group received cash advances from its corporate shareholder, RHC, amounting to US\$16,535,000 (31 March 2022: US\$3,701,000) and as at the financial year-end, has net payables of US\$9,628,000 (31 March 2022: US\$16,852,000) for payments on behalf made by RHC. As disclosed elsewhere in the financial statements, during the financial year ended 31 March 2022, the Company has settled the aforesaid amount by way of issuance of ordinary shares, set-off for dividend receivables and proceeds from disposal of investment in associate, RVOS.

As at 31 March 2023, the Group has trade and other payables of US\$39,838,000 (31 March 2022: of US\$13,675,000) owing to RHC. RHC has provided an 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

29 REVENUE

The Group derives its revenue from chartering and shipyard and vessel management services over time and at point in time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 36).

Disaggregation of the Group's revenue for the year is as follows:

| | Group | |
|--|----------------|---------------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Charter hire income | 64,832 | 31,376 |
| Shipyard and vessel management services income | 84,342 | 32,774 |
| | <u>149,174</u> | <u>64,150</u> |

All the Group's revenue is recognised over time, except for other ancillary services income of US\$44.9 million (FY2022: US\$10.0 million) and US\$8.2 million (FY2022: US\$1.7 million) from charter hire income and shipyard and vessel management services income respectively is recognised at point in time.

The Group has applied the practical expedient of SFRS(I) 15 not to disclose the performance obligation 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 unsatisfied performance obligations.

As at 31 March 2023 and 2022, there were unsatisfied and partially satisfied performance obligations at the end of the reporting period in shipyard and vessel management services income which the transaction price allocated as at the end of the reporting period is set out below.

| | Group | |
|--|----------------|----------------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Shipyard and vessel management services income | <u>407,960</u> | <u>109,136</u> |

Management expects that 80% (2022: 77%) of the transaction price allocated to the unsatisfied and partially unsatisfied contracts as of the end of the reporting period amounting to US\$326,368,000 (2022: US\$84,362,000) will be recognised as revenue during the next reporting period, i.e. 2024 financial year. The remaining 20% (2022: 23%) amounting to US\$81,592,000 will be recognised in the following reporting period, i.e. 2025 financial year (2022: US\$24,774,000 will be recognised in the 2023 financial year).

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****30 OTHER (LOSS) / INCOME, NET**

| | Group | |
|--|----------------|--------------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Net foreign exchange loss | (690) | (527) |
| Gain on disposal of property, plant and equipment | 715 | - |
| Gain on disposal of associates | - | 6,383 |
| Loss allowance for trade and other receivables (Notes 8 and 9) | (1,610) | (961) |
| Bad debt written off | (565) | (1,040) |
| Creditors written back | - | 2,253 |
| Interest income ⁽¹⁾ | 314 | - |
| Others | (328) | 234 |
| | <u>(2,164)</u> | <u>6,342</u> |

⁽¹⁾ These comprise interest on bank deposits and late interest charges on overdue invoices.

31 FINANCE COSTS

These comprise interest on loans, amortised facility fees, convertible bonds and interest on lease liabilities paid to outside parties (Note 19, 22, 24 and 26) and interest on loan from ultimate holding company (Note 5).

32 INCOME TAX EXPENSE / (CREDIT)

| | Group | |
|--------------------------------------|--------------|-------------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Current income tax | | |
| - charge to profit or loss | 78 | - |
| - under provision in prior year | 1,438 | 64 |
| Deferred income tax | | |
| - credit to profit or loss (Note 23) | (166) | (134) |
| Total | <u>1,350</u> | <u>(70)</u> |

Domestic income tax is calculated at 17% (31 March 2022: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Six Singapore subsidiary corporations (31 March 2022: six 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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

32 INCOME TAX EXPENSE / (CREDIT) (CONT'D)

The total charge for the year can be reconciled to the accounting loss as follows:

| | Group | |
|---|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Loss before tax | (9,926) | (3,548) |
| Share of profit of associate | - | (8,052) |
| Loss before tax and share of profit of associate | (9,926) | (11,600) |
| Income tax credit calculated at 17% | (1,687) | (1,972) |
| Effect of expenses that are not deductible | 6,079 | 4,709 |
| Effect of income that are not subjected to tax | (2,399) | (3,384) |
| Effect of different tax rates of subsidiary corporations operating in other jurisdictions | (2,265) | (2,264) |
| Deferred tax benefit not recognised | 137 | 2,777 |
| Under provision of tax in prior year | 1,438 | 64 |
| Others | 47 | - |
| Total | 1,350 | (70) |

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 | |
|--|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Amount at beginning of year | 41,351 | 25,016 |
| Arising during current year | 805 | 16,335 |
| Amount at end of year | 42,156 | 41,351 |
| Deferred tax benefit on above not recorded | 7,167 | 7,030 |

No deferred tax asset has been recognised on the above due to the unpredictability of future profit streams.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****33 LOSS FOR THE YEAR**

Loss for the year has been arrived at after charging / (crediting):

| | Group | |
|---|----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| Fees to auditors of the Company: | | |
| - Audit fees | 180 | 187 |
| Audit fees to other auditors of the Group | 6 | 4 |
| Depreciation of property, plant and equipment (Note 13) | 6,156 | 5,837 |
| Directors' remuneration (including directors' fees) | 1,006 | 997 |
| Employee benefits expense (including directors' remuneration) | 4,296 | 3,944 |
| Defined contribution benefits included in employee benefits expense | 656 | 579 |
| Net foreign exchange loss | 690 | 527 |
| Exceptional loss on disposal of vessel ⁽ⁱ⁾ | 3,195 | - |

- (i) During the financial year ended 31 March 2023, Samson Marine Pte Ltd, a wholly-owned subsidiary corporation disposed a vessel, Rawabi 18 that gave rise to a loss on disposal of US\$3,195,000. The disposal took into consideration the age, state of the vessel, high operating and up-keep costs of the vessel. Rawabi 18 was arrested in United Arab Emirates since FY2017 due to the non-repayment for bunkers supplied by World Fuel Services (Singapore) Pte Ltd ("WFS") while the vessel was under the charter of Swiber Offshore Construction Pte Ltd which has been placed under liquidation. A commercial settlement was arrived at with WFS on 10 June 2022 and the arrest was lifted on 30 June 2022.

34 LOSS PER SHARE**Basic**

Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants and convertible bonds.

The warrants and convertible bonds are anti-dilutive as the Group recorded a loss for the financial years ended 31 March 2023 and 31 March 2022.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****34 LOSS PER SHARE (CONT'D)**

The calculation of the basic and diluted loss per share attributable to the ordinary owners of the Company is based on the following data:

| | Group | |
|---|-----------|----------|
| | 2023 | 2022 |
| | US\$'000 | US\$'000 |
| <u>Loss</u> | | |
| Loss for the year attributable to owners of the Company | (9,388) | (2,365) |
| <u>Number of shares ('000)</u> | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 1,211,620 | 879,232 |
| Weighted average number of ordinary shares for the purposes of diluted loss per share | 1,211,620 | 879,232 |
| Basic loss per share | (0.77) | (0.27) |
| Diluted loss per share | (0.77) | (0.27) |

35 COMMITMENTS

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.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****36 SEGMENT INFORMATION**

The executive directors of the Group, who review 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 vessels;
- (ii) Shipyard and vessel management services: in-house fabrication and engineering services such as ship building, fabrication works and ship repairs, brokerage income, commission income, 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.

31 March 2023

| | Vessel chartering | Shipyard and vessel management services | | | | | | Investment holding | | Group | |
|--|----------------------|--|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | (Restated) | US\$'000 | (Restated) | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Segment assets and segment liabilities | | (Restated) | | (Restated) | | (Restated) | | (Restated) | | (Restated) | |
| Segment assets | 81,556 | 72,204 | 73,957 | 53,880 | | 112,216 | | 114,605 | | 267,729 | 240,689 |
| Segment liabilities | | | | | | | | | | | |
| Deferred tax liabilities | 131,831 | 116,453 | 63,814 | 77,960 | | 71,253 | | 60,140 | | 266,898 | 254,553 |
| Total liabilities | | | | | | | | | | 1,449 | 1,613 |
| | | | | | | | | | | 268,347 | 256,166 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

36 SEGMENT INFORMATION (CONT'D)

| | Vessel chartering | | Shipyard and vessel management services | | Investment holding | | Group | |
|--|-------------------|----------|---|----------|--------------------|----------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Other information | | | | | | | | |
| Loss allowance for trade and other receivables (Note 30) | 548 | 587 | 1,062 | 374 | - | - | 1,610 | 961 |
| Depreciation of property, plant and equipment (Note 13) | 4,366 | 4,178 | 1,623 | 1,555 | 167 | 104 | 6,156 | 5,837 |
| Bad debt written off (Note 30) | 565 | 1,040 | - | - | - | - | 565 | 1,040 |
| Net foreign exchange loss (Note 30) | 82 | 79 | 575 | 343 | 33 | 105 | 690 | 527 |
| Loss on disposal of property, plant and equipment | 2,495 | - | - | - | (15) | - | 2,480 | - |
| Additions to property, plant and equipment (Note 13) | 14,765 | 2,891 | 2,780 | 1,696 | 56 | - | 17,601 | 4,587 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

36 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

The Group derives revenue mainly from charter hire and shipyard and vessel management services income and charter hire and service agreements. The breakdown of the Group's revenue is provided under Note 29.

Revenue of US\$103,050,000 (2022: US\$28,115,000) is derived from a single related company. This revenue is attributable to the chartering and shipbuilding of vessels for the operations in the oil and gas industry.

37 LEGAL PROCEEDINGS AND ARBITRATION

(i) Breach of agreement by Index-Evergreen

The Company's subsidiary, Vallianz Shipbuilding & Engineering Pte Ltd ("VSE"), has on 4 May 2023 obtained a Court judgement against Index-Evergreen Carpentry & Marine Services Pte. Ltd. ("Index-Evergreen") for an amount of approximately S\$2.9 million ("Judgement Debt") for failure to contest its claims arising from the breaches of two contracts that Index-Evergreen had signed with VSE, the first contract for an amount of S\$1.65 million in December 2020 in relation to a vessel called Rawabi 503, and the second contract for an amount of S\$0.25 million in April 2021 in relation to a vessel called Eco Spark.

All costs associated with the Judgement Debt of approximately of S\$2.9 million have been provided for in the Group's profit or loss during the current financial year.

(ii) Arrest of vessel in Singapore

VSE entered into a contract with Aquaculture Centre of Excellence Pte Ltd ("ACE") in 2021 for the conversion of the vessel called Eco Spark. As there are outstanding monies due to VSE for work done under the contract amounting S\$1.8 million (about US\$1.3 million), VSE has commenced proceedings in the Singapore High Court (in aid of arbitration) and successfully secured the arrest of the vessel. Arbitral proceedings to recover the outstanding monies due under the contract have commenced. Both sets of proceedings are ongoing and ACE is defending both proceedings.

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO FINANCIAL STATEMENTS

31 March 2023

38 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 respective counterparties to the guarantees is US\$170,530,000 (31 March 2022: US\$170,673,000) (Note 4(b)(iv)) for guarantees provided to subsidiary corporations and US\$10,660,000 (31 March 2022: US\$12,727,000) (Note 4(b)(iv)) for guarantees provided to related company.

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 March 2023 and 2022.

39 PRIOR YEAR ADJUSTMENT

Certain line items in the financial statements have been restated to reflect the appropriate classification of contract liabilities of the Group, which was set off against certain financial assets and financial liabilities in the prior financial year. As a result, certain line items on the face of the consolidated statement of financial position and consolidated statement of cash flows have been restated as follows:

| | As previously reported US\$ | Prior year adjustments US\$ | Balance as restated US\$ |
|---|-----------------------------------|-----------------------------------|--------------------------------|
| <u>Consolidated statement of financial position as at 31 March 2022</u> | | | |
| Trade receivables | 9,509 | 9,226 | 18,735 |
| Other receivables | 35,429 | 2,711 | 38,140 |
| Other payables | 53,393 | (8,570) | 44,823 |
| Contract liabilities | - | 20,507 | 20,507 |
| <u>Consolidated statement of cash flows for the financial year ended 31 March 2022</u> | | | |
| Cash flows from operating activities: | | | |
| - Trade and other receivables | (29,417) | (3,461) | (32,878) |
| - Trade and other payables | 33,037 | 7,353 | 40,390 |
| - Contract liabilities | - | (3,892) | (3,892) |
| <u>Consolidated statement of financial position as at 1 April 2021</u> | | | |
| Other receivables | 10,094 | 8,476 | 18,570 |
| Trade payables | 36,565 | (15,923) | 20,642 |
| Contract liabilities | - | 24,399 | 24,399 |

VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS**NOTES TO FINANCIAL STATEMENTS****31 March 2023****40 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 2023 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17 Insurance Contracts (including November 2020 and December 2021 Amendments to SFRS(I) 17)
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture

SHAREHOLDINGS STATISTICS

AS AT 26 JUNE 2023

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 26 JUNE 2023

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|------------------------|---------------|----------------------|---------------|
| 1 - 99 | 243 | 7.97 | 10,094 | 0.00 |
| 100 - 1,000 | 599 | 19.63 | 339,918 | 0.03 |
| 1,001 - 10,000 | 1,489 | 48.80 | 6,192,446 | 0.51 |
| 10,001 - 1,000,000 | 698 | 22.88 | 45,791,970 | 3.78 |
| 1,000,001 AND ABOVE | 22 | 0.72 | 1,159,286,005 | 95.68 |
| TOTAL | 3,051 | 100.00 | 1,211,620,433 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

AS AT 26 JUNE 2023

| NO. | SHAREHOLDER'S NAME | NUMBER OF SHARES HELD | % |
|-----|---|--------------------------|--------------|
| 1 | DBS NOMINEES PTE LTD | 734,798,179 | 60.65 |
| 2 | PHILLIP SECURITIES PTE LTD | 364,919,989 | 30.12 |
| 3 | ONG KAR LOON (WANG JIALUN) | 11,812,066 | 0.97 |
| 4 | GU JIAN LIN | 5,696,433 | 0.47 |
| 5 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 4,347,651 | 0.36 |
| 6 | RAFFLES NOMINEES (PTE) LIMITED | 4,338,804 | 0.36 |
| 7 | TOH BOON KENG | 4,232,899 | 0.35 |
| 8 | UOB KAY HIAN PTE LTD | 3,197,825 | 0.26 |
| 9 | CHAN KWAN BIAN | 3,033,338 | 0.25 |
| 10 | DBS VICKERS SECURITIES (S) PTE LTD | 2,710,797 | 0.22 |
| 11 | LIM OON HOCK OR LEW MOE KIEN | 2,639,566 | 0.22 |
| 12 | OCBC SECURITIES PRIVATE LTD | 2,582,912 | 0.21 |
| 13 | CROWN SHIP LIMITED | 2,569,800 | 0.21 |
| 14 | CHERAYATH AJAY ANDREWS | 1,800,000 | 0.15 |
| 15 | MAYBANK SECURITIES PTE. LTD. | 1,591,169 | 0.13 |
| 16 | TAN DAH CHING (CHEN DAQING) | 1,520,000 | 0.13 |
| 17 | LING YONG WAH | 1,459,480 | 0.12 |
| 18 | NG CHEE KEONG | 1,373,501 | 0.11 |
| 19 | LOH GEOK CHENG | 1,290,266 | 0.11 |
| 20 | CITIBANK NOMINEES SINGAPORE PTE LTD | 1,268,079 | 0.10 |
| | TOTAL | 1,157,182,754 | 95.50 |

SHAREHOLDINGS STATISTICS

AS AT 26 JUNE 2023

| CLASS OF SHARES | NO. OF SHARES | % |
|---------------------|-----------------------------------|---|
| ORDINARY | 1,211,620,433 | 100.00 |
| TREASURY | NIL | 0.00 |
| TOTAL ISSUED SHARES | 1,211,620,433 | 100.00 |
| VOTING RIGHTS | ON SHOW OF HANDS : ON A POLL : | ONE VOTE FOR EACH MEMBER ONE VOTE FOR ORDINARY SHARE |

SUBSTANTIAL SHAREHOLDER

| | Direct Interest | | Deemed Interest | |
|--------------------------------|-----------------|-------|----------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| RAWABI HOLDING COMPANY LIMITED | 723,106,389 | 59.68 | NIL | 0.00 |
| SWIBER HOLDINGS LIMITED | 353,439,723 | 29.17 | 8,382,620 ⁽¹⁾ | 0.69 |
| SHEIKH ALTURKI ABDULAZIZ ALI A | NIL | 0.00 | 723,106,389 ⁽²⁾ | 59.68 |

Notes:

- (1) By virtue of Section 4 of the Securities and Futures Act 2001, Swiber Holdings Limited (In Liquidation) is deemed to have an interest in the shares of Vallianz Holdings Limited held by Swiber Corporate Pte. Ltd. (In Creditors' Voluntary Liquidation).
- (2) By virtue of Section 4 of the Securities and Futures Act 2001, Sheikh ALTurki, Abdulaziz Ali A is deemed to have an interest in the shares of Vallianz Holdings Limited held by Rawabi Holding Company Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 26 June 2023, 10.24% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has complied with Catalist Rule 723.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be convened and held at 1 Harbourfront Avenue #13-03 Keppel Bay Tower Singapore 098632 on Monday, 31 July 2023 at 10.00am 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 2023 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Chong Chee Keong Chris, a director who is retiring pursuant to Article 105 of the Company's Constitution.

Mr. Chong Chee Keong Chris, upon re-election as Director of the Company, remain as the member of Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company, and he is 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 ("**Catalist Rules**").

[See Explanatory Note (a)]

(Resolution 2)

3. To appoint Mr. Kevin Wong Chee Fatt, as an Independent Non-Executive Director of the Company with effect from 1 October 2023 pursuant to Article 90 of the Company's Constitution.

Mr. Kevin Wong Chee Fatt, upon appointment as Director of the Company, will be appointed as an Independent Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company and he is considered independent for the purpose of Catalist Rule 704(7).

[See Explanatory Note (b)]

(Resolution 3)

4. To approve the payment of Directors' fees of US\$198,850 for the financial year ending 31 March 2024. **(Resolution 4)**

5. To re-appoint Messrs CLA Global TS Public Accounting Corporation as Auditor 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 CLA Global TS Public Accounting Corporation. **(Resolution 5)**

6. 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:

7. **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with Rawabi Holding Company Limited ("**RHC**") and its subsidiaries ("**RHC Group**")**

"That:

- (1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Company and its subsidiaries ("**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 I to the Letter to Shareholders dated 16 July 2023 ("**Letter to Shareholders**") appended to the Annual Report, with the RHC Group, being 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 Appendix I to the Letter to Shareholders ("**RHC IPT Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

- (2) the RHC 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 RHC IPT Mandate and/or this Resolution."

[See Explanatory Note (c)]

(Resolution 6)

8. **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with Holmen Heavylift Offshore Pte. Ltd. ("HOL") and its subsidiaries ("HOL Group")**

"That:

- (1) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules, 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 to the Letter to Shareholders appended to the Annual Report, with the HOL Group, being 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 Appendix 2 to the Letter to Shareholders ("**HOL IPT Mandate**");
- (2) the HOL 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 HOL IPT Mandate and/or this Resolution."

[See Explanatory Note (d)]

(Resolution 7)

BY ORDER OF THE BOARD

Chong Pei Wen (Ms)
Company Secretary
16 July 2023

Singapore

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (a) In relation to Resolution 2 proposed above, Mr. Chong Chee Keong Chris is a Non-Executive Independent Director of the Company. There is no relationship (including immediate family relationships) between Mr. Chris Chong and the other directors, the Company or its substantial shareholders and the detailed information on Mr. Chris Chong is set out in the section entitled "Disclosure of Information of Directors seeking Re-Election/Appointment" in the Company's 2023 Annual Report.
- (b) Pursuant to Article 90 of the Company's Constitution, the NC has reviewed Mr. Kevin Wong Chee Fatt's suitability and recommended to the Board of Directors (the "**Board**") of the Company for the appointment of Mr. Kevin Wong as a Non-Executive Independent Director of the Company. The Board has accepted the NC's recommendation. The detailed information on Mr. Kevin Wong, who has consented to the proposed appointment, is set out in the section entitled "Disclosure of Information of Directors seeking re-election/appointment" in the Company's 2023 Annual Report.

There is no relationship (including immediate family relationships) between Mr. Kevin Wong and the other directors, the Company or its substantial shareholders.

- (c) The Ordinary Resolution 6 above, if passed, allows the Group to enter into certain transactions with the RHC Group as detailed in the RHC IPT Mandate.
- (d) The Ordinary Resolution 7 above, if passed, allows the Group to enter into certain transactions with the HOL Group as detailed in the HOL IPT Mandate.

IMPORTANT NOTES:

Participation:

1. The AGM will be held, in a wholly physical format, at 1 HarbourFront Avenue #13-03 Keppel Bay Tower Singapore 098632 on Monday, 31 July 2023 at 10.00 a.m.. Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the AGM by attending the AGM in person. **There will be no option for shareholders to participate virtually.**

Submission of Proxy Form

2. (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

3. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the AGM as his/her/ its proxy.
4. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing a proxy must be deposited to the Company by 10.00 a.m. on 29 July 2023 in the following manner:
 - (a) Post or submit personally 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.
6. CPF and SRS investors:
 - (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 July 2023.

Submission of Questions:

7. Shareholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM:
 - (a) by post to the Company's registered office address, 1 HarbourFront Avenue, #06-08 Keppel Bay Tower, Singapore 098632; or
 - (b) via email to the Company at enquiries@vallianzhholdings.com.

When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder's full name; (ii) the shareholder's address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF, SRS and/or scrip), for verification purposes. **All questions submitted in advance must be received by 24 July 2023.**

8. The Company will address all substantial and relevant questions received from shareholders by 24 July 2023 by publishing its responses to such questions on its corporate website and the SGX website at least 48 hours prior to the closing date and time for the lodgement/receipt of instruments appointing proxy(ies). The Company will respond to questions or follow-up questions submitted after 24 July 2023 either within a reasonable timeframe before the AGM, or at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
9. Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives may also ask questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.

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/APPOINTMENT

Mr. Chong Chee Keong Chris is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 31 July 2023 ("AGM").

Mr. Kevin Wong Chee Fatt is proposed to be appointed as Non-Executive Independent Director at the forthcoming AGM.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors as set out in Appendix 7F of the Catalist Rules is disclosed below:

| | Mr. Chong Chee Keong Chris | Mr. Kevin Wong Chee Fatt |
|---|--|--|
| Date of Appointment | 28 February 2018 | 1 October 2023 |
| Date of last re-election and re-appointment | 29 September 2020 | N/A |
| Age | 54 | 56 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr. Chong Chee Keong Chris as the Non-Executive Independent Director 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 the Non-Executive Independent Director of the Company. | The Nominating Committee has recommended the appointment of Mr. Kevin Wong Chee Fatt as Non-Executive Independent Director of the Company with effect from 1 October 2023. The Board of Directors having considered the qualifications and experiences of Mr. Kevin Wong, are satisfied that he is suitable for the role as a Non-Executive Independent Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Independent Non-Executive | Independent Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive Independent Director, Chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee. | Non-Executive Independent Director, member of the Audit Committee, Nominating Committee and Remuneration Committee. |
| Professional qualifications | Bachelor of Laws, National University of Singapore | Bachelor of Arts in Economics and Political Science, National University of Singapore Master of Business Administration, Finance, The University of Hull |
| Working experience and occupation(s) during the past 10 years | 2 January 1999 to present Partners of Singapore Law Practice Chris Chong & CT Ho LLP 6 July 2013 to present Raintr33 Hotel Pte. Ltd. 1 November 2012 to present Montsierra Properties Pte. Ltd. | Apr 2009 to present MUFG Bank, Ltd and MUFG Securities Asia (limited) Singapore (resignation tendered and to take effect on 1 October 2023) |
| Shareholding interest in the listed issuer and its subsidiaries | Nil | Nil |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT

| | Mr. Chong Chee Keong Chris | Mr. Kevin Wong Chee Fatt |
|--|--|--------------------------|
| 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 |
| Conflict of Interest (including any competing business) | No | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments (Including Directorships) | | |
| Past (for the last 5 years) | Nil | Nil |
| Present | 1. Vallianz Holdings Limited 2. Raintr33 Hotel Pte. Ltd. 3. Montsierra Investments Pte. Ltd. 4. Montsierra Properties Pte. Ltd. | Nil |

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 |
| 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 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT

| | Mr. Chong Chee Keong Chris | Mr. Kevin Wong Chee Fatt |
|---|----------------------------|--------------------------|
| c) Whether there is any unsatisfied judgment against him? | No | No |
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| 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 |
| 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 |
| 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 |
| 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 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT

| | Mr. Chong Chee Keong Chris | Mr. Kevin Wong Chee Fatt |
|---|----------------------------|--------------------------|
| 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 |
| j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– | No | No |
| 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 | | |
| 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? | | |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/APPOINTMENT

| | Mr. Chong Chee Keong Chris | Mr. Kevin Wong Chee Fatt |
|--|---|--|
| 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 |
| 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 Mr. Chong Chee Keong Chris as a director of the Company. | Mr. Kevin Wong Chee Fatt 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). | | |

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting of the Company will be held, in a wholly physical format, at 1 HarbourFront Avenue #13-03 Keppel Bay Tower Singapore 098632 on Monday, 31 July 2023 at 10.00 a.m.. There will be no option for shareholders to participate virtually.
2. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") investors. CPF and SRS investors: (a) may vote at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 July 2023.

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 16 July 2023.

*I/We _____ (Name) *NRIC/Passport No. _____
of _____

being *a shareholder/shareholders of **VALLIANZ HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

| Name | Address | NRIC/ Passport No | Proportion of shareholdings represented by proxy (%) |
|------|---------|----------------------|--|
| | | | |

*and/or (delete as appropriate)

| Name | Address | NRIC/ Passport No | Proportion of shareholdings represented by proxy (%) |
|------|---------|----------------------|--|
| | | | |

or failing which, the Chairman of the Annual General Meeting of the Company (the "**AGM**"), as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, at the AGM to be held at 1 HarbourFront Avenue #13-03 Keppel Bay Tower Singapore 098632 on Monday, 31 July 2023 at 10.00 a.m. and at any adjournment thereof.

I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/she/they will on any other matter arising at the AGM.

| No. | Ordinary Resolutions | **For | **Against | **Abstain |
|-----|--|-------|-----------|-----------|
| 1. | Adoption of Audited Financial Statements for the financial year ended 31 March 2023 together with the Directors' Statement and Independent Auditor's Report thereon. | | | |
| 2. | Re-election of Director pursuant to Article 105. – Mr. Chong Chee Keong Chris | | | |
| 3. | Appointment of Mr. Kevin Wong Chee Fatt as an Independent Non-Executive Director of the Company pursuant to Article 90. | | | |
| 4. | Approval of the payment of Directors' fees of US\$ for the financial year ending 31 March 2024. | | | |
| 5. | Re-appointment of Messrs CLA Global TS Public Accounting Corporation as Auditor of the Company and to authorise the Directors to fix their remuneration. | | | |
| 6. | Renewal of Shareholders' Mandate for Interested Person Transactions with the RHC Group. | | | |
| 7. | Renewal of Shareholders' Mandate for Interested Person Transactions with the HOL Group. | | | |

Note:

* Please delete accordingly

** Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a resolution, please indicate with a (v) in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a (v) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares your proxy/proxies is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Dated this _____ day of July 2023

| 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

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 2001), 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.
 - (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (a) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

3. 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 1967), 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.**

A shareholder who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.

3. A proxy need not be a shareholder of the Company. A shareholder may choose to appoint the Chairman of the AGM as his/her/its proxy.
4. The instrument appointing a proxy(ies) must be deposited to the Company not less than 48 hours before the time appointed for holding the AGM in the following manner:
 - (a) Post or submit personally 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.
5. The instrument appointing a proxy(ies) must be signed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a shareholder of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act 1967.
7. Completion and return of an instrument appointing a proxy(ies) shall not preclude a member from attending, speaking and voting in person at the AGM. Any appointment of a proxy(ies) shall be deemed to be revoked if a shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
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 10.00 a.m. on 28 July 2023, 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 16 July 2023.

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Valianz Navigating a Greener Future: Charting Sustainable Solutions at Sea Annual Report 2023

