明光集團
BENG KUANG GROUP

BRAVING THE STORM

ANNUAL REPORT 2020

BRAVING THE STORM

OUR VISION

We aspire to be the "Preferred Partner" in providing total solutions for the marine, offshore and oil & gas industries.

OUR MISSION

We will strategically develop and execute our business profitably, bearing safety and innovations in mind, through total integration of solutions, together with the support from our employees to customers and partners.

CONTENTS

CORPORATE PROFILE

GROWING STRATEGICALLY

Beng Kuang Marine Limited (together with its subsidiaries called Beng Kuang Group) was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.

Over the years, Beng Kuang Group has been striving to be the "Preferred Partner" in providing total solutions for the marine, offshore oil and gas industries.

As a testament to our commitment to quality, health and safety, many of our subsidiaries have been accredited with the ISO and OHSAS certifications. Likewise, we have also received numerous letters of appreciation from customers on our work quality.

Beng Kuang Group leverages its resources and talents to strategically grow its key businesses in Infrastructure Engineering, Corrosion Prevention, Supply & Distribution and Shipping.

INFRASTRUCTURE ENGINEERING DIVISION ("IE DIVISION")

- Shipbuilding / Conversion
- Offshore Construction
- Turnkey Projects
- Sandwich Plate System (SPS) License
- Offshore Asset Integrity Management
- Project Management Services
- Supply of Cranes & Deck Equipment
- Rental of Industrial Equipment & Machinery

Our Infrastructure Engineering Division has been accredited with ISO9001:2015 certification and has received numerous letters of appreciation from shipyard operators and vessel owners alike.

We provide a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures mainly for customers in the marine, offshore oil and gas industries.

We are currently operating two waterfront fabrication yards, a 1 hectare yard on the western side of Singapore along Benoi Basin, and 32.8 hectare yard on the eastern side of Batam Island, Kabil.

Since 2009, we have constructed and delivered a number of vessels such as semi-submersible barges, a patrol vessel, various types of crane barges, tug boats and cargo barges. Apart from new construction, we have also successfully converted vessels to AMSA approved livestock carriers and fabricated complex steel structures and products for the marine and offshore industries.

In 2014, we have extended our services to provide asset integrity solutions for floating asset owners and operators. Our services include proficient and cost-efficient "one-stop" offshore in-situ turnkey repairs (periodical maintenances, repairs as per class requirements, life extension, warranty repairs, major repairs, upgrade, etc).

In 2015, we invested in an engineering company which is engaged in the manufacturing of pedestal cranes, marine and offshore deck equipment and supply of ship spares.

Going forward, IE division is moving on to secure more sophisticated engineering, procurement and construction projects.

CORROSION PREVENTION DIVISION ("CP DIVISION")

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Processing & Distributing of Copper Slag
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating

Our past vast record and reputation for reliability have enabled us to secure appointments such as "Resident Contractor" to provide corrosion prevention services in several established shipyards in Singapore and Batam, Indonesia. Our customers include Keppel Group of companies, Singapore Technologies Group of companies and PaxOcean Group of companies.

SUPPLY AND DISTRIBUTION DIVISION ("SD DIVISION")

- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

SD Division carries over 400 types of products (marine hardware equipment, tools and other products) under our house brands like MASTER, PROMASTER and SPLASH, all of which are commonly used in the marine, offshore, oil and gas, construction and other industries.

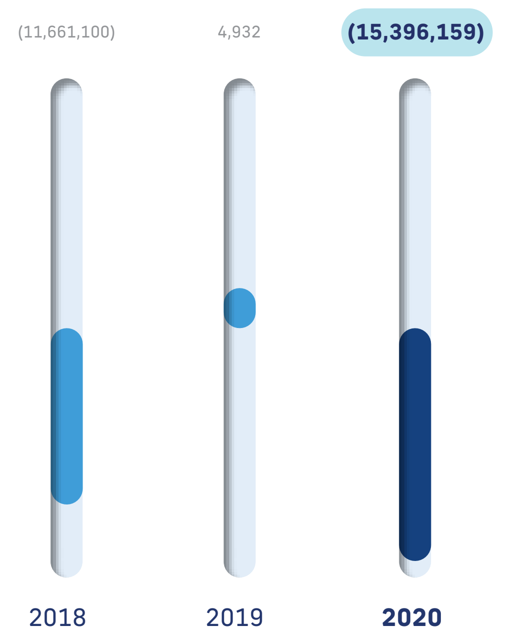
SHIPPING DIVISION ("SH DIVISION")

- Livestock Carriers
- Tugs & Barges
- Ship Management

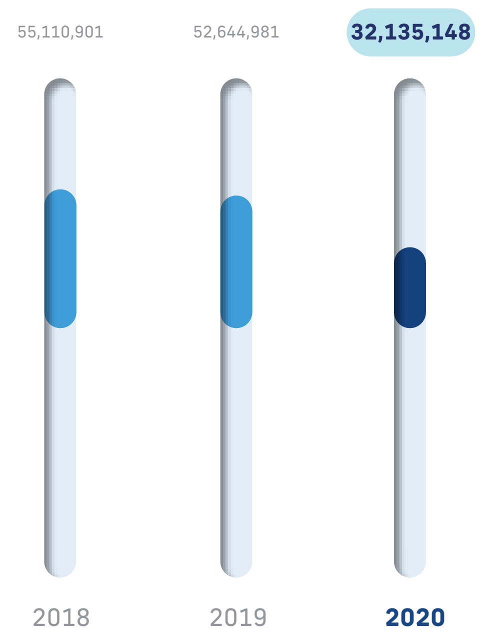
The Shipping Division mainly operates two livestock vessels that trade from Australia to Vietnam, China, Indonesia and Malaysia and occasionally to South Africa countries. Currently, we have two Indonesian flagged tugs.

FINANCIAL HIGHLIGHTS

ATTRIBUTABLE PROFIT / (LOSS)

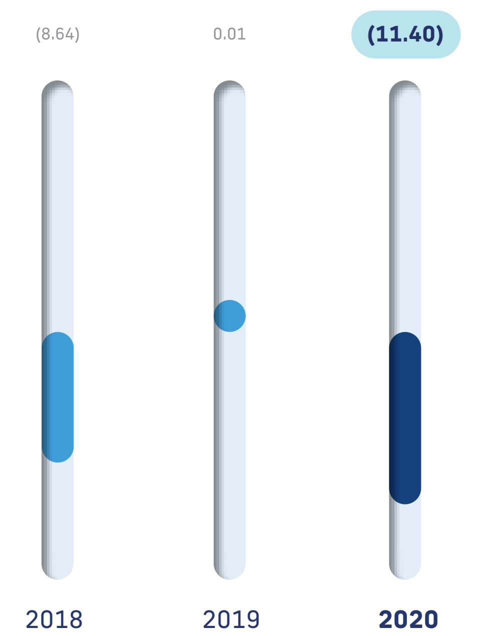


TANGIBLE NET WORTH



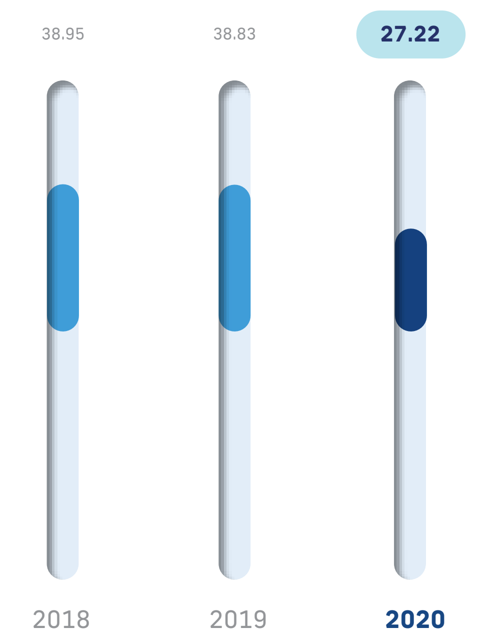
BASIC EARNINGS PER SHARE

(in cents)



NAV PER SHARE

(in cents)



	2020	2019	2018
OPERATING RESULTS			
Turnover*	42,667,250	58,358,162	55,315,822
Profit/(loss) before tax	(19,721,611)	600,467	(11,427,340)
EBITDA	178,617	11,149,895	(720,305)
Attributable (loss) / profit	**(15,396,159)**	**4,932**	**(11,661,100)**
FINANCIAL POSITION			
Total assets	93,408,362	115,929,752	129,905,689
Total liabilities	(61,209,377)	(63,220,934)	(74,730,951)
Net debt	(25,424,322)	(29,924,168)	(29,757,860)
Tangible Net Worth	**32,135,148**	**52,644,981**	**55,110,901**
Net Gearing ratio	79%	57%	54%
PER SHARE DATA (IN CENTS)			
Basic Earnings per Share – Basic	**(11.40)**	**0.01**	**(8.64)**
– Diluted	(11.40)	0.01	(8.64)
NAV per share	**27.22**	**38.83**	**38.95**
SEGMENT RESULTS*			
Turnover			
Infrastructure Engineering	16,959,092	16,249,480	11,979,975
Corrosion Prevention	10,673,157	19,893,230	14,704,328
Supply & Distribution	3,830,405	5,895,688	6,493,686
Shipping	11,204,596	16,319,764	22,137,833
Profit / (loss) from operating segments			
Infrastructure Engineering	(933,231)	(1,057,490)	617,139
Corrosion Prevention	235,811	3,632,218	(241,259)
Supply & Distribution	151,253	328,829	(71,713)
Shipping	(17,118,668)	(4,595,391)	(4,251,404)
Others	(82,745)	(82,898)	(80,450)
Capital Expenditure			
Infrastructure Engineering	874,186	621,930	1,279,259
Corrosion Prevention	848,637	411,935	163,775
Supply & Distribution	64,736	41,948	15,348
Shipping	701,861	3,258,034	336,310

* from continuing operations

EXECUTIVE CHAIRMAN'S STATEMENT

THE GROUP WILL CONTINUE TO SEEK OUT NEW PROJECTS AND INCREASE OPERATIONAL EFFICIENCIES IN THIS CHALLENGING BUSINESS ENVIRONMENT CAUSED BY THE COVID-19 PANDEMIC.

Chua Beng Kuang
Executive Chairman

DEAR SHAREHOLDERS,

Beng Kuang Marine Group went through a very difficult 2020 as the global economy was severely affected by the unprecedented worldwide spread of the COVID-19 pandemic. The marine, offshore oil and gas market was also dampened by the sharp fall in oil prices in March 2020. Many countries have commenced vaccination programmes for their people. We hope the recovery of global economy will see some improvement when countries open their borders and travel restrictions are lifted.

The Singapore Government declared circuit breaker measures to fight the COVID-19 pandemic in April 2020. Hence on 7 April 2020, our CP and IE Divisions ceased operations in Singapore and resumed only in early October 2020, when our foreign workers returned to their Singapore worksites. Consequently, the Group's revenue decreased by 26.9% or S$15.70 million from S$58.36 million in FY2019 to S$42.67 million in FY2020

Our IE Division was able to achieve a marginally higher revenue of S$16.96 million in FY2020 compared to S$16.25 million in FY2019 primarily because our Batam Yard was able complete fabrication contracts secured in 2H2019 and carry out projects that were disrupted in Singapore in FY2020.

Revenue for our CP division decreased by S$9.22 million from S$19.89 million in FY2019 to S$10.67 million in FY2020. This segment was adversely affected by the COVID-19 outbreak as our foreign workers were only able to work for about 6 months in FY2020 and major Singapore shipyards also had to lockdown because of the COVID-19 pandemic.

The SD Division revenue decreased from S$5.90 million in FY2019 S$3.83 million in FY2020 mainly because of the weak demand for marine and industrial hardware arising from the fallout of the COVID -19 pandemic.

Revenue for our SH Division decreased by S$5.12 million from S$16.32 million in FY2019 to S$11.20 million in FY2020. The performance of our SH Division was also affected by the compliance with strict measures and changing rules on COVID-19 from ports to ports. In October 2020, one of our livestock carriers encountered an accident and we incurred substantial costs in bringing the damaged vessel to Batam for repairs.

The Group's recorded gross loss of S$1.58 million in FY2020 from gross profit S$9.90 million in FY2019 largely due to the adverse impact of COVID-19 pandemic. Net profit attributable to shareholders of S$5,000 in FY2019 swung to net loss of S$15.40 million in FY2020 mainly due to (i) S$9.26 million impairment charge on two livestock carriers to fair market valuation taking into consideration the adverse change in business environment; (ii) US$2.5 million incurred on expected repair costs for one of the livestock vessels; (iii) in tandem with total decline in revenue from the impact of COVID-19 pandemic and (iv) S$0.86 million on foreign exchange loss.

There is still much uncertainty in the outlook for the recovery of the global economy and the marine, offshore oil and gas industries. The Group will continue to seek out new projects and increase operational efficiencies in this challenging business environment caused by the COVID-19 pandemic.

I wish to thank my fellow Directors for their invaluable contributions and advice in FY2020. I have decided not to seek re-election as Director at the forthcoming Annual General Meeting (AGM) on 27 April 2021 and will retire at the conclusion of the AGM and will also cease to be the Executive Chairman of the Company. The Board will in due course appoint a new Chairman of the Board.

We would also like to record our appreciation to our bankers, customers, suppliers and shareholders for their continued support and to all our employees for their commitment and hard work to go through a very tough year.

FINANCIAL & OPERATIONS REVIEW

BKM FY2020 FINANCIAL & OPERATIONS REVIEW

The Group's revenue decreased by 26.9% or S$15.69 million from S$58.36 million in FY2019 to S$42.67 million in FY2020. The Singapore Government declared circuit breaker measures in response to the COVID-19 pandemic in April 2020. Hence from 7 April 2020, our CP and IE division ceased operations in Singapore and resumed work only in October 2020, when our foreign workers returned to their Singapore worksites. The Group recorded net loss before tax of S$19.72 million in FY2020 as compared to net profit before tax S$0.60 million in FY2019.

SEGMENTAL REVIEW

Infrastructure Engineering ("IE") Division

Revenue for our IE division increased by S$0.72 million from S$16.25 million in FY2019 to S$16.97 million in FY2020. One of the reasons was attributable to Batam fabrication projects secured during 2H2019 carried forward into 1Q2020. Secondly, our IE division managed to secure more short term fabrication projects for our yard at Batam from established clients in Singapore. Lastly, towards the end of FY2020, we received purchase orders for manufacturing of new pedestal cranes from a reputable Middle Eastern client from the offshore sector.

Our IE operations in Singapore are largely labour intensive and experienced slowdown in February 2020 and later had to halt its operations when Singapore Government declared circuit breaker measures to fight the COVID-19 pandemic. In addition, during the lockdown period mentioned above, revenue from offshore vessel repairs and maintenance also declined as a result of global travel restrictions impacting productivity.

Corrosion Prevention ("CP") Division

Revenue for our CP division decreased by S$9.22 million from S$19.89 million in FY2019 to S$10.67 million in FY2020 as the segment was severely affected by COVID-19 outbreak. The nature of its business was largely labour intensive and reliant on foreign workers residing in workers' dormitories. The outbreak of COVID-19 cases in foreign workers dormitories and the resultant measures to curb these cases led to the inability of foreign workers to work during the circuit breaker period. This exerted a heavy toll on the performance of CP division.

Supply & Distribution ("SD") Division

Revenue for our SD division decreased by S$2.07 million from S$5.90 million in FY2019 to S$3.83 million in FY2020 due to weak demand for marine and industrial hardware products. This weak demand was exacerbated by the uncertainties faced by industrial sectors across Singapore in the midst of a COVID-19 induced economic slowdown.

Shipping and Others ("SH") Division

Revenue for our SH division decreased by S$5.12 million from S$16.32 million in FY2019 to S$11.20 million in FY2020. Our livestock carriers' voyages took longer period to complete round trips due to compliance with strict measures on COVID-19 from ports to ports as well as constantly changing rules and regulations to control COVID-19 outbreak. During October 2020, one of our livestock carriers encountered an accident and incurred substantial costs in bringing the vessel out of Australia to Indonesia for repairs as there were considerable local restrictions because of the COVID-19 pandemic. The Group incurred cost of US$2.50 million, bulk of which was due to vessel transfer.

OPERATING PROFITS / (LOSSES)

Continuing Operations

The Group's recorded a gross loss of S$1.58 million in FY2020 compared to a gross profit S$9.91 million in FY2019 largely due to the adverse impact of COVID-19 pandemic.

The Group received government grants of S$3.49 million in FY2020 under the COVID-19 Business Support schemes provided by the Singapore Government.

Depreciation expenses increased by S$0.86 million from S$7.82 million in FY2019 to S$8.68 million in FY2020 mainly due to three year lease of office and equipment commencing on 25 June 2019.

Interest expenses on borrowings from continuing operations decreased by 4.4% or S$0.09 million from S$2.06 million in FY2019 to S$1.97 million in FY2020 as a result of reduced borrowings.

Foreign exchange loss was S$0.86 million due to a weakening of US dollar against Singapore dollar for the year ended FY2020.

The Group net profit attributable to shareholders of S$5,000 in FY2019 swung to net loss of S$15.40 million in FY2020 mainly due to (i) S$9.26 million impairment charge on two livestock carriers to fair market valuation taking into consideration the adverse change in business environment; (ii) based on US$2.5 million incurred on expected repair costs for one of the livestock vessels; (iii) the aggregate total decline in revenue due to the COVID-19 pandemic and (iv) S$0.86 million on exchange loss.

CASHFLOW STATEMENT

Net cash inflow generated from operating activities was S$6.21 million in FY2020 which included S$3.46 million provided by the Singapore Government under the COVID-19 Business Support schemes. This was attributable to changes in working capital mainly generated from decrease in trade and other receivables by S$3.83 million; decrease in inventories by S$0.76 million decrease in contract assets by S$0.39 million and increase in trade and other payables by S$2.48 million.

Net cash outflow used in investing activities was S$0.84 million in FY2020 due to expenditure of S$0.68 million for interim drydocking cost of Barkly Pearl; acquisition of property, plant and equipment of S$1.30 million and proceeds from disposal of plant and machinery of S$1.14 million.

Net cash outflow used in financing activities was S$5.75 million in FY2020. This was mainly due to repayment of S$2.57 million on borrowings; S$2.38 million on repayment of lease liabilities; S$0.27 million on repayment in bills payable and S$0.29 million interest paid.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of S$0.38 million for FY2020.

ASSETS AND LIABILITIES

The Group registered total assets of S$93.41 million as at 31 December 2020.

The Group's current assets decreased from S$40.31 million as at 31 December 2019 to S$37.09 million as at 31 December 2020 mainly due to the decrease of trade and other receivables from S$23.43 million to S$21.66 million; the decrease of contract assets from S$7.39 million to S$7.01 million and the decrease of inventories from S$5.05 million to S$4.06 million.

The Group's non current assets decreased from S$75.63 million as at 31 December 2019 to S$56.32 million as at 31 December 2020 mainly due to impairment charge of S$9.26 million for two livestock vessels to fair market value taking into consideration the changes in business environment as a result of COVID-19 outbreak head on; S$2.47 million decrease due to the reclassification of a trade debt from non-current to current assets and S$8.68 million for depreciation on property, plant and equipment.

Total liabilities for the Group decreased by S$2.01 million from S$63.22 million as at 31 December FY2019 to S$61.21 million as at 31 December 2020.

The Group's current liabilities increased by S$0.91 million from S$49.74 million as at 31 December 2019 to S$50.65 million as at 31 December 2020. This was mainly due to increase in S$2.45 million on trade and other payables from S$26.62 million to S$29.07 million and decrease in S$1.61 million on borrowings from S$22.31 million to S$20.70 million.

The Group's non current liabilities decreased from S$13.48 million as at 31 December 2019 to S$10.56 million as at 31 December 2020 mainly due to decrease in borrowings from S$12.05 million to S$9.09 million.

The Group registered net current liabilities of S$13.56 million as at 31 December 2020 as compared to S$9.44 million as at 31 December 2019. The increase was primarily due to decrease in trade debtor as a result of reduced business activities as well as an increase in trade and other payables to finance the repair costs of the livestock carrier. The Group is actively reviewing its operations to identify and monetise under-performing assets. At the same time, the Group is focused on regaining momentum by securing more work with the re-opening of the economy both locally and globally. These will allow us to overcome the net current liabilities position.

BOARD OF DIRECTORS

MR. CHUA BENG KUANG

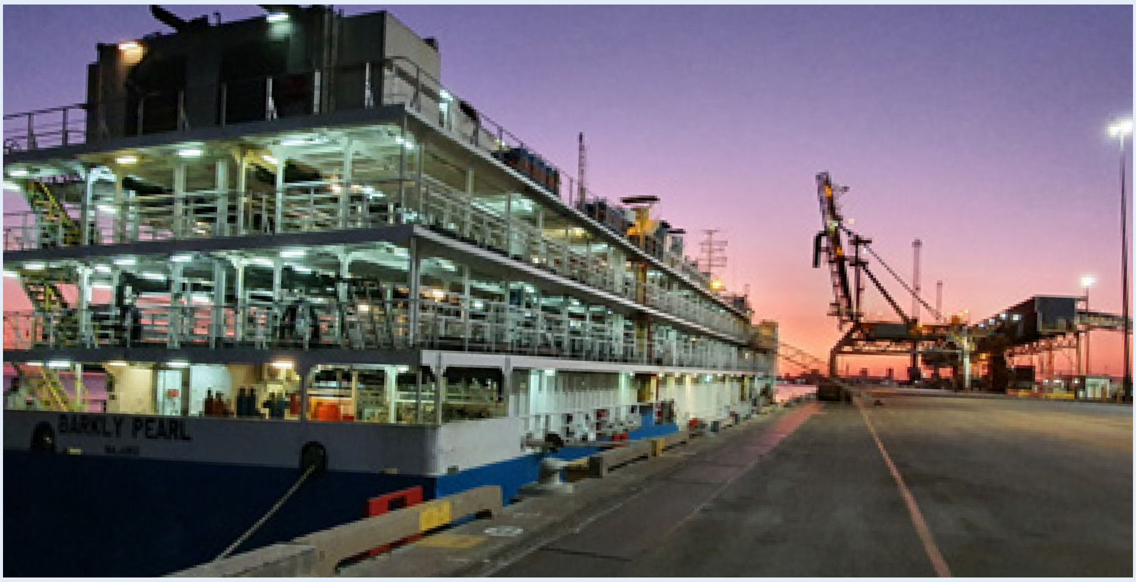
Executive Chairman

Mr. Chua Beng Kuang is our Executive Chairman and one of our founders. He was first appointed Director on 8 January 1994 and last re-elected on 22 April 2019. He is primarily in charge of the overall management, including developing and steering corporate plans, business directions and strategies for the Group. He has more than 35 years of experience in the marine industry. He leads management in pursuing the Group's mission and objectives and has been instrumental to our growth.

MR. CHUA MENG HUA

Managing Director and Chief Executive Officer

Mr. Chua Meng Hua is our Managing Director and one of our founders. He was first appointed Director on 8 January 1994 and last re-elected on 29 June 2020. He oversees the overall administrative, safety and operational systems, including developing and steering plans, and directions for the Group. He has more than 25 years of experience in the marine industry.



MR. LOW WEE SIONG

- **Lead Independent Director**
- **Chairman, Audit Committee**
- **Member, Remuneration Committee**
- **Member, Nominating Committee**

Mr. Low Wee Siong was first appointed as our Independent Director on 19 May 2017 and was last re-elected on 29 June 2020. He is currently in legal practice as a partner with CNPLaw LLP. He is also an independent director of PropNex Limited and Republic Healthcare Limited. Mr. Low has more than a decade of experience in capital markets and corporate finance. He is recommended by Legal 500 Asia-Pacific for capital markets (2018, 2020 and 2021) and banking and finance (2021) and was named amongst the most influential lawyers aged 40 and under in Singapore (2016) by the Singapore Business Review.

Mr. Low Wee Siong holds degrees in law and accountancy from the National University of Singapore and the Nanyang Technological University respectively. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Solicitor on the Roll of Solicitors of England and Wales and a Chartered Accountant of Singapore.

MR. GOH CHEE WEE

- **Independent Director**
- **Chairman, Nominating Committee**
- **Member, Audit Committee**
- **Member, Remuneration Committee**

Mr. Goh Chee Wee was first appointed as our Independent Director on 30 August 2004 and was last re-elected on 25 April 2018. He is also a director of Chailease Holding Company Ltd, King Wan Corporation Ltd and Sin Ghee Huat Corporation Ltd, all listed companies.

Mr. Goh was formerly a Member of Parliament and Minister of State for Trade and Industry, Labour and Communications. He was the Group Managing Director and Chief Executive Officer of Comfort Group Ltd until 2003.

Mr. Goh holds a Bachelor of Science (First Class Honours) degree from the then University of Singapore and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

MR. LUM KIN WAH

- **Independent Director**
- **Chairman, Remuneration Committee**
- **Member, Audit Committee**
- **Member, Nominating Committee**

Mr. Lum Kin Wah was first appointed as our Independent Director on 9 May 2019 and was last re-elected on 29 June 2020.

He has more than 40 years of experience in the maritime industry in various roles ranging from an apprentice to general manager and director in companies including Keppel Shipyard subsidiaries, PT Pan-United Shipyard Indonesia and PT Batamec Shipyard (subsidiary of OTTO Marine Limited). He was also the managing director of Nexus Engineering Pte Ltd (subsidiary of Labroy Marine Limited).

Mr. Lum holds a Bachelor of Science (First class Honours) degree from University of Strathclyde Glasgow, Scotland. He is a Chartered Engineer registered in the UK and a member of the Society of Naval Architects and Marine Engineers in Singapore.

KEY EXECUTIVES

MR. CHUA BENG YONG

Chief Operating Officer

Mr. Chua Beng Yong is one of the founders and the Head for our Infrastructure Engineering ("IE") Division.

He is currently overseeing the Group's business divisions, including developing and steering plans, directions in the marketing, business development and operations. He has over 25 years of experience in the marine, offshore and oil and gas industries. He leads the IE Division in pursuing the Group's mission and objectives and has been pivotal in the growth of the IE Division.

MR. CHUA BENG HOCK

Deputy Chief Operating Officer

Mr. Chua Beng Hock is one of the founders and the Head for our Corrosion Prevention ("CP") Division.

He is currently overseeing the Group's business divisions, particularly in the CP Division, including developing and steering plans, directions in the marketing, business development and operations aspects. He has about 25 years' experience in the corrosion prevention business in the marine, offshore and oil and gas industries. He leads the CP Division in pursing the Group's mission and objectives and has been instrumental in the market expansion in CP Division.

MR. LEE WEI LIANG

Chief Financial Officer

Mr. Lee Wei Liang is our Chief Financial Officer and has overall responsibility on all financial related matters of the Group. He joined the Group as Finance Manager in 2000 and was promoted as Chief Financial Officer in 2012. Prior to joining the Group, his services were rendered to Bob Low and Company as an Audit Assistant to Audit Senior from 1998 to 2000. He obtained a Bachelor of Accountancy from Queensland University of Technology in 1999.

CORPORATE STRUCTURE

INFRASTRUCTURE ENGINEERING

- Shipbuilding / Conversion
- Offshore Construction
- Turnkey Projects
- Sandwich Plate System (SPS) License
- Offshore Asset Integrity Management
- Project Management Services
- Supply of Cranes & Deck Equipment
- Rental of Industrial Equipment & Machinery

- 100% MTM (ASE) Metalization Pte Ltd
- 100% PT. Nexus Engineering Indonesia
- 100% PT. Master Indonesia
- 51% Asian Sealand Offshore and Marine Pte Ltd
  - 51% ASIC Engineering Sdn Bhd
  - 51% PBT Engineering Resources Pte Ltd
- 51% International Offshore Equipments Pte Ltd
  - 51% International Offshore Equipment Canada Inc
- 51% Venture Automation & Electrical Engineering Pte Ltd

CORROSION PREVENTION

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Processing & Distributing of Copper Slag
- Rental of Machineries and Equipment
- Shop Blasting & Painting
- Thermal Spray Coating

- 100% Beng Kuang Marine (B&Chew) Pte Ltd
- 100% Beng Kuang Marine (B&M) Pte Ltd
- 100% B&K Marine Pte Ltd
- 100% OneHub Tank Coating Pte Ltd
- 100% PT. Nexelite CP Indonesia
- 80% Nexus Hydrotech Pte Ltd
- 51% Pangco Pte Ltd
  - 51% PT. Berger Batam

SUPPLY & DISTRIBUTION

- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

- 100% Nexus Sealand Trading Pte Ltd
  - 100% Picco Enterprise Pte Ltd

SHIPPING & OTHERS

- Livestock Carriers
- Tugs & Barges
- Ship Management

- 100% Quill Marine Pte Ltd
  - 70% Cattle Line Two Pte Ltd
  - 70% Cattle Line One Pte Ltd
  - 100% Drako Shipping Pte Ltd
  - 100% PT. Marina Shipping
- 65% Water & Environmental Technologies (WET) Pte Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chua Beng Kuang,
Executive Chairman

Mr. Chua Meng Hua,
Managing Director
and Chief Executive Officer

Mr. Low Wee Siong,
Lead Independent Director

Mr. Goh Chee Wee,
Independent Director

Mr. Lum Kin Wah,
Independent Director

AUDIT COMMITTEE

Mr. Low Wee Siong,
Chairman

Mr. Goh Chee Wee

Mr. Lum Kin Wah

REMUNERATION COMMITTEE

Mr. Lum Kin Wah,
Chairman

Mr. Goh Chee Wee

Mr. Low Wee Siong

NOMINATING COMMITTEE

Mr. Goh Chee Wee,
Chairman

Mr. Low Wee Siong

Mr. Lum Kin Wah

COMPANY SECRETARIES

Ms. Wee Woon Hong

Mr. Srikanth Rayaprolu

REGISTERED OFFICE

55 Shipyard Road, Singapore 628141
Tel: (65) 6266 0010
Fax: (65) 6264 0010
Email: bkm@bkmgroup.com.sg
Website: www.bkmgroup.com.sg

AUDITORS

Nexia TS Public Accounting Corporation
80 Robinson Road
#25-00,
Singapore 068898
Partner-in-charge : Mr. Titus Kuan
(Appointed since
Financial Year Ended 2020)

BANKERS

United Overseas Bank Limited

Oversea-Chinese Banking Corporation Limited

DBS Bank Limited

RHB Bank Berhad

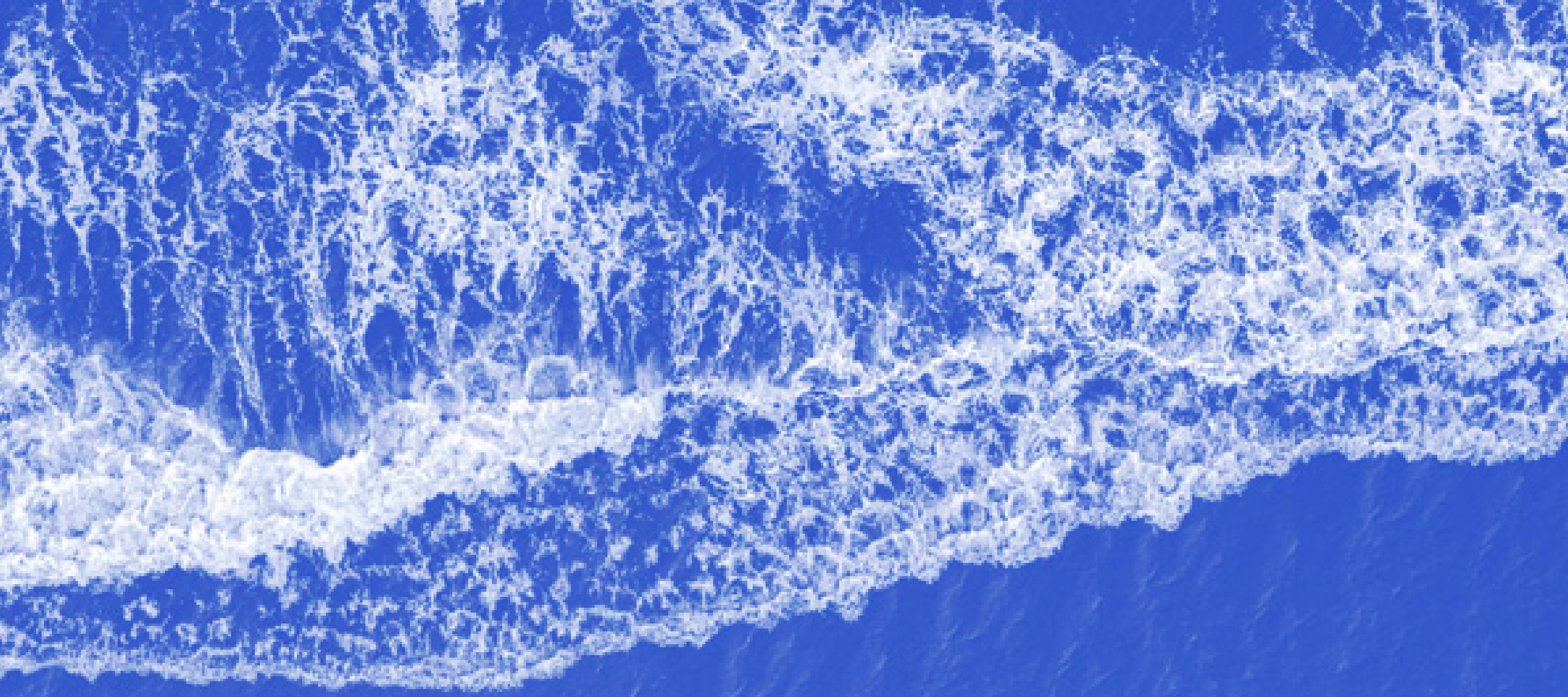
CIMB Bank Berhad

PT Bank Mandiri (Persero) Tbk, SIngapore

Validus Capital Pte. Ltd.

REGISTRAR AND THE SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road, #05-01,
Singapore 068902
Tel: (65) 6228 0530
Fax: (65) 6225 1452



CONTENTS

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Beng Kuang Marine Limited is committed to maintaining a high standard of corporate governance within the Group. The Company has, put in place and adopted various principles, policies, and practices complying with revised Code of Corporate Governance 2018 ("the Code") where it is applicable and practical to the Group in the context of the Group's business and organisation structure.

The Company is pleased to report that it has generally adhered to the principles and guidelines as set out in the Code and exceptions are explained below.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is entrusted with the responsibility of the overall management of the business and corporate affairs of the Group. Every Director is expected, in the course of carrying out his duties, to act in good faith and to consider at all times the interests of the Company.

The principal functions of the Board are to: -

(a) approve the Group's key business strategies and financial objectives, including the review of annual budgets, major investments / divestments, and funding proposals;

(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(c) review and monitor the Management performance;

(d) set the Company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

(e) approval of interested person transactions

Provision 1.2

Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. The induction, training and development provided to new and existing directors are disclosed in the Company's annual report.

The Directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the Management. The Chairman and Managing Director will make the necessary arrangements for the briefings, informal discussions or explanations required by the Director.

Newly appointed Directors will undergo an orientation programme and will be provided with materials to help them familiarise themselves with the business and governance practices of the Company.

REPORT OF CORPORATE GOVERNANCE

Where necessary, the Directors will be updated on the latest governance and listing policies that are relevant to the Group. All Directors are also updated regularly concerning any changes in Company policies.

Provision 1.3

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the Company's annual report.

Matters that specifically require the Board's decision or approval are: -

- Corporate strategy and business plans;
- Material investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of Directors and appointment of key personnel;
- Announcement of financial results, the annual report and accounts;
- Material acquisitions and disposal of assets and material expenditures; and
- All matters of strategic importance.

Provision 1.4

Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.

All other matters are delegated to committees whose actions will be monitored by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") which operate within clearly defined terms of reference and functional procedures. The Composition of AC, NC and RC are disclosed under various provisions of this Report.

Provision 1.5

Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each Company.

The Board conducts regular scheduled meetings on a quarterly basis and where the circumstances require, ad-hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under Regulation 120(2) of the Company's Constitution. The Board may also make decisions by resolutions in writing. The number of Board and Board committees meetings held and attended by each Director during FY2020 are as follows: -

	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No of meetings		No of meetings		No of meetings		No of meetings	
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chua Beng Kuang	4	4	–	–	–	–	–	–
Chua Meng Hua	4	4	–	–	–	–	–	–
Low Wee Siong	4	4	4	4	1	1	1	1
Goh Chee Wee	4	4	4	4	1	1	1	1
Lum Kin Wah	4	4	4	4	1	1	1	1

REPORT OF CORPORATE GOVERNANCE

Provision 1.6

Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Company makes available to all Directors management accounts, as well as the relevant background or explanatory information relating to matters that are to be discussed at the Board meetings. Detailed board papers are sent out to the Directors before the scheduled meetings so that the members may be informed of the issues before hand and have sufficient time to formulate questions that they may have. In respect of budgets, any material variance between the forecasts and actual results is reviewed by the Board and disclosed and explained by Management, where required by the Board.

Provision 1.7

Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

The Directors have also been provided with the contact details of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

The Company Secretaries and/or his/her representatives attend Board meetings and assist the Board in ensuring that the Company complies with the relevant requirements of the Companies Act, Chapter 50, and the provisions in the Listing Manual of the SGX-ST. The appointment and removal of the Company Secretaries would be a matter for the Board as a whole to decide.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1

An "independent director" is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

(i) As at the date of this report, the Board comprises three Independent Directors and two Executive Directors as follows: -.

Executive Directors

Chua Beng Kuang	(Executive Chairman)
Chua Meng Hua	(Managing Director and Chief Executive Officer)

Independent Directors

Low Wee Siong	(Lead Independent Director)
Goh Chee Wee	(Independent Director)
Lum Kin Wah	(Independent Director)

REPORT OF CORPORATE GOVERNANCE

As the Independent Directors make up majority of the Board, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on all matters independently from the Management.

(ii) The independence of each Director is reviewed annually by the NC, which adopts the Code's definition of what constitutes an independent director. The NC is of the view that the Independent Directors, namely Mr. Goh Chee Wee, Mr. Lum Kin Wah and Mr. Low Wee Siong are independent.

Mr. Goh Chee Wee was first appointed Directors on 30 August 2004 and have held his office as Director for more than 16 years and the Code requires their independence should be subject to rigorous review. In this context, the NC and the Board have separately reviewed the independence of Mr. Goh Chee Wee and are satisfied that his long tenure does not impair his independence and he is able to discharge the duties as Director independently and objectively. He remained independent in character and judgement and there are no relationships or circumstances which are likely to affect his judgement. He is well qualified and experienced and has the ability to make impartial and well-balanced decisions and to act in the best interests of the Company and shareholders.

Provision 2.2

Independent directors make up a majority of the Board where the Chairman is not independent.

As at the date of this report, the Board had three Independent Directors representing majority of the Board.

Provision 2.3

Non-executive directors make up a majority of the Board.

As at the date of this report, the Board had three Non-Executive Independent directors representing majority of the Board.

Provision 2.4

The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the Company's annual report.

The NC is satisfied that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. It is also of the view that the current Board size of five Directors is appropriate for effective decision making, taking into account the scope and nature of the Company's business. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes.

While the Board and NC have not implemented a fixed diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has appropriate mix of expertise and experience to enable management to benefit from a diverse perspective in reviewing the issues that are brought before the Board.

The Board currently has 5 Directors of which 3 Directors, being the majority, are independent directors. Whilst the Company has not implemented a fixed diversity policy, the Company is cognisant of the need for board diversity to provide the appropriate mix balance and mix of skills, knowledge and experience to facilitate effective decision making and constructive debate, and has since 2017 refreshed the Board with new independent directors with an eye on and to increase board diversity, taking into account constantly evolving business and industry conditions.

REPORT OF CORPORATE GOVERNANCE

Further, the current independent directors have varied qualifications and expertise in the areas of finance, accounting, law, business management and industry knowledge, with varying age profiles.

In light of the diversified background, experience and professional qualifications of the independent directors and taking into consideration the nature and scale of the Group's business as well as the constantly evolving nature of business and industry conditions, the Board and nominating committee are of the view that the current Board composition is sufficiently diverse to facilitate effective decision making and constructive debate and avoid groupthink and the Company's practices are consistent with the intent of Principle 2.

Provision 2.5

Non-executive directors and/or independent directors, led by the independent chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

All Non-Executive Directors, led by the Lead Independent Director, meet regularly with the Executive Directors and management to develop strategies for the Group, review the performance of management, assess remuneration and discuss corporate governance matters. Where warranted, the Independent Non-Executive Directors meet for discussions before the Board meetings in the absence of management. The Lead Independent Director provides feedback to the Board as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provision 3.1

The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

The Company keeps the posts of Chairman and Chief Executive Officer separate. There is a clear division of responsibilities between the Chairman and the Chief Executive Officer, which will ensure a balance of power and authority. Keeping the two posts separate will also ensure increased accountability and greater capacity of the Board for decision-making.

Mr. Chua Beng Kuang (Executive Chairman) and Mr. Chua Meng Hua (Managing Director and Chief Executive Officer) are brothers.

Mr. Chua Beng Kuang who is due for retirement by rotation at the forthcoming Annual General Meeting of the Company to be held on 27 April 2021 ("AGM"), has decided not to seek re-election as a Director and will retire at the conclusion of the AGM. Upon his cessation as Director after the AGM, Mr. Chua Beng Kuang will also cease to be the Executive Chairman of the Company.

Provision 3.2

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The Managing Director and Chief Executive Officer, Mr. Chua Meng Hua, with the team of key executive officers, is responsible for the day to day management of the Group's operations.

The Executive Chairman, Mr. Chua Beng Kuang is primarily responsible for the effective workings of the Board. He works together with the Managing Director and Chief Executive Officer in scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations. The Chairman and the Managing Director and Chief Executive Officer (with the assistance of the Company Secretary) also prepare the meeting agenda in consultation with the Directors.

The Chairman and the Managing Director and Chief Executive Officer also exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board and assist in ensuring the Group's compliance with the Code.

Provision 3.3

The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent.

The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Mr. Low Wee Siong is the Lead Independent Director of the Company, who is available to address Shareholders' concerns on issues that has not been satisfactorily resolved or cannot be appropriately dealt with by the Executive Chairman, Managing Director and Chief Executive Officer or the Chief Financial Officer.

BOARD MEMBERSHIP

Principle 4: 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 4.1

The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

The NC has been established with written terms of reference and as at the date of this report comprises three Independent Directors.

REPORT OF CORPORATE GOVERNANCE

The main terms of reference of the NC are as follows: -

- To review nominations for the appointment and re-appointment to the Board and the various Board committees;
- To decide on the evaluation criteria of the Board, propose an objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- To decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company (in a case where the Director has multiple board representations);
- To ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years; and
- To determine, on an annual basis, whether a Director is independent.

Key information regarding the Directors is set out under "Board of Directors" section of this Annual Report.

Provision 4.2

The NC comprises at least three directors, all of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

As at the date of this report, the members of NC are: -

Goh Chee Wee	(Chairman, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)
Lum Kin Wah	(Member, Independent Director)

Provision 4.3

The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the Company's annual report.

The NC is responsible for the re-nomination of the Directors. Regulation 107 of the Company's Constitution requires one-third of the Directors to retire from office at least once in every three years at the Company's AGM whereas Regulation 112 provides that each term of appointment of the Managing Director shall not exceed five years. Retiring Directors are eligible to offer themselves for re-election pursuant to Regulation 109.

Mr. Chua Beng Kuang, who is due for retirement by rotation pursuant to Regulation 107, has decided not to seek re-election as a Director and will retire at the conclusion of the forthcoming AGM. Upon his cessation as Director after the AGM, Mr. Chua Beng Kuang will also cease to be the Executive Chairman of the Company.

The NC has recommended to the Board that Mr. Goh Chee Wee be nominated for re-election at the forthcoming AGM pursuant to Regulation 107 of the Company's Constitution. In making the recommendations, the NC had considered the Directors' overall contributions and performance.

Mr. Goh Chee Wee will, upon re-election as a Director, remain as Independent Director of the Company and the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. He is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Table A on pages 34 to 36 of this Annual Report for further information on Mr. Goh Chee Wee.

REPORT OF CORPORATE GOVERNANCE

The NC will determine the criteria for the appointment of new Directors. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision-making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Provision 4.4

The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.

The NC meets at least once a year. Please refer to the disclosure in Provision 2.1 in relation to the NC's review of Director's independence.

Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the Company. The Company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

All Directors are required to attend courses organized by the Singapore Institute of Directors on their duties and obligations as a Director within 1 year from their appointment. In addition, the responsibilities of a Director are clearly delineated in their appointment letter or service agreement (as the case may be).

All Directors declare their board memberships and principal commitments as and when practicable. The details of the listed company directorships and principal commitments of the Board members are set out in pages 8 to 9 of this Annual Report.

The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as Directors of the Group.

Having regard to the Directors' attendance and deliberations at meetings of the Board and Board Committees and the time spent on the Company's affairs, the NC and the Board are of the view that a maximum limit on the number directorship in listed companies for a director is not necessary.

REPORT OF CORPORATE GOVERNANCE

BOARD PERFORMANCE

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

Provision 5.1

The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The objective performance criteria address how the Board has enhanced long-term shareholders' value and include a comparison with the industry peers. The performance evaluation also includes consideration of return on equity, the Company's share price vis-à-vis the Singapore Straits Times Index. The selected performance criteria will not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Provision 5.2

The Company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its directors.

The RC recommends to the Board (in consultation with the Chairman) a framework of remuneration for the Board and the Executive Officers as well as specific remuneration packages for the Executive Director and the Managing Director and Chief Executive Officer. The recommendations were submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and Executive Officers' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. The members of the RC do not participate in any decision concerning their own remuneration package.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Provision 6.1

The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

As at the date of this report, the members of RC are: -

Lum Kin Wah	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies.

Provision 6.2

The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

As at the date of this report, the members of RC are:

Lum Kin Wah	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Low Wee Siong	(Member, Lead Independent Director)

Provision 6.3

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. Please refer to the disclosure in Provision 7.1 for remuneration aspects.

Provision 6.4

The Company discloses the engagement of any remuneration consultants and their independence in the Company's annual report.

No remuneration consultant was engaged by the Company during FY2020. The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations.

LEVEL AND MIX OF REMUNERATION

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

Provision 7.1

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

The remuneration packages for Executive Directors take into account the performance of the Group and the individual Director. The RC also ensures that the Executive Directors are adequately remunerated as compared to industry and comparable companies.

REPORT OF CORPORATE GOVERNANCE

The Company has entered into separate service agreements with Mr. Chua Beng Kuang and Mr. Chua Meng Hua for an initial period of three years commencing 1 January 2004 which shall be automatically renewed on a three-year basis. There are no onerous removal clauses in the service agreements. Other than a fixed salary, Mr. Chua Beng Kuang and Mr. Chua Meng Hua are also entitled to an additional variable performance related bonus that is designed to align their interests with those of the shareholders and link rewards to corporate and individual performance.

Provision 7.2

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The Non-Executive Directors' remuneration in the form of directors' fees take into account the roles that the individual Director play, including but not limited to the efforts, time spent and responsibilities of the Non-Executive Director. The Directors' fees are subject to shareholders' approval at the forthcoming AGM.

Provision 7.3

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel to successfully manage the Company for the long term given the low attrition rate of Directors and key management personnel.

DISCLOSURE ON REMUNERATION

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

Provision 8.1

The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive marine business environment the Group operates in.

REPORT OF CORPORATE GOVERNANCE

A summary compensation table of the directors' remuneration for the financial year ended 31 December 2020 is set out below:

Name of Directors	Salary# (%)	Bonus (%)	Fees* (%)	Benefits (%)	Total (%)
Up to S$250,000					
Chua Beng Kuang	86.19	–	–	13.81	100.00
Chua Meng Hua	90.44	–	0.71	8.85	100.00
Goh Chee Wee	–	–	100.00	–	100.00
Low Wee Siong	–	–	100.00	–	100.00
Lum Kin Wah	–	–	100.00	–	100.00

* *These fees are subject to approval of the shareholders at the forthcoming AGM.*
\# *Salary is inclusive of fixed allowance and CPF contributions.*

A summary compensation table of the top five Executive Officers' remuneration for the financial year ended 31 December 2020 is set out below:

Name of Top 5 Executive Officers	Salary (%)	Bonus (%)	Fees (%)	Benefits (%)	Total (%)
Up to S$250,000					
Chua Beng Yong	100.00	–	–	–	100.00
Chua Beng Hock	100.00	–	–	–	100.00
Lee Wei Liang	90.78	–	–	9.22	100.00
Tan Say Tian	100.00	–	–	–	100.00
Irene Lim	100.00	–	–	–	100.00

The top five Executive Officers of the Group are Mr. Chua Beng Yong (Chief Operating Officer, Head of Infrastructure Engineering Division), Mr. Chua Beng Hock (Deputy Chief Operating Officer, Head of Corrosion Prevention Division), Mr. Lee Wei Liang (Chief Financial Officer), Mr. Tan Say Tian (General Manager, Infrastructure Engineering Division) and Ms. Irene Lim (Senior Manager).

The aggregate total remuneration paid to or accrued to top five Executive Officers (who are not Directors or CEO) for FY2020 amounted to S$638,676.

The gross remuneration disclosed is computed on gross salaries, allowances and other benefits accruing during the financial year. There are no termination, retirement or any post-employment benefits to directors and key executive officers.

The Company is of the opinion that it is not in the best interest of the Company to disclose the total remuneration of each Director and Key Executive in dollar terms, given the sensitivity of remuneration matters and the competitiveness of the industry for key talent.

REPORT OF CORPORATE GOVERNANCE

Provision 8.2

The Company discloses the names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

Mr. Chua Beng Kuang, Executive Chairman of the Company, and Mr. Chua Meng Hua, Managing Director and Chief Executive Officer and Mr. Chua Beng Yong and Mr. Chua Beng Hock (Executive Officers) are brothers. The Code recommends that the remuneration of employees who are immediate family member of a Director or CEO be disclosed within the bands of S$100,000. However, the Board is of the opinion that the remuneration details of Mr. Chua Beng Yong and Mr. Chua Beng Hock are confidential and disclosure of their remuneration in the bands of S$100,000 would not be in the interest of the Company. Mr. Chua Min Kong who is also a brother of Mr. Chua Beng Kuang and Mr. Chua Meng Hua is employed by the Group as a Manager and his total remuneration in 2020 was less than S$100,000.

Save as disclosed above, there is no employee who is an immediate family member of any Director or CEO, whose remuneration for FY2020 exceeds S$100,000.

Provision 8.3

The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company. It also discloses details of employee share schemes.

Please refer to the disclosure in Provision 8.1 for the remuneration details of Directors and Key Management Personnel of the Company.

The BKM Performance Share Plan was adopted at an Extraordinary General Meeting held on 27 April 2009 and has since expired.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Provision 9.1

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

The Company manages risks under an overall strategy determined by the Board and supported by AC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

REPORT OF CORPORATE GOVERNANCE

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the Board, with concurrence of the AC, is of the view that, the system of internal control maintained by the Group provides reasonable assurance of the adequacy and effectiveness of the internal controls in addressing the financial, operational (including information technology) and compliance risks and risk management systems of the Group.

The Company does not have a Board Committee for Risk Management. The Board and the AC has supervised the setting up of an enterprise risk management framework to evaluate and continuously improve the effectiveness of risk management capabilities, control and governance processes. The internal auditors have assisted in setting up this structure and have presented their key findings of their review to the AC and the Board. Key operational (including information technology), business, and financial risks faced by the Group generally and in major contracts and transactions are continuously analysed and identified so that all key risks (including information technology risk) are addressed and internal controls are in place and reviewed periodically by Management, the AC and the Board.

The Board and AC noted that all internal controls contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process with a view to improve the Group's internal control systems.

Provision 9.2

The Board requires and discloses in the Company's annual report that it has received assurance from:

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board received assurance from the Managing Director and the Chief Executive Officer and the Chief Financial Officer that:

(a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that the Company has put in place and will continue to maintain a reliable, comprehensive and sound system of risk management and internal control.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provision 10.1

The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

REPORT OF CORPORATE GOVERNANCE

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and

(f) reviewing 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.

The AC has been established with written terms of reference and as at the date of this report comprises three Independent Directors. They are: -

Low Wee Siong	(Chairman, Lead Independent Director)
Goh Chee Wee	(Member, Independent Director)
Lum Kin Wah	(Member, Independent Director)

Mr. Low Wee Siong chairs this Committee. The AC met four times in the financial year under review. It performs the following functions: -

- Reviewing the audit plans and reports of the independent auditor and to consider the effectiveness of the actions taken by the Management on the auditor's recommendations;
- Reviewing the internal audit plans, the scope and results of internal audit procedures;
- Review Enterprise Risk Management structure, governance and processes;
- Reviewing the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2020 and other announcements to shareholders and the SGX-ST before submission to the Board of Directors ("Board") for approval, as well as the independent auditor's report on the balance sheets of the Company and the Consolidated financial statements of the Group;
- Appraising and reporting to the Board on the audits undertaken by the independent auditor, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of management internal audit function and internal controls;
- Reviewing the assistance and co-operation given by the Management to the independent auditor;
- Evaluating quality of work performed by independent auditor;
- Discussing problems and concerns, if any, arising from the interim and final audits;
- Considering and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;
- Reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Reviewing interested person transactions, as defined in the Listing Manual of SGX-ST.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by the Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditors and it has accordingly recommended to the Board that Nexia TS Public Accounting Corporation be nominated for reappointment as auditors of the Company at the forthcoming annual general meeting of the Company ("AGM").

The aggregate amount of fees paid or payable to the independent auditors of the Company, broken down into audit and non-audit services during FY2020 are as follows: -

Audit fees	: S$168,696
Non-audit fees	: S$39,832

The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its independent auditors.

Whistle Blowing Policy

The AC has put in place a whistle-blowing arrangement whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to Mr. Low Wee Siong, the AC Chairman. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken.

Where the need arises, the AC will meet with the independent auditors, without the presence of the Management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge the functions properly. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

Provision 10.2

The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

As at the date of this report, the members of AC are:

Low Wee Siong	(Chairman, Lead Independent Director)
Goh Chee Wee	(Member, Independent Director)
Lum Kin Wah	(Member, Independent Director)

Mr. Low Wee Siong and Mr. Lum Kin Wah have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

None of the AC members were previous partners or directors of the Company's existing auditors.

REPORT OF CORPORATE GOVERNANCE

Provision 10.4

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

The Company outsourced its internal audit function to an external professional firm, Wensen Consulting Asia (S) Pte Ltd ("Wensen"), who reports directly to the AC and administratively to the Executive Directors. The objective of the internal audit function is to determine whether the Group's risk management, internal controls and governance processes, as designed by the Company, are adequate and functioning in the required manner. The internal auditors have identified the Group's main business processes and developed an audit plan that covers the main business process over a 1-3 year audit cycle.

Based on information provided by Wensen, (a) it specialises in the provision of internal audit outsourcing and risk management services to public listed companies in Singapore, Malaysia and Hong Kong; (b) the engagement team is led by its Director, Mr. Edward Yap who has more than 21 years of experience in auditing field and is currently a fellow member of the Association of Certified Chartered Accountants, a practising member of the Institute of Singapore Chartered Accountants and a member of the Malaysia Institute of Accountants; (c) the engagement team comprises of a Senior Manager, a Lead Consultant and other supporting consultants who possesses relevant experience and qualification in the field of accounting; and (d) the Senior Manager who is assisting the Director in managing the internal audit outsourcing has more than 14 years of experience in the field of internal auditing.

The AC will review the adequacy of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

Provision 10.5

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

The AC meets from time to time with the Group's external and internal auditors, in each case without the presence of the management of the Company, at least once a year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Provision 11.1

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

Provision 11.2

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

Separate resolutions are proposed at general meetings of shareholders on each substantially separate issues. All resolutions at general meetings are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

Provision 11.3

All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.

The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters that are overseen by these committees. The independent auditors will also be present to assist the Directors in addressing any queries posed by the shareholders.

Provision 11.4

The Company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Constitution of the Company allows for members to appoint up to two proxies to attend and vote in place of the member. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings. The Company does not intend to implement absentia voting methods until security, integrity and other pertinent issues are resolved.

Provision 11.5

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable and the minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting.

Provision 11.6

The Company has a dividend policy and communicates it to shareholders.

The Company does not have a fixed dividend policy. In view of the Group's weak operating results in FY2020, the Board has decided not to declare any dividend for FY2020. The issue of payment of dividend is deliberated by the Board from time to time.

ENGAGEMENT WITH SHAREHOLDERS

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

REPORT OF CORPORATE GOVERNANCE

Provision 12.1

The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

The Company has complied with the Listing Manual on the disclosure requirements of material information to shareholders. The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group and strives to maintain a high standard of transparency.

Information is communicated to shareholders on a timely basis through half-yearly financial results and annual reports that are prepared and issued to all shareholders within the mandatory period, SGXNET, press releases and the Company's website at which the shareholders can access information on the Group. The Company does not practice selective disclosure and price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Provision 12.2

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators.

Provision 12.3

The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM and all extraordinary general meetings. Shareholders are informed of shareholders' meetings through notices published in the Company's website, newspapers, annual reports and circulars sent to all shareholders. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

Provision 13.1

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations.

REPORT OF CORPORATE GOVERNANCE

Provision 13.2

The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Please refer to the disclosure in sustainability report, which will be announced on or before 31 May 2021 in relation to the management of stakeholder relationships during FY2020.

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders.

The Company updates its corporate website www.bkmgroup.com.sg regularly with information released on the SGXNET and business developments of the Group.

DEALINGS IN SECURITIES

The Company has adopted policies in line with the Rule 1207(19) set out in the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company and its officers are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's financial statements for half year and full financial year and ending on the date of announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person which set out the procedures for review and approval of such transactions.

All interested person transactions will be documented and submitted on a quarterly basis to the AC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Company has not entered into interested person transactions with aggregate value of more than S$100,000 during FY2020 pursuant to Rule 907 of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Managing Director or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

TABLE A

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information of the Director, who is retiring and being eligible, offered himself for re-election at the upcoming AGM, are as follows: -

Name of Director	Goh Chee Wee
Date of appointment	30 August 2004
Date of last election	25 April 2018
Age	74
Country of principal residence	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Goh Chee Wee's performance as the Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No
Job title	Independent Director
Professional qualifications	Nil
Working experience and occupation(s) during past 10 years	Nil
Shareholdings interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Directorships Past (for the last 5 years) Nil Present 1) Chailease Holding Company Ltd 2) Chailease International Financial Services (Singapore) Pte Ltd 3) Chailease International Financial Services Co. Ltd. 4) Sin Ghee Huat Corporation Ltd 5) King Wan Corporation Ltd Other Principal Commitments Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The general statutory disclosures of the Director are as follows:

	Question	Goh Chee Wee
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	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
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(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
(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
(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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Question	Goh Chee Wee
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(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,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 46 to 128 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, subject to the going concern assumption as set out in Note 4 to the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

DIRECTORS

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

Chua Beng Kuang
Chua Meng Hua
Low Wee Siong
Goh Chee Wee
Lum Kin Wah

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At 31.12.2020	At 1.1.2020
The Company		
(No. of ordinary shares)		
Chua Beng Kuang	9,066,875	9,066,875
Chua Meng Hua	8,829,875	8,829,875

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2020

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Low Wee Siong	(Chairman, Lead Independent Director)
Goh Chee Wee	(Member, Independent Director)
Lum Kin Wah	(Member, Independent Director)

The AC met four times in the financial year under review and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviewed:

- the audit plans and reports of the independent auditor to consider the effectiveness of the actions taken by Management on the auditor's recommendations;
- the internal audit plans, the scope and results of internal audit procedures;
- the Enterprise Risk Management structure, governance and processes;
- the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2020 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") before submission to the Board of Directors ("Board") for approval, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- the audit conducted by the independent auditor;
- the assistance and co-operation given by Management to the independent auditor;
- the quality of work performed by the independent auditor;
- the problems and concerns, if any, arising from the interim and final audits;
- the considerations and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;
- the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- the interested person transactions, as defined in the Listing Manual of SGX-ST.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2020

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

____
Chua Beng Kuang
Executive Chairman

____
Chua Meng Hua
Managing Director and
Chief Executive Officer

31 March 2021

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Beng Kuang Marine Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
1. Completeness and accuracy of revenue recognition on infrastructure engineering and corrosion prevention services For the financial year ended 31 December 2020, the revenue recognised from infrastructure engineering and corrosion prevention services was $27.63 million (2019: $36.14 million). The Group has significant long-term contracts in relation to the provision of infrastructure engineering services and corrosion prevention services. The recognition of revenue in accordance with SFRS(I) 15 is based on the stage of completion of contract activity. This is assessed by reference to the proportion of contract costs incurred for the work performed as at balance sheet date relative to the estimated total costs of contract at completion. We focused on this area because of the significant judgements required in preparing reasonable estimates of the initial budgeted costs, and subsequently, the inherent uncertainties in determining the costs attributable to the respective contracts which directly impacts the revenue recognised on the said contracts. Factual errors or imprecise estimations in the computation of both budgeted costs and actual amounts incurred could result in material variance in the amount of profit or loss recognised to date and therefore also in the current period. Furthermore, the budgeted profit on contracts includes key judgements over the expected recovery of costs arising from variations to the contract not uncommonly requested by the customer, compensation events, and claims made against the contractor for delays or other additional costs for which the customer is jointly or severally liable. The inclusion of these amounts in the budget where they are not recoverable could result in a material error in the level of profit or loss recognised by the Group. The accounting policies for infrastructure engineering and corrosion prevention services are set out in Note 2.2 (a) and (b) respectively to the consolidated financial statements and the different revenue streams for the Group have been disclosed in Note 5 to the consolidated financial statements.	Our audit approach comprises both controls testing and substantive procedures as follows: • understood and evaluated the design and implementation of key controls over the budgeting process, recognition of contract costs and testing of these key controls, on a sample basis, to determine whether these controls were operating effectively throughout the year; • discussed with management and understood the estimation and bidding process of contracts and ascertained there are procedures in place to ensure accuracy and completeness of estimated total contract cost; • selected a sample of contracts in order to challenge both current and future financial performance. Samples were selected based on a number of quantitative and qualitative factors, as well as other randomly selected contracts; • for sampled contracts, challenged management's key judgements inherent in the estimated costs to complete as well as tested details of actual costs incurred, both of which drive the accounting under the stage of completion method, including the following procedures: – reviewed the contract terms and conditions through scrutiny of contract documentation; – verified contract costs incurred from suppliers in respect of materials needed and reviewed the estimation basis of overheads allocated; – reviewed actual cost incurred including accrued costs vis-à-vis estimated contract cost; – tested the existence and completeness of claims and variation orders within contract costs via inspection of correspondence with customers and the suppliers; and – identified inventories during stock take observations which have not been utilised but charged out as project cost incurred, if any. • assessed the need for, and adequacy of, provision for onerous loss-making contracts, if any.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter

2. Credit loss allowance on trade receivables and contract assets

As at 31 December 2020, trade receivables and contract assets amounted to $15.83 million and $7.01 million (2019: $18.69 million and $7.39 million) respectively. Trade receivables and contract assets are carried at amortised cost less appropriate allowance for credit losses.

The Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In carrying out this assessment, judgement is applied by the management to determine appropriate parameters and assumptions used to calculate credit loss allowance.

Typically, credit terms given to customers ranges between 30 to 120 days. However, due to the deteriorated market outlook in which the Group operates in, an increasing trend of customers requiring a longer time over and above their respective credit terms to make payments have been noted and certain amounts of such are outstanding for more than 365 days, invariably heightening the risk of default. In assessing the recoverability of these amounts, management is required to exercise judgement based on the credit-worthiness of the customers, historical payment trend and business relationship fostered with the respective customers.

Allowance for credit loss is a subjective area due to the level of judgement applied by the management. Due to the significance of trade receivables and contract assets (representing 24% of total assets) and the related estimation uncertainty, this is considered a key audit matter.

The accounting policies for credit loss allowance of trade receivables are set out in Note 2.10. The credit risk and the aging of the trade receivables are disclosed in Note 32(b).

How our audit addressed the matter

Our audit procedures focused on evaluating the key judgements and assumptions used by the management in conducting the impairment review. These procedures included the following:

- understood, evaluated and validated key controls over sales and receivables cycle;
- assessed the recoverability of sampled outstanding trade receivable balances by:
  - comparing management's views of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with assessing cash received subsequent to year end for its effect in reducing amounts outstanding as at year end;
  - analysed significant receivables aged over 120 days for which impairment allowance were not provided for by the Group and challenged management's assessment to determine whether there were any credit loss; and
  - inspected arrangements and/or correspondences with external parties to assess the recoverability of long outstanding receivables.
- assessed the recoverability of aged contract assets by:
  - comparing management's assessment of recoverability of these amounts to historical patterns of billings and receipts;
  - verifying progress billings issued and cash received subsequent to financial year up to the date of our Independent Auditor's report; and
  - reviewing correspondences with external parties to assess recoverability of long overdue contract assets.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
3. Valuation of property, plant and equipment	
As at 31 December 2020, property, plant and equipment ("PPE") amounting to $55.37 million (2019:$72.33 million) represent 59% (2019: 62%) of total assets. Management identified separate cash-generating units ("CGU") and has calculated the recoverable amount of CGU where there were indicators of impairment, as the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted future cash flow forecasts over which management makes judgements on certain key inputs including, for example, discount rates and long-term growth rates. For the latter, the fair value less costs of disposal are estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets. Management's assessment of the valuation of PPE was significant to our audit because of the magnitude of the assets under consideration and this process involves inherent judgement in determining key assumptions such as future sales growth, profit margins, discount rates and inflation rates. Furthermore, there is an increased risk of impairment due to the pessimistic market sentiment in which the Group operates in. The accounting policies for impairment for property, plant and equipment are set out in Note 2.9(b).	Our audit procedures focused on evaluating the key assumptions used by the management in preparing the impairment assessment. These procedures included the following: • tested management's assumptions used in the value-in-use calculations and assessed the accuracy of the historical data used by management as the basis of arriving at the estimates; • involved our valuation expert to assist us in the evaluation of the reasonableness of the discount rates used by the Group, performed sensitivity analyses where considered necessary, and assessed the consistency of valuation methodologies applied throughout the relevant entities within the Group; and • in instances where the Group has obtained a valuation by an independent third-party valuer, we assessed the competence and independence of the external valuers to determine whether there were any matters that might have affected their objectivity or imposed scope limitation on their work. Considering the fair value of the CGU has been determined by the valuer using the sales comparison method and/or market replacement method, we evaluated the valuation process, methodologies applied, inputs used, adjustments made to reflect the market conditions prevalent in the particular location as well as any other relevant significant assumptions and critical judgement areas.

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors, Corporate Governance Report, Sustainability Report and Directors' Statement 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 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 a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the Members of Beng Kuang Marine Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Titus Kuan Tjian.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

31 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue	5	42,667,250	58,358,162
Cost of sales		(44,246,004)	(48,453,092)
Gross (loss)/profit		(1,578,754)	9,905,070
Other (losses)/gains – net	8	(5,769,764)	642,178
Expenses			
- Selling and distribution		(548,360)	(724,680)
- Administrative		(9,850,242)	(11,526,108)
- Finance	9	(1,974,491)	(2,060,410)
Loss before income tax		(19,721,611)	(3,763,950)
Income tax expense	10	(195,470)	(350,898)
Net loss from continuing operations		(19,917,081)	(4,114,848)
Discontinued operations			
Net gain from discontinued operations	11	–	3,612,026
Total loss		(19,917,081)	(502,822)
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – (losses)/gains		(287,832)	102,551
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – losses		(59,920)	(19,876)
Other comprehensive (loss)/income		(347,752)	82,675
Total comprehensive loss		(20,264,833)	(420,147)
(Loss)/profit attributable to:			
Equity holders of the Company		(15,396,159)	4,932
Non-controlling interests		(4,520,922)	(507,754)
		(19,917,081)	(502,822)
(Loss)/profit attributable to equity holders of the Company relates to:			
Loss from continuing operations		(15,396,159)	(3,607,094)
Gain from discontinued operations		–	3,612,026
		(15,396,159)	4,932
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(15,683,991)	107,483
Non-controlling interests		(4,580,842)	(527,630)
		(20,264,833)	(420,147)
Loss/(earnings) per share from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic (loss)/earnings per share			
From continuing operations	12	(11.40)	(2.67)
From discontinued operations	12	–	2.68
Diluted (loss)/earnings per share			
From continuing operations	12	(11.40)	(2.67)
From discontinued operations	12	–	2.68

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Note	Group 2020 $	Group 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13	4,365,243	4,435,361
Trade and other receivables	14	21,660,267	23,425,940
Contract assets	5(b)	7,006,832	7,392,812
Inventories	15	4,061,557	5,050,976
		37,093,899	40,305,089
Non-current assets			
Trade and other receivables	14	–	2,470,000
Intangible assets	17	63,837	63,837
Property, plant and equipment	18	55,370,506	72,330,196
Deferred income tax assets	26	880,120	760,630
		56,314,463	75,624,663
Total assets		93,408,362	115,929,752
LIABILITIES			
Current liabilities			
Trade and other payables	21	29,070,278	26,619,642
Contract liabilities	5(b)	442,193	350,326
Deferred income	22	–	81,322
Current income tax liabilities		443,263	378,452
Borrowings	23	20,698,069	22,310,718
		50,653,803	49,740,460
Non-current liabilities			
Trade and other payables	21	1,438,868	1,410,974
Borrowings	23	9,091,496	12,048,811
Deferred income tax liabilities	26	25,210	20,689
		10,555,574	13,480,474
Total liabilities		61,209,377	63,220,934
NET ASSETS		32,198,985	52,708,818
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	49,651,347	49,651,347
Other reserves	28	(1,902,129)	(1,614,297)
(Accumulated losses)/retained profits		(11,003,903)	4,392,256
		36,745,315	52,429,306
Non-controlling interests	16	(4,546,330)	279,512
Total equity		32,198,985	52,708,818

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2020

	Note	Company 2020 $	Company 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13	340,730	15,663
Trade and other receivables	14	90,813,970	87,851,757
		91,154,700	87,867,420
Non-current assets			
Investments in subsidiary corporations	16	5,108,334	5,030,456
Property, plant and equipment	18	2,462,910	3,487,610
Deferred income tax assets	26	14,590	8,770
		7,585,834	8,526,836
Total assets		98,740,534	96,394,256
LIABILITIES			
Current liabilities			
Trade and other payables	21	29,786,143	26,025,585
Current income tax liabilities		–	13,960
Borrowings	23	9,317,078	9,427,334
		39,103,221	35,466,879
Non-current liability			
Borrowings	23	5,997,716	7,568,281
Total liabilities		45,100,937	43,035,160
NET ASSETS		53,639,597	53,359,096
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	49,651,347	49,651,347
Retained profits	29	3,988,250	3,707,749
Total equity		53,639,597	53,359,096

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

	Note	← Attributable to equity holders of the Company →				Non-controlling interests	Total
		Share capital	(Accumulated losses)/ retained profits	Other reserves	Total		
		$	$	$	$	$	$
2020							
Beginning of financial year		49,651,347	4,392,256	(1,614,297)	52,429,306	279,512	52,708,818
Loss for the year		–	(15,396,159)	–	(15,396,159)	(4,520,922)	(19,917,081)
Other comprehensive loss for the year		–	–	(287,832)	(287,832)	(59,920)	(347,752)
Dividend paid to non-controlling interests	16	–	–	–	–	(245,000)	(245,000)
End of financial year		49,651,347	(11,003,903)	(1,902,129)	36,745,315	(4,546,330)	32,198,985
2019							
Beginning of financial year		49,651,347	4,224,027	(1,553,551)	52,321,823	2,593,400	54,915,223
Acquisition of non-controlling interests	16	–	–	–	–	(58,218)	(58,218)
Transfer of other reserve on extinguishment of convertible bond		–	163,297	(163,297)	–	–	–
Disposal of non-controlling interests in subsidiary	13	–	–	–	–	(120,840)	(120,840)
Loss for the year		–	4,932	–	4,932	(507,754)	(502,822)
Other comprehensive income/ (loss) for the year		–	–	102,551	102,551	(19,876)	82,675
Dividend paid to non-controlling interests	16	–	–	–	–	(1,607,200)	(1,607,200)
End of financial year		49,651,347	4,392,256	(1,614,297)	52,429,306	279,512	52,708,818

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Net loss		(19,917,081)	(502,822)
Adjustments for:			
Credit loss allowance	6	401,443	201,327
Inventories written down/(written back)	6	227,599	(2,639)
Gain on disposal of property, plant and equipment	8	(385,212)	(300,351)
Property, plant and equipment written off	8	7,546	129,805
Impairment loss on property, plant and equipment	8	9,260,016	–
Interest income	8	(9,786)	(18,841)
Interest expense	9	1,974,491	2,343,301
Income tax expense	10	195,470	1,103,288
Post-tax gain on disposal of net assets constituting discontinued operations	11	–	(5,831,478)
Depreciation of property, plant and equipment	18	8,675,460	8,224,969
Unrealised currency translation differences		372,776	423,848
		802,722	5,770,407
Change in working capital			
Inventories		761,820	5,987,081
Contract assets		385,980	(1,543,819)
Trade and other receivables		3,834,230	1,766,311
Trade and other payables		2,478,532	1,373,965
Contract liabilities		91,867	(132,356)
Deferred income		(81,322)	(245,562)
Cash generated from operations		8,273,829	12,976,027
Interest received		9,786	18,841
Interest paid		(1,834,059)	(1,905,527)
Income tax paid		(245,628)	(658,719)
Net cash generated from operating activities		6,203,928	10,430,622
Cash flows from investing activities			
Additions to property, plant and equipment	18(b)	(1,974,998)	(3,889,851)
Proceeds from disposal of property, plant and equipment		1,137,822	1,385,377
Proceeds from disposal of subsidiary, net of cash disposed of	13	–	92,773
Net cash inflow on asset held-for-sale	13	–	13,416,499
Net cash outflow from acquisition of non-controlling interests	16	–	(38,333)
Net cash (used in)/generated from investing activities		(837,176)	10,966,465

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

	Note	2020	2019
		$	$
Cash flows from financing activities			
Proceeds from borrowings		9,264,039	2,655,938
Repayment of borrowings		(11,834,586)	(18,301,750)
Repayment of convertible bond		–	(1,000,000)
Principal payment of lease liabilities		(2,376,286)	(1,850,236)
Repayment of bills payable		(265,988)	(129,249)
Interest paid		(292,284)	(615,410)
Dividend paid to non-controlling interests	16	(245,000)	(1,607,200)
Net cash used in financing activities		(5,750,105)	(20,847,907)
Net (decrease)/increase in cash and cash equivalents		(383,353)	549,180
Cash and cash equivalents			
Beginning of financial year		1,947,764	1,404,768
Effects of currency translation on cash and cash equivalents		(40,660)	(6,184)
End of financial year	13	1,523,751	1,947,764

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Beng Kuang Marine Limited (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange. The address of its registered office is 55 Shipyard Road, Singapore 628141 which is also its principal place of business.

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels and investment holding. The principal activities of subsidiary corporations are shown in Note 16 of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2020

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

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

Early adoption of amendment to SFRS(I) 16 Leases

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of $139,901 (Note 6) was recognised as negative variable lease payments (i.e. reduction in the Employees' accommodation and utilities) in the profit or loss during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Infrastructure engineering services

Revenue from infrastructure engineering is recognised over time based on the stage of completion or to the extent of contract costs incurred where it is probable those costs will be recoverable. Infrastructure engineering service contract includes fabrication and construction of steel structures and/or vessels. Stage of completion for a given contract is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred in situations where the contract outcome cannot be reliably measured.

Invoices for service rendered are raised in accordance with contract and/or works order agreement. Payment terms differ from contract to contract. Payment is generally upon acceptance of progressive claims, milestone achieved as well as handing over project completion as stated in the contractual agreement and/or works order. In most contracts, down payment is required before commencement of work to facilitate mobilisation of project and purchase of materials. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

If the value of the goods and services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods and services transferred, a contract liability is recognised.

(b) Corrosion prevention services

The Group provides corrosion prevention services, comprising blasting and painting services. Revenue from corrosion prevention service is recognised over time based on the stage of completion or to the extent of contract costs incurred where it is probable that those costs will be recoverable. The stage of completion for a given contract is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred, in situations where the contract outcome cannot be reliably measured. Proforma invoices ("PI") for service rendered are issued to customers with supporting work done and/or work completion report. Final invoice is issued upon agreement on the final contract price. Payment for these services is due within 30 days upon issuance of agreed final invoice. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

If the value of the services transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(c) Supply and distribution of products

The Group supplies and distributes hardware equipment, tools and other products used in marine, oil and gas, and construction industries. Revenue from the sale of these products is recognised at a point in time when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Invoices for sales of products are issued to the customers when the products are delivered. Payment for these products is due after 30 days from date of invoice. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

(d) Charter income

Revenue from ship charter is recognised over time progressively over the course of voyage and when collection of payment is reasonably assured. Invoices for charter are raised when the voyage is confirmed and payment is due when cargo is loaded on the vessel or the vessel begins its voyage.

(e) Sale of vessels

Revenue from the sale of vessels is recognised at a point in time when the customer takes control of the vessel represented by when the vessel is delivered to the customer. Invoices for sales of vessels are issued to the customers when the contract is signed.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(h) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately in "other gains/(losses) – net".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the entity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interest having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill on acquisition" for the subsequent accounting policy on goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Drydockings

Components of 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 date. 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.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7) directly attributable to the acquisition or construction of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Other property, plant and equipment (continued)

Property, plant and equipment are transferred to inventories at carrying amount on the date of transfer when the Group intends to sell items of property, plant and equipment in the ordinary course of business.

Inventories are transferred to property, plant and equipment at cost when the Group held the items for use in production or supply of goods or services and are expected to be used during more than one period.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	8 – 10 years
Furniture, fittings and equipment	3 – 10 years
Forklifts, machinery, tools and equipment	2 – 20 years
Leasehold improvement and renovation	3 – 10 years
Leasehold building	3 – 29 years
Leasehold land	30 years
Yard development	2 – 30 years
Vessels	5 – 20 years
Drydockings	2.5 – 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses) – net".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

Goodwill on acquisition

Goodwill on acquisition of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Investments in subsidiary corporations

Investments in subsidiary corporations are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

(b) Property, plant and equipment
Investments in subsidiary corporations

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial as amortised cost;

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

The subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) The amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Leases

(i) When the Group is the lessee:

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

- Right-of-use assets

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

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

  Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

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

  Lease payments include the following:

  – Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  – Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  – Amount expected to be payable under residual value guarantees

  – The exercise price of a purchase option if is reasonably certain to exercise the option; and

  – Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

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

- Lease liabilities

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

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

– There is a change in future lease payments arising from changes in an index or rate;

– There is a changes in the Group's assessment of whether it will exercise an extension option; or

– There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(ii) When the Group is the lessor:

The Group leases equipment under under operating leases to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight -line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

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

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

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

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

2.16 Inventories

Inventories relate to trading goods and construction materials to be used in the course of rendering services. Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average method. Work-in-progress represents vessel under construction for future sale. The cost of work-in-progress comprise of direct material, direct labour cost, subcontractors cost, appropriate allocation of fixed and variable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

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 balance sheet date.

(c) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Currency translation (continued)

(c) Transactions and balances

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in income statement within "other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(d) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary corporation acquired exclusively with a view to resale.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of property, plant and equipment

Property, plant and equipment ("PPE") is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management identifies separate CGUs where there is any objective evidence or indication of impairment, and has calculated the recoverable amount of CGUs at the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted cash flow forecasts over which management makes judgements on certain key inputs including, among others, discount rates and long term growth rates. For the latter, the fair value less costs of disposal is estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets.

The continually evolving situation due to COVID-19 pandemic during the year resulted in inherent uncertainty in the impairment assessment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) Impairment of property, plant and equipment (continued)

Property, plant and equipment ("PPE") is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management identifies separate CGUs where there is any objective evidence or indication of impairment, and has calculated the recoverable amount of CGUs at the higher of value-in-use and fair value less costs to sell. For the former, the value-in-use is based on discounted cash flow forecasts over which management makes judgements on certain key inputs including, among others, discount rates and long term growth rates. For the latter, the fair value less costs of disposal is estimated by an independent third party valuer based on their knowledge of each CGU and the relevant markets.

The continually evolving situation due to COVID-19 pandemic during the year resulted in inherent uncertainty in the impairment assessment.

Details of the impairment testing are set out in Note 18 (d).

(b) Estimation of total contract costs

The Group has significant ongoing contracts for infrastructure engineering and corrosion prevention services. For these contracts, revenue is recognised over time by reference to the stage of completion. The stage of completion is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of contract revenue. When it is probable that the total contract costs will exceed the total contract revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of the surveying engineers to determine the progress of the work and also on past experience of completed projects.

(c) Impairment of trade receivables and contract assets

As at 31 December 2020, the Group's gross trade receivables (Note 14) and contract assets (Note 5(b)) amounted to $17,248,497 (2019: $20,303,137) and $7,006,832 (2019: $7,392,812) respectively, arising from the Group's different revenue segments – infrastructure engineering, corrosion prevention, supply and distribution and shipping.

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns for different aging group. Accordingly, management has determined the expected loss rates by grouping the receivables based on shared credit risk characteristics and days past due. A loss allowance of $1,415,560 (2019: $1,612,260) for trade receivables was recognised as at 31 December 2020.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

The Group's and the Company's credit risk exposure for trade receivables and contract assets by different revenue segment is set out in Note 32(b)(i).

4. GOING CONCERN

The Group incurred a total comprehensive loss of $20,264,833 for the financial year ended 31 December 2020 (2019: $420,147) and, as of that date, the Group's current liabilities exceeded its current assets by $13,559,904 (2019: $9,435,371). These conditions indicate the existence of events and conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have considered the operations of the Group as a going concern and the financial statements of the Group were prepared on a going concern basis as they believe the Group will be able to improve the results and meet its obligations as and when they fall due within the next twelve months because of the following:

(i) the Group's ability to generate positive operating cash flows;

(ii) continuous support from financial institutions as the Group has not historically defaulted on repayment of its borrowings; and

(iii) planned streamlining of operations to cut costs and overheads.

In the event that the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

5 REVENUE

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time $	Over time $	Total $
2020			
Infrastructure engineering			
- Singapore	1,720	9,553,465	9,555,185
- Indonesia	299,686	377,898	677,584
- Others	439,778	6,286,546	6,726,324
	741,184	16,217,909	16,959,093
Corrosion prevention			
- Singapore	37,307	7,481,659	7,518,966
- Indonesia	–	3,154,192	3,154,192
	37,307	10,635,851	10,673,158
Supply and distribution			
- Singapore	3,303,167	–	3,303,167
- Indonesia	527,237	–	527,237
	3,830,404	–	3,830,404
Shipping			
- Indonesia	–	417,963	417,963
- Australia	–	10,786,632	10,786,632
	–	11,204,595	11,204,595
Total	4,608,895	38,058,355	42,667,250
2019			
Infrastructure engineering			
- Singapore	75,963	4,974,202	5,050,165
- Indonesia	452,828	2,311,684	2,764,512
- Others	400,174	8,034,628	8,434,802
	928,965	15,320,514	16,249,479
Corrosion prevention			
- Singapore	660	16,145,432	16,146,092
- Indonesia	–	3,747,139	3,747,139
	660	19,892,571	19,893,231
Supply and distribution			
- Singapore	5,280,390	–	5,280,390
- Indonesia	615,298	–	615,298
	5,895,688	–	5,895,688
Shipping			
- Indonesia	4,654,342	719,763	5,374,105
- Australia	–	10,945,659	10,945,659
	4,654,342	11,665,422	16,319,764
Total	11,479,655	46,878,507	58,358,162

5. REVENUE (CONTINUED)

(b) Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	31 December 2020 $	31 December 2019 $	1 January 2019 $
Trade receivables (Note 14)	17,248,497	20,303,137	19,487,004
Less: Loss allowance	(1,415,560)	(1,612,260)	(1,534,636)
	15,832,937	18,690,877	17,952,368
Infrastructure engineering and corrosion prevention contracts			
Contract assets	7,006,832	7,392,812	5,417,268
Contract liabilities	(442,193)	(350,326)	(482,682)

Contract assets represent the Group's right to consideration in exchange for infrastructure engineering and corrosion prevention services that the Group has transferred to a customer but remained unbilled as at year end. Upon billing, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets for corrosion prevention have decreased due to lower revenue in 2020.

Contract liabilities for infrastructure engineering contracts have increased due to more contracts in which the Group billed and received consideration ahead of the provision of services.

(i) Revenue recognised in relation to contract liabilities

	2020 $	2019 $
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	159,088	283,070

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2020 and 2019 may be recognised as revenue in the next reporting periods as follows:

	2020 $	2021 $	Total $
Partial and fully unsatisfied performance obligations as at:			
- 31 December 2020	–	6,629,620	6,629,620
- 31 December 2019	5,204,215	–	5,204,215

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

6. EXPENSES BY NATURE

	Group	
	2020	2019
	$	$
Purchases of inventories and construction materials	11,910,953	16,990,226
Subcontractors' fees	5,217,739	3,354,635
Depreciation of property, plant and equipment (Note 18)	8,675,460	7,823,940
Inventories written back (Note 15)	–	(2,639)
Inventories written down/written off (Note 15)	227,599	51,861
Allowance for impairment of trade receivables – net (Note 32(b))	401,443	201,327
Total depreciation and impairment	9,304,502	8,074,489
Fees on audit services paid/payable to:		
- Auditor of the Company	154,435	167,948
- Other auditor	14,261	16,123
Total fees on audit services	168,696	184,071
Fees on non-audit services paid/payable to:		
- Auditor of the Company	38,844	48,347
- Other auditor	988	730
Total fees on non-audit services	39,832	49,077
Employees' accommodation and utilities [a]	948,075	1,460,088
Employee compensation (Note 7)	15,439,690	15,505,886
Foreign worker levies	507,247	1,099,786
Insurance	800,730	818,790
Maintenance of equipment and machinery	464,138	373,275
Repair and maintenance of vessel	3,928,210	146,011
Office related expenses	392,343	442,995
Professional fees	387,084	459,983
Rental of office equipment and machinery (Note 19 (d))	230,029	172,736
Repair of equipment	81,533	231,812
Shipping related expenses	3,205,094	2,870,766
Transport and travelling	506,837	916,457
Other expenses	122,455	1,365,662
Changes in inventories	989,419	6,187,135
Total cost of sales, selling and distribution and administrative expenses	54,644,606	60,703,880

(a) Included within Employees' accommodation and utilities are COVID-19 related rent concessions of $139,901 received from lessor to which the Group applied the practical expedient as disclosed in Note 2.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7. EMPLOYEE COMPENSATION

	Group	
	2020	2019
	$	$
Wages and salaries	13,365,207	13,487,677
Employer's contribution to defined contribution plans including Central Provident Fund	753,199	802,698
Other short-term benefits	1,321,284	1,334,953
	15,439,690	15,625,328
Less: Amount attributable to discontinued operations	–	(119,442)
Amount attributable to continuing operations (Note 6)	15,439,690	15,505,886

8. OTHER (LOSSES)/GAINS - NET

	Group	
	2020	2019
	$	$
Interest income from bank deposits	9,786	18,841
Gain on disposal of property, plant and equipment	385,212	300,501
Property, plant and equipment written off	(7,546)	(129,805)
Currency translation losses, net	(858,859)	(542,819)
Government grants [(a)]	3,487,238	268,920
Deferred income (Note 22)	81,322	245,562
Impairment loss on property plant and equipment (Note 18)	(9,260,016)	–
Deposit from customer forefeited	100,000	–
Discount given by supplier	70,432	–
Miscellaneous back-charge of services	222,667	408,978
	(5,769,764)	642,178

(a) Government grants recognised during the financial year relate to the Jobs Support Scheme ("JSS"), Special Employment Credit ("SEC") and Wage Credit Scheme ("WCS"), Foreign Worker Levy ("FWL") and property tax rebates. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

9. FINANCE EXPENSES

	Group	
	2020	2019
	$	$
Interest expense		
- Bank borrowings	1,010,194	1,635,279
- Bank overdrafts	151,210	162,657
- Lease liabilities	292,284	305,382
- Bills payable	37,022	55,180
- Convertible bonds	–	62,008
- Bonds	483,781	122,795
	1,974,491	2,343,301
Less: Amount attributable to discontinued operations	–	(282,891)
Amount attributable to continuing operations	1,974,491	2,060,410

10. INCOME TAX EXPENSE

	Group 2020 $	Group 2019 $
Tax expense/(credit) attributable to the loss is made up of:		
- Loss for the financial year:		
From continuing operations		
Current income tax – Singapore	265,276	344,029
– Foreign	65,893	97,135
	331,169	441,164
Deferred income tax (Note 26)	(148,227)	281,226
	182,942	722,390
From discontinued operations		
Deferred income tax – Singapore (Note 26)	–	218,557
	182,942	940,947
- Under/(over) provision in prior financial years:		
From continuing operations		
Current income tax – Singapore	(20,730)	(4,952)
– Foreign	–	(23,402)
	(20,730)	(28,354)
Deferred income tax (Note 26)	33,258	(343,138)
	12,528	(371,492)
From discontinued operations		
Deferred income tax – Singapore (Note 26)	–	533,833
	12,528	162,341
Tax expense is attributable to:		
- Continuing operations	195,470	350,898
- Discontinued operations (Note 11(a))	–	752,390
	195,470	1,103,288

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2020 $	Group 2019 $
Loss before income tax		
- Continuing operations	(19,721,611)	(3,763,950)
- Discontinued operations	–	4,364,416
	(19,721,611)	600,466
Tax at the applicable tax rate of 17% (2019: 17%)	(3,352,674)	102,079
Effects of:		
- expenses not deductible for tax purposes	3,536,895	1,465,225
- income not subject to tax	(35,107)	(1,082,570)
- tax incentives	(17,425)	(32,233)
- different tax rates in other countries	(26,114)	(8,036)
- deferred tax assets not recognised	91,278	496,334
- utilisation of previously unrecognised tax losses	(12,480)	–
- under-provision of tax in prior years	12,528	162,341
- others	(1,431)	148
Tax charge	195,470	1,103,288

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 14 August 2018, the Company entered into a non-binding term sheet with a potential buyer for the proposed disposal of all the issued share capital of its wholly-owned subsidiary, Asian Sealand Engineering Pte. Ltd. ("ASE"). On 23 January 2019, the Company has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of ASE. The entire assets and liabilities related to ASE are presented as disposal group held-for-sale, and the results for the current financial period reported on and the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

The disposal of ASE was completed on 25 June 2019 for a cash consideration of S$13.4 million. The gain on disposal of ASE recognised was S$5.81 million.

On 27 August 2019, Asian Sealand Offshore & Marine Pte Ltd, a 51%-owned subsidiary corporation, has sold its 51% interest in Asian Sealand Equipment Solutions Pte. Ltd ("ASES") to the non-controlling interests for an aggregate consideration of S$131,874. The consideration is based on the unaudited net asset value of ASES of S$258,576 as at 30 June 2019.

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	2019 $
Revenue	1,929,970
Expenses	(3,277,669)
Other losses, net	(119,363)
Loss before tax from discontinued operations	(1,467,062)
Tax (Note 10)	(752,390)
Loss after tax from discontinued operations	(2,219,452)
Post-tax gain on disposal of net assets constituting discontinued operations (Note 13)	5,831,478
	3,612,026

(b) Details of the assets of disposal group classified as held-for-sale were as follows:

	Cash and bank balances	Property, plant and equipment	Trade and other receivables	Contract assets	Inventories	Deferred income tax assets	Total
2019							
Beginning of financial year	45,360	10,322,808	1,125,850	464,583	467,106	1,085,430	13,511,137
Transfer to fellow subsidiary corporations	(45,360)	(2,715,943)	(1,125,850)	(464,583)	(467,106)	(1,085,430)	(5,904,272)
Disposal	–	(7,606,865)	–	–	–	–	(7,606,865)
End of financial year	–	–	–	–	–	–	–

12. (LOSS)/EARNINGS PER SHARE

	Continuing operations		Discontinued operations	
	2020	2019	2020	2019
(Loss)/profit attributable to equity holders of the Company ($)	(15,396,159)	(3,607,093)	–	3,612,026
Weighted average number of ordinary shares for basic earnings per share	135,010,406	135,010,406	–	135,010,406
Basic (loss)/earnings per share (cents per share)	(11.40)	(2.67)	–	2.68
Diluted (loss)/earnings per share (cents per share)	(11.40)	(2.67)	–	2.68

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The Group has no potential dilutive shares as at 31 December 2020. The dilutive potential ordinary shares arising from convertible bonds as at 31 December 2019 have not been included in the calculation of diluted loss per share because they are anti-dilutive.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Cash at bank and on hand	4,298,523	3,872,960	340,730	15,663
Short-term bank deposits	66,720	562,401	–	–
	4,365,243	4,435,361	340,730	15,663

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

	Group	
	2020	2019
	$	$
Cash and bank balances	4,365,243	4,435,361
Less: Bank overdrafts (Note 23)	(2,841,492)	(2,487,597)
Cash and cash equivalents per consolidated statement of cash flows	1,523,751	1,947,764

13 CASH AND CASH EQUIVALENTS (CONTINUED)

Disposal of subsidiary corporations

At 25 June 2019 and 27 August 2019, the Group has effectively transferred the control and management of Asian Sealand Engineering Pte. Ltd. ("ASE") and Asian Sealand Equipment Solutions Pte. Ltd ("ASES") relevant activities to the purchaser following a commitment to sell and, on those dates respectively, deconsolidated ASE and ASES accordingly. The effects of the disposal on the cash flows of the Group were:

	At December 2019 $	
	ASE	ASES
Carrying amount of assets and liabilities disposed of:		
Cash and cash equivalents	–	39,101
Trade and other receivables	–	92,929
Contract assets	–	32,858
Inventories	–	90,055
Property, plant and equipment	7,606,865	2,352
Total assets	7,606,865	257,295
Trade and other payables	–	(25,446)
Provisions	–	(980)
Total liabilities	–	(26,426)
Net assets disposed of	7,606,865	230,869
Cash inflows arising from disposal:		
Net assets disposed of (as above)	7,606,865	230,869
Non-controlling interests derecognised	–	(120,840)
Gain on disposal (Note 11)	5,809,633	21,845
Total purchase consideration receivable	13,416,499	131,874
Cash proceeds received from disposal	13,416,499	131,874
Less: Cash and cash equivalents in a subsidiary corporation disposed of	–	(39,101)
Net cash inflow on disposal	13,416,499	92,773

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables				
- Subsidiary corporations	–	–	5,266,408	3,074,331
- Related parties	350	–	–	–
- Non-related parties	17,248,147	20,303,137	–	–
	17,248,497	20,303,137	5,266,408	3,074,331
Less: Loss allowance (Note 32(b))	(1,415,560)	(1,612,260)	–	–
Trade receivables - net	15,832,937	18,690,877	5,266,408	3,074,331
Non-trade receivables				
- Subsidiary corporations	–	–	85,295,571	84,446,244
- Non-related parties	3,968,787	5,645,567	6,991	84,812
	3,968,787	5,645,567	85,302,562	84,531,056
Retentions	843,216	528,923	–	–
Deposits	519,720	537,787	240,600	241,520
Prepayments	495,608	492,786	4,400	4,850
	5,827,331	7,205,063	85,547,562	84,777,426
	21,660,267	25,895,940	90,813,970	87,851,757
Current	21,660,267	23,425,940	90,813,970	87,851,757
Non-current	–	2,470,000	–	–
Total trade and other receivables	21,660,267	25,895,940	90,813,970	87,851,757

The non-trade receivables from subsidiary corporations are unsecured, interest-free and are receivable on demand except for:

Amounts of $34,592,065 (2019: $32,768,870) due from certain subsidiary corporations bear fixed interest rate from the range of 3.27% to 6.08% (2019: 3.27% to 6.04%) per annum and are receivable on demand.

The fair values of non-current trade and other receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Fair value

	Group	
	2020	2019
	$	$
Trade receivables	–	2,450,695

(b) Market borrowing rates

	Group	
	2020	2019
	%	%
Trade receivables	–	5.25

15. INVENTORIES

	Group	
	2020	2019
	$	$
Construction materials and components	1,147,954	1,484,678
Trading goods	2,913,602	3,566,298
	4,061,557	5,050,976

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $12,900,372 (2019: $23,177,361).

The Group recognised inventory written-down/written off of $227,599 (2019: $51,861) for inventories which were expected to be sold below the carrying amounts. The amount recognised has been included in "cost of sales".

The Group reversed $Nil (2019: $2,639) of previous inventory write-down in prior financial years, as the inventories were sold above the carrying amounts in subsequent period. The amount reversed has been included in "cost of sales".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2020	2019
	$	$
Equity investments at cost		
Beginning of financial year	5,030,456	4,675,923
Acquisition of non-controlling interest	–	38,333
Addition	77,878	316,200
End of financial year	5,108,334	5,030,456

Acquisition of a subsidiary corporation

On 15 May 2019, the Company has acquired 51% interest of International Offshore Equipments Pte. Ltd. from its former subsidiary, Asian Sealand Engineering Pte. Ltd. ("ASE") for an aggregate consideration of S$316,200. The said consideration was set-off against debts owed to the Company by ASE.

Acquisition of non-controlling interest

On 5 December 2019, the Company acquired additional shares in its subsidiary, Water and Environmental Technologies (WET) Pte. Ltd. ("WET") for a purchase consideration of $38,333 thereupon holding 64.8% of the share capital of WET. The Group derecognised non-controlling interests of $58,218. The effect of changes in the ownership interest of WET on the equity attributable to owners of the Company during the year is summarised as follows:

Carrying amount of non-controlling interest acquired	58,218
Consideration paid to non-controlling interests	(38,333)
	19,885

Incorporation of a subsidiary corporation

On 23 December 2019, Asian Sealand Offshore & Marine Pte Ltd, a 51%-owned subsidiary corporation, has incorporated a wholly-owned subsidiary in Singapore named PBT Engineering Resources Pte Ltd ("PBT").

Subscription of additional ordinary shares of a subsidiary corporation

On 21 January 2020, the Company increased its investment in a wholly-owned subsidiary corporation, PT Nexelite CP Indonesia ("NCI") from IDR1,852,600,000 to IDR2,706,400,000 by subscribing to an additional 60,000 ordinary shares allotted by NCI.

On 23 January 2020, the Company increased its investment in a wholly-owned subsidiary corporation, PT Master Indonesia ("PTM") by subscribing additional 120,000 ordinary shares allotted by PTM. The payment for the 120,000 ordinary shares in PTM was made by way of capitalisation of an amount owing by PTM to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2020 and 2019 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiary corporations held by the Company								
Nexus Sealand Trading Pte. Ltd. [1]	Supply and distribution of hardware equipment, tools and other products	Singapore	100	100	100	100	–	–
PT. Nexus Engineering Indonesia [2]	Provision of infrastructure engineering services	Indonesia	100[5]	100[5]	100[5]	100[5]	–	–
PT. Master Indonesia [4]	Sourcing and procurement of material and equipment in engineering and construction	Indonesia	100[5]	100[5]	100[5]	100[5]	–	–
B & K Marine Pte. Ltd.[1]	Provision of corrosion prevention services	Singapore	100	100	100	100	–	–
Beng Kuang Marine (B&Chew) Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	100	100	100	100	–	–
Beng Kuang Marine (B&M) Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	100	100	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2020 and 2019 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiary corporations held by the Company (continued)								
Nexus Hydrotech Pte. Ltd. (1)	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	80	80	80	80	20	20
Venture Automation & Electrical Engineering Pte. Ltd. (1)	Provision of industrial and marine automation works	Singapore	51	51	51	51	49	49
Pangco Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	51	51	51	51	49	49
Water and Environmental Technologies (WET) Pte. Ltd. (1)	Provision of research and development, and solution for waste management	Singapore	64.8	64.8	64.8	64.8	35.2	35.2
Asian Sealand Offshore and Marine Pte. Ltd (1)	Provision of offshore repair and maintenance services	Singapore	51	51	51	51	49	49

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2020 and 2019 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiary corporations held by the Company (continued)								
PT. Nexelite CP Indonesia [4]	Provision of corrosion prevention services	Indonesia	100[5]	100[5]	100[5]	100[5]	–	–
Quill Marine Pte. Ltd. [1]	Investment holding company and provision of freight transport services	Singapore	100	100	100	100	–	–
International Offshore Equipments Pte. Ltd. [1]	Provision of design, manufacture, and fabricate offshore equipment and ship parts	Singapore	51	51	51	51	49	49

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2020 and 2019 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020 %	2019 %	2020 %	2019 %
Held by Nexus Sealand Trading Pte. Ltd.						
MTM (ASE) Metalization Pte. Ltd. [1]	Provision of metalising services	Singapore	100	100	–	–
Picco Enterprise Pte. Ltd. [1]	Supply and distribution of beverage products	Singapore	100	100	–	–
OneHub Tank Coating Pte. Ltd. [1]	Provision for internal tank coating services	Singapore	100	100	–	–
Held by Pangco Pte. Ltd.						
PT. Berger Batam [4]	Provision of corrosion prevention services	Indonesia	51[5]	51[5]	49	49
Held by Quill Marine Pte. Ltd.						
Drako Shipping Pte. Ltd. [1]	Provision of freight transport services	Singapore	100	100	–	–
Cattle Line Two Pte. Ltd. [1]	Provision of freight transport services	Singapore	70	70	30	30
Held by Drako Shipping Pte. Ltd.						
PT. Marina Shipping [4]	Provision of freight transport services	Indonesia	100	100	–	–
Held by Cattle Line Two Pte. Ltd.						
Cattle Line One Pte. Ltd. [4]	Provision of freight transport services	Marshall Islands	70	70	30	30

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2020 and 2019 are as follows: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019
			%	%	%	%
Held by International Offshore Equipments Pte. Ltd.						
International Offshore Equipment Canada Inc. [6]	Design, manufacture and fabricate offshore equipment and ship parts	Canada	51	51	49	49
Held by Asian Sealand Offshore and Marine Pte. Ltd.						
ASIC Engineering Sdn Bhd [3]	Provision of infrastructure engineering services	Malaysia	51	51	49	49
PBT Engineering Resources Pte Ltd [1]	Building and repairing of ships, tankers and other ocean-going vessels.	Singapore	51	51	49	49

(1) Audited by Nexia TS Public Accounting Corporation, Singapore
(2) Audited by Kantor Akuntan Publik Charles & Nurlena, Indonesia and audited by Nexia TS Public Accounting Corporation for consolidation purposes
(3) Audited by S.H. Lim & Co., Malaysia
(4) Audited by Nexia TS Public Accounting Corporation for consolidation purposes. Not required to be audited under the laws of the country of incorporation
(5) 1% of the shareholding is held in trust for the Group by an employee of the Group
(6) Not required to be audited under the laws of the country of incorporation

Appointment of auditors

The Group has complied with Rules 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests

	2020 $	2019 $
Nexus Hydrotech Pte. Ltd.	627,663	637,208
Pangco Pte. Ltd. and its subsidiary corporation	391,113	297,375
Venture Automation & Electrical Engineering Pte. Ltd.	225,257	258,570
Water and Environmental Technologies (WET) Pte. Ltd.	116,896	146,023
Cattle Line Two Pte. Ltd. and its subsidiary corporation	(3,127,605)	1,908,528
Asian Sealand Offshore and Marine Pte. Ltd. and its subsidiary corporations	2,017,971	1,561,209
International Offshore Equipments Pte. Ltd. and its subsidiary corporation	(4,797,625)	(4,529,401)
	(4,546,330)	279,512

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised unaudited financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheets

	Asian Sealand Offshore and Marine Pte. Ltd.		Cattle Line Two Pte. Ltd. and Its Subsidiary Corporation		International Offshore Equipments Pte. Ltd. and Its Subsidiary Corporation	
	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
As at 31 December						
Current						
Assets	6,152,724	5,329,239	3,813,332	4,182,296	3,805,727	2,186,276
Liabilities	(2,387,753)	(2,502,094)	(39,147,421)	(35,346,968)	(12,133,365)	(10,139,054)
Total current net assets/ (liabilities)	3,764,971	2,827,145	(35,334,089)	(31,164,672)	(8,327,638)	(7,952,778)
Non-current						
Assets	694,347	692,955	24,908,740	37,526,431	243,589	467,748
Liabilities	(24,310)	(18,380)	–	–	(98,907)	(150,528)
Total non-current net assets	670,037	674,575	24,908,740	37,526,431	144,682	317,220
Net assets/(liabilities)	4,435,008	3,501,720	(10,425,349)	6,361,759	(8,182,956)	(7,635,558)

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised statements of comprehensive income

	Asian Sealand Offshore and Marine Pte. Ltd.		Cattle Line Two Pte. Ltd. and Its Subsidiary Corporation		International Offshore Equipments Pte. Ltd. and Its Subsidiary Corporation	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Revenue	8,959,154	9,940,054	10,786,632	10,945,659	2,113,328	2,187,226
Profit/(loss) before income tax	1,697,478	2,241,686	(16,668,503)	(3,234,093)	(547,061)	(468,136)
Income tax expense	(264,419)	(338,200)	(16)	–	–	–
Profit/(loss) for the financial year	1,433,059	1,903,486	(16,668,519)	(3,234,093)	(547,061)	(468,136)
Profit/(loss) for the financial year allocated to non-controlling interest	702,199	932,708	(5,000,556)	(970,228)	(268,060)	(229,387)
Other comprehensive income/(loss)						
Currency translation differences	–	–	(35,577)	(37,718)	(165)	(3,009)
Total comprehensive income/ (loss) allocated to non-controlling interests	702,199	932,708	(5,036,133)	(1,007,946)	(267,895)	(226,378)
Dividends paid to non-controlling interests	245,000	1,607,200	–	–	–	–
Summarised cash flows						
Net cash generated from operating activities	1,149,922	3,971,241	1,079,696	5,188,541	59,450	(3,204)
Net cash used in investing activities	(162,588)	(448,892)	(545,266)	(3,084,956)	–	300
Net cash used in financing activities	(500,000)	(3,280,000)	(396,616)	(2,333,834)	–	–

17. INTANGIBLE ASSETS

	Group	
	2020	2019
	$	$
Goodwill arising on consolidation		
Cost		
Beginning and end of financial year	2,368,545	2,368,545
Accumulated impairment		
Beginning and end of financial year	(2,304,708)	(2,304,708)
	63,837	63,837

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified according to countries of operation and business segments. Goodwill is tested annually for impairment or more frequently if there are indications of impairment. The Group's CGU is allocated to the shipping segment in Indonesia.

The recoverable amount of the CGU is determined based on value-in-use. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Cash flow projections used in the value-in-use calculations were based on one year financial budgets approved by management and discounted cashflows over a period of ten years. (representing estimated remaining useful lives of tugboats) with an estimated average revenue growth rate of 3% (2019: 5%). The growth rate did not exceed the long-term average growth rate in which the CGU operates. The pre-tax discount rate applied to the pre-tax cash flow projections is 11% (2019: 10%).

18. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Motor vehicles $	Furniture, fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold improvement and renovation $	Leasehold building $	Leasehold land $	Yard development $	Construction in-progress $	Vessels $	Drydockings $	Total $
Cost											
Beginning of financial year	2,477,324	2,449,001	21,893,775	699,602	19,657,073	2,224,933	18,649,893	41,786	55,681,522	6,134,992	129,909,901
Additions	686,106	42,680	910,872	–	147,901	–	–	–	18,921	682,940	2,489,420
Disposals	(951,621)	(6,833)	(3,505,366)	(336,302)	–	–	–	–	–	–	(4,800,122)
Written-off	–	(2,634)	(30,507)	–	–	–	–	–	–	–	(33,141)
Currency translation differences	(4,346)	(10,792)	(70,187)	(1,732)	–	–	(79,054)	–	(935,637)	(108,997)	(1,210,745)
End of financial year	2,207,463	2,471,422	19,198,587	361,568	19,804,974	2,224,933	18,570,839	41,786	54,764,806	6,708,935	126,355,313
Accumulated depreciation and impairment losses											
Beginning of financial year	1,729,538	2,362,507	16,455,738	590,706	9,255,122	811,406	7,128,316	–	16,323,650	2,922,722	57,579,705
Depreciation charge	192,269	53,471	1,728,974	–	2,072,446	80,634	860,063	–	2,731,677	955,926	8,675,460
Impairment charge	–	–	–	–	–	–	–	–	9,260,016	–	9,260,016
Disposals	(894,981)	(5,679)	(2,810,550)	(336,302)	–	–	–	–	–	–	(4,047,512)
Written-off	–	(2,632)	(22,963)	–	–	–	–	–	–	–	(25,595)
Currency translation differences	(3,873)	(10,727)	(60,656)	(1,732)	–	–	(35,532)	–	(292,601)	(52,143)	(457,265)
End of financial year	1,022,953	2,396,940	15,290,543	252,672	11,327,568	892,039	7,952,847	–	28,022,741	3,826,504	70,984,808
Net book value											
End of financial year	1,184,509	74,482	3,908,046	108,896	8,477,406	1,332,895	10,617,991	41,787	26,742,064	2,882,431	55,370,506

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2019	Motor vehicles $	Furniture, fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold improvement and renovation $	Leasehold building $	Leasehold land $	Yard development $	Construction in-progress $	Vessels $	Drydockings $	Total $
Cost											
Beginning of financial year	2,356,637	2,356,785	23,266,036	698,098	17,662,635	2,224,933	15,914,323	55,865	54,788,503	2,915,536	122,239,350
Transfer from inventory	–	–	–	–	–	–	–	–	579,745	–	579,745
Reclassified from disposal group	71,248	421,845	5,265,058	–	–	–	–	–	–	–	5,758,151
Additions	178,328	77,377	2,483,884	–	1,994,438	–	–	41,787	2,386	3,255,647	8,033,847
Disposals	(133,035)	(22,619)	(5,106,568)	–	–	–	–	–	–	–	(5,262,222)
Written-off	–	(391,999)	(505,357)	–	–	–	–	–	–	–	(897,356)
Disposal of subsidiary	–	(2,157)	(4,384)	–	–	–	–	–	–	–	(6,541)
Reclassification	–	–	(3,576,417)	–	–	–	2,663,760	(55,866)	968,523	–	–
Currency translation differences	4,146	9,769	71,523	1,504	–	–	71,810	–	(657,635)	(36,191)	(535,074)
End of financial year	2,477,324	2,449,001	21,893,775	699,602	19,657,073	2,224,933	18,649,893	41,786	55,681,522	6,134,992	129,909,901
Accumulated depreciation											
Beginning of financial year	1,594,566	2,300,715	17,328,521	586,047	7,568,697	730,772	5,178,004	–	13,817,452	2,263,837	51,368,611
Reclassified from disposal group	55,392	250,799	2,898,710	(15,769)	(133,242)	–	(13,683)	–	–	–	3,042,207
Depreciation charge											
- Continuing operations (Note 6)	193,887	71,196	1,688,815	3,149	1,686,425	80,634	732,120	–	2,680,659	687,055	7,823,940
- Discontinued operations	813	33,708	203,814	15,769	133,242	–	13,683	–	–	–	401,029
Disposals	(118,265)	(22,380)	(4,039,551)	–	–	–	–	–	–	–	(4,180,196)
Written-off	–	(280,541)	(487,010)	–	–	–	–	–	–	–	(767,551)
Disposal of subsidiary	–	(479)	(3,736)	–	–	–	–	–	–	–	(4,215)
Reclassification	–	–	(1,189,248)	–	–	–	1,189,248	–	–	–	–
Currency translation differences	3,145	9,489	55,423	1,510	–	–	28,944	–	(174,461)	(28,170)	(104,120)
End of financial year	1,729,538	2,362,507	16,455,738	590,706	9,255,122	811,406	7,128,316	–	16,323,650	2,922,722	57,579,705
Net book value											
End of financial year	747,786	86,494	7,825,207	108,896	10,401,951	1,413,527	10,047,064	97,652	38,389,349	3,212,270	72,330,196

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2020	Motor vehicles $	Furniture, fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold building $	Total $
Cost					
Beginning of financial year	1,118,268	693,180	1,994,438	1,994,438	5,800,324
Additions	443,011	3,498	–	–	446,509
Disposal	(793,788)	–	–	–	(793,788)
Written-off	–	(2,634)	–	–	(2,634)
End of financial year	767,491	694,045	1,994,438	1,994,438	5,450,412
Accumulated depreciation					
Beginning of financial year	847,984	689,116	387,807	387,807	2,312,714
Depreciation charge	99,335	2,438	664,813	664,813	1,431,398
Disposal	(753,979)	–	–	–	(753,979)
Written-off	–	(2,632)	–	–	(2,632)
End of financial year	193,338	688,924	1,052,620	1,052,620	2,987,502
Net book value					
End of financial year	574,15	5,122	941,818	941,818	2,462,910

Company 2019	Motor vehicles $	Furniture, fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold building $	Total $
Cost					
Beginning of financial year	1,118,268	688,782	–	–	1,807,050
Additions	–	4,398	1,994,438	1,994,438	3,993,274
End of financial year	1,118,268	693,180	1,994,438	1,994,438	5,800,324
Accumulated depreciation					
Beginning of financial year	739,158	687,185	–	–	1,426,343
Depreciation charge	108,826	1,931	387,807	387,807	886,371
End of financial year	847,984	689,116	387,807	387,807	2,312,714
Net book value					
End of financial year	270,286	4,064	1,606,631	1,606,631	3,487,610

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use assets

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19(a).

(b) Assets held under leases

During the financial year the Group acquired property, plant and equipment with an aggregate cost of $2,489,420 (2019: $8,033,847) of which $514,422 (2019: $4,143,996) were acquired under leases and $1,974,998 (2019: $3,889,851) were paid by cash.

(c) Assets pledged as security

The Group's leasehold building, yard development and vessels with carrying amounts of $44,063,251 (2019: $56,521,815) are mortgaged to secure the Group's bank borrowings (Note 23 (a)).

(d) Impairment testing

The Group performed impairment assessment for property, plant and equipment during the financial year because of the losses made by certain subsidiary corporations which operate in the shipping and infrastructure engineering segments.

The recoverable amount of a CGU under the shipping segment was determined based on value-in-use. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Cash flow projections used in the value-in-use calculations were based on one year financial budget approved by management. Cash flows from the second to twelve-year period (representing estimated remaining useful lives of tugboats), were extrapolated using estimated average revenue growth rate of 3% (2019: 5%). The growth rate did not exceed the long-term average growth rate in which the CGU operates. The pre-tax discount rate applied to the pre-tax cash flow projections is 11% (2019: 10%).

The recoverable amount of a CGU under the infrastructure engineering segment and another CGU under the shipping segment were measured based on fair value less costs to sell. The fair values of leasehold building, leasehold land, yard development and vessels are determined by independent valuers and classified under level 2. The most significant input used in the valuation approach is the estimated selling prices.

During the financial year, impairment loss of $9,260,016 (2019:$Nil) was recognised for the property, plant and equipment.

19. LEASES – THE GROUP AS A LESSEE

The Group leases offices, a warehouse with workers' dormitory and several equipment. The leases typically run for a period of three to seven years, with an option to renew the specific lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse with workers' dormitory lease was entered on 19 April 2013 with a sale and leaseback agreement.

(a) Carrying amounts

ROU assets classified within property, plant and equipment.

	Group	
	2020	2019
	$	$
Forklifts, machinery, tools and equipment	941,818	1,606,631
Leasehold building	2,916,069	4,371,437
	3,857,887	5,978,068

(b) Depreciation charge during the year

	Group	
	2020	2019
	$	$
Forklifts, machinery, tools and equipment	664,813	387,807
Leasehold building	1,603,270	1,217,249
	2,268,083	1,605,056

(c) Interest expense

	Group	
	2020	2019
	$	$
Interest expense on lease liabilities (Note 9)	292,284	305,382

19. LEASES – THE GROUP AS A LESSEE (CONTINUED)

(d) Lease expense not capitalised in lease liabilities

	Group	
	2020	2019
	$	$
Lease expense – short-term lease	227,925	168,120
Lease expense – low-value lease	2,104	4,616
Total (Note 6)	230,029	172,736

(e) Total cash outflow for all the leases in 2020 was $2,898,599 (2019: $2,314,039).

(f) Addition of ROU assets during the financial year 2020 was $514,422 (2019: 4,143,996).

(g) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases for equipment contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

20. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

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

Rental income from leasing out vessels recognised during the financial year 2020 was $355,904 (2019: $690,708)

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2020	2019
	$	$
Less than one year	37,415	14,533

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade payables				
- Related parties	16,245	16,338	–	–
- Non-related parties	9,276,917	9,423,320	193,595	290,104
	9,293,162	9,439,658	193,595	290,104
Non-trade payables				
- Subsidiary corporations	–	–	22,468,850	18,923,114
- Non-related parties	10,956,920	10,983,845	4,387,545	3,532,769
	10,956,920	10,983,845	26,856,396	22,455,883
Accruals for operating expenses	8,486,182	5,264,655	2,736,152	3,279,598
Accruals for project expenses	1,772,883	2,342,458	–	–
	10,259,065	7,607,113	2,736,152	3,279,598
	30,509,146	28,030,616	29,786,143	26,025,585
Current	29,070,278	26,619,642	29,786,143	26,025,585
Non-current	1,438,868	1,410,974	–	–
	30,509,146	28,030,616	29,786,143	26,025,585

The non-trade payables due to subsidiary corporations are unsecured, interest-free and are payable on demand.

The fair values of non-current trade and other payables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy.

(a) Fair value

	Group	
	2020	2019
	$	$
Trade payables	1,255,920	1,387,828

(b) Market borrowing rates

	Group	
	2020	2019
	%	%
Trade payables	5.25	5.25

22. DEFERRED INCOME

Deferred income relates to gain from sale and leaseback transaction entered into by a subsidiary corporation in the financial year 2012 that was deferred and amortised in proportion to the lease payment over the lease period.

	Group	
	2020	2019
	$	$
Movement of deferred income is as follows:		
Beginning of financial year	81,322	326,884
Recognised in profit or loss	(81,322)	(245,562)
End of financial year	–	81,322

23. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Current				
Bank borrowings	14,243,085	16,032,114	5,383,330	5,965,357
Bank overdrafts (Note 13)	2,841,492	2,487,597	2,489,681	2,133,162
Bills payable	1,226,278	1,492,266	-	-
Lease liabilities	2,387,214	2,298,741	1,444,068	1,328,815
	20,698,069	22,310,718	9,317,078	9,427,334
Non-current				
Bank borrowings	2,710,825	3,927,083	1,004,575	1,583,333
Bond (Note 25)	4,194,825	3,985,545	4,194,825	3,985,545
Lease liabilities	2,185,846	4,136,183	798,316	1,999,403
	9,091,496	12,048,811	5,997,716	7,568,281
Total borrowings	29,789,565	34,359,529	15,314,794	16,995,615

23. BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
6 months or less	16,139,426	17,320,497	7,289,403	7,448,477
6 – 12 months	625,000	1,806,063	–	233,376
	16,764,426	19,126,560	7,289,403	7,681,853

(a) Security granted

Total borrowings included amounts of $5,907,516 (2019: $7,344,319) and $1,036,572 (2019: $1,014,378) for the Group and the Company respectively which are secured over certain assets of the Group.

Bank borrowings of the Group are secured over certain leasehold building, yard development and vessels (Note 18(c)).

The bank overdrafts, bills payable and other short-term bank borrowings were supported by corporate guarantees given by the Company (Note 32(b)).

(b) Fair value of non-current borrowings

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Bank borrowings	2,622,822	3,702,515	959,643	1,420,497
Bond	4,131,759	3,938,544	4,131,759	3,938,544

The fair value above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group and the Company as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Bank borrowings	5.25	5.25	5.25	5.33
Bond	10.00	10.00	10.00	10.00

The fair values are within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. BORROWINGS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

	1 January 2020	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2020
				Addition (Note 18(b))	Interest expense (Note 9)	Foreign exchange movement	
	$		$	$	$	$	$
Bank borrowings	19,959,197	9,264,039	(13,205,912)	–	1,010,194	(73,608)	16,953,910
Bills payable	1,492,266	–	(303,010)	–	37,022	–	1,226,278
Lease liabilities	6,434,924	–	(2,668,570)	514,422	292,284	–	4,573,060
Bond	3,985,545	–	(274,500)	–	483,781	–	4,194,825
	31,871,932	9,264,039	(16,451,993)	514,422	1,823,281	(73,608)	26,948,073

	1 January 2019	Proceeds from borrowing	Principal and interest payments	Non-cash changes							31 December 2019
				Interest payable	Exchange of bond	SFRS(I) 16	Addition (Note 18(b))	Asset held for-sale	Interest expense (Note 9)	Foreign exchange movement	
	$		$	$	$		$	$	$	$	$
Bank borrowings	24,221,484	2,655,938	(19,866,647)	–	–	–	–	11,386,192	1,635,279	(73,049)	19,959,197
Bills payable	1,621,515	–	(184,429)	–	–	–	–	–	55,180	–	1,492,266
Lease liabilities	287,401	–	(2,155,618)	–	–	3,853,763	4,143,996	–	305,382	–	6,434,924
Convertible bonds	4,986,868	–	(1,000,000)	(48,876)	(4,000,000)	–	–	–	62,008	–	–
Bond	–	–	–	(137,250)	4,000,000	–	–	–	122,795	–	3,985,545
	31,117,268	2,655,938	(23,639,515)	246,695	–	3,853,763	4,143,996	11,386,192	2,180,644	(73,049)	31,871,932

23. BORROWINGS (CONTINUED)

(d) Breaches of loan covenants

The Group's loan agreements are subjected to covenant clauses, whereby the Group is required to meet certain key financial ratios. As at 31 December 2020 and 2019, the Group did not fulfil the key financial ratios required by certain banks.

Due to these breaches of covenant clauses, the banks are contractually entitled to request for immediate repayment of the outstanding loans amounted to $555,601 (2019: $5,958,685).

As at 31 December 2020 and 2019, the outstanding loans were presented as current liabilities and management was able to obtain in-principle approval from banks to waive the above covenant.

24. CONVERTIBLE BONDS

On 27 April 2015, the Company issued convertible bonds with a nominal value of $5 million bearing interest at 8% per annum. All or any part of the bonds may be converted to new shares at $0.84 nominal value after 12 months from the date of issue or redeemable within 4 years from the date of issue.

The fair value of the liability component, included in non-current borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves (Note 28(b)(ii)), net of deferred income taxes.

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

	Group and Company
	2019
	$
Face value of convertible bonds issued on 27 April 2015	5,000,000
Equity conversion component on initial recognition (Note 28(b)(ii))	(163,297)
Liability component on initial recognition	4,836,703
Accumulated amortisation of interest expense	1,683,956
Accumulated payment of interests	(1,520,659)
Payment	(1,000,000)
Exchanged to bond (Note 25)	(4,000,000)
Liability component at end of financial year (Note 23)	–

25. BOND

On 26 April 2019, S$4,000,000 convertible bonds ("existing bonds") in the principal amount of S$5,000,000 due 26 April 2019 has been exchanged for an aggregate principal amount of S$4,000,000 9.0% bond due 26 April 2022, three (3) years from the completion date of the exchange offer, being 26 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Deferred income tax assets	(880,120)	(760,630)	(14,590)	(8,770)
Deferred income tax liabilities	25,210	20,689	–	–
Net deferred tax assets	(854,910)	(739,941)	(14,590)	(8,770)

Movement in deferred income tax account is as follows:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Beginning of financial year	(739,941)	(1,430,419)	(8,770)	(17,040)
Tax (credited)/charged to profit or loss (Note 10)	(114,969)	690,478	(5,820)	8,270
End of financial year	(854,910)	(739,941)	(14,590)	(8,770)

26. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) is as follows:

Deferred income tax assets:

	Accelerated tax depreciation $	Allowance for impairment $	Tax losses $	Total $
Group				
2020				
Beginning of financial year	(262,090)	(40,200)	(499,820)	(802,110)
Charged/(credited) to profit or loss	52,900	(16,918)	(141,672)	(105,690)
End of financial year	(209,190)	(57,118)	(641,492)	(907,800)
2019				
Beginning of financial year	(262,090)	(47,190)	(1,143,939)	(1,453,219)
Charged to profit or loss	–	6,990	644,119	651,109
End of financial year	(262,090)	(40,200)	(499,820)	(802,110)
Company				
2020				
Beginning of financial year	–	(9,460)	–	(9,460)
Credited to profit or loss	–	(6,000)	–	(6,000)
End of financial year	–	(15,460)	–	(15,460)
2019				
Beginning of financial year	–	(18,580)	–	(18,580)
Charged to profit or loss	–	9,120	–	9,120
End of financial year	–	(9,460)	–	(9,460)

26. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities:

	Accelerated tax depreciation $	Allowance for impairment $	Total $
Group			
2020			
Beginning of financial year	61,280	889	62,169
Credited to profit or loss	(8,390)	(889)	(9,279)
End of financial year	52,890	–	52,890
2019			
Beginning of financial year	22,800	–	22,800
Charged to profit or loss	38,480	889	39,369
End of financial year	61,280	889	62,169
Company			
2020			
Beginning of financial year	690	–	690
Charged to profit or loss	180	–	180
End of financial year	870	–	870
2019			
Beginning of financial year	1,540	–	1,540
Credited to profit or loss	(850)	–	(850)
End of financial year	690	–	690

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $12,728,864 (2019: $12,923,835) and $43,093 (2019: $44,244) respectively, available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with certain provision of the Singapore Income Tax Act. The tax losses and capital allowances have no expiry date.

The Group has unrecognised tax losses of approximately $2,586,000 (2019: $2,123,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

27. SHARE CAPITAL

	Group and Company	
	No. of ordinary shares	Amount $
2020		
Beginning and end of financial year	135,010,406	49,651,347
2019		
Beginning and end of financial year	135,010,406	49,651,347

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and a right to dividends as and when declared by the Company.

28. OTHER RESERVES

(a) Composition:

	Group	
	2020 $	2019 $
Currency translation reserve	(1,849,862)	(1,562,030)
Premium paid on acquisition of non-controlling interests	(52,267)	(52,267)
	(1,902,129)	(1,614,297)

28. OTHER RESERVES (CONTINUED)

(b) Movements:

(i) Currency translation reserve

	Group	
	2020	2019
	$	$
Currency translation reserve		
Beginning of financial year	(1,562,030)	(1,664,581)
Net currency translation differences of financial statements of foreign subsidiary corporations	(347,752)	82,675
Less: Non-controlling interests	59,920	19,876
End of financial year	(1,849,862)	(1,562,030)

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(ii) Equity component of convertible bonds

	Group	
	2020	2019
	$	$
Beginning of financial year	–	163,297
Transfer of other reserve on extinguishment of convertible bond (Note 24)	–	(163,297)
End of financial year	–	–

(iii) Premium paid on acquisition of non-controlling interests

	Group	
	2020	2019
	$	$
Beginning and end of financial year	(52,267)	(52,267)

Other reserves are non-distributable.

29. RETAINED PROFITS

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2020	2019
	$	$
Beginning of financial year	3,707,749	4,233,972
Transfer of other reserve on extinguishment of convertible bond (Note 24)	–	163,297
Net profit/(loss)	280,501	(689,520)
End of financial year	3,988,250	3,707,749

30. CONTINGENT LIABILITIES

(a) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations. These bank borrowings amount to $10,795,420 (2019: $12,491,216). The Company has evaluated the fair values of the corporate guarantees and considered not material and is of the view that the consequential liabilities derived from its guarantee to the banks with regard to the subsidiary corporations are minimal. The subsidiary corporations for which the guarantees were provided have no history of default in the payment of borrowings and credit facilities.

(b) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due.

31. COMMITMENTS

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2020	2019
	$	$
Property, plant and equipment	–	540,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Though the Group does not have written risk management policies and guidelines, the Audit Committee and the Board of Directors meet periodically to review and analyse the Group's exposure to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group does not hold or issue derivative financial instruments for hedging purposes.

The Group adopts a conservative strategy on managing its financial risks, thus, the exposure to market risk is kept at a minimum level. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Currency risk

The Group mainly operates in South East Asia with dominant operations in Singapore and Indonesia. Currency risk arises when transactions are denominated in foreign currencies such as Indonesian Rupiah ("IDR") and United States Dollar ("USD"). The Group's exposure to currency translation risk is not considered as significant by management and the risk is primarily managed by natural hedges of matching assets and liabilities denominated in foreign currencies. The Group closely monitors the currency translation risk and will consider hedging significant currency translation exposure should the need arise in future.

The Group's currency exposure based on the information provided to key management is as follows:

At 31 December 2020	SGD $	USD $	IDR $	Others $	Total $
Financial assets					
Cash and cash equivalents	2,686,096	842,137	788,270	48,739	4,365,243
Trade and other receivables	8,206,613	6,116,650	6,510,458	330,939	21,164,659
Contract assets	5,191,725	–	1,815,106	–	7,006,832
Receivables from subsidiary corporations	134,157,480	3,279,933	1,829,127	–	139,266,540
	150,241,914	10,238,720	10,942,961	379,677	171,803,273
Financial liabilities					
Borrowings	(26,863,922)	(2,925,643)	–	–	(29,789,565)
Trade and other payables	(20,826,159)	(7,592,818)	(2,072,442)	(17,728)	(30,509,146)
Payables to subsidiary corporations	(134,157,480)	(3,279,933)	(1,829,127)	–	(139,266,540)
	(181,847,561)	(13,798,394)	(3,901,568)	(17,728)	(199,565,251)
Net financial (liabilities)/ assets	(31,605,647)	(3,559,674)	7,041,393	361,949	(27,761,978)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	(3,559,674)	7,041,393	361,949	3,843,669

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

At 31 December 2019	SGD $	USD $	IDR $	Others $	Total $
Financial assets					
Cash and cash equivalents	3,314,466	476,310	209,826	434,759	4,435,361
Trade and other receivables	11,262,110	6,118,079	7,614,592	408,373	25,403,154
Contract assets	4,719,638	-	2,673,174	-	7,392,812
Receivables from subsidiary corporations	122,488,237	864,853	546,917	225,301	124,125,308
	141,784,451	7,459,242	11,044,509	1,068,433	161,356,635
Financial liabilities					
Borrowings	(30,410,790)	(3,948,739)	-	-	(34,359,529)
Trade and other payables	(22,405,421)	(1,513,284)	(3,757,880)	(354,031)	(28,030,616)
Payables to subsidiary corporations	(122,488,237)	(864,853)	(546,917)	(225,301)	(124,125,308)
	(175,304,448)	(6,326,876)	(4,304,797)	(579,332)	(186,515,453)
Net financial (liabilities)/ assets	(33,519,997)	1,132,366	6,739,712	489,101	(25,158,818)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	1,132,366	6,739,712	489,101	8,361,179

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	31 December 2020			31 December 2019		
	SGD	USD	Total	SGD	USD	Total
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	6,393	334,337	340,730	9,267	6,396	15,663
Trade and other receivables	90,809,570	–	90,809,570	87,846,907	–	87,846,907
	90,815,963	334,337	91,150,300	87,856,174	6,396	87,862,570
Financial liabilities						
Borrowings	(15,314,794)	–	(15,314,794)	(16,995,615)	–	(16,995,615)
Trade and other payables	(29,786,143)	–	(29,786,143)	(26,025,585)	–	(26,025,585)
	(45,100,937)	–	(45,100,937)	(43,021,200)	–	(43,021,200)
Net financial assets	45,715,026	334,337	46,049,363	44,834,974	6,396	44,841,370
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	334,337	334,337	–	6,396	6,396

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the IDR and USD change against the SGD by approximately 3% (2019: 3%) and approximately 2% (2019: 1%) respectively with all other variable including tax rate being held constant, the effect arising from the net financial liability/asset position will be as follows:

	Group	
	2020	2019
	Profit after tax Increase/(Decrease)	
	$	$
IDR against SGD		
- Strengthened	211,242	202,191
- Weakened	(211,242)	(202,191)
USD against SGD		
- Strengthened	(71,193)	11,324
- Weakened	71,193	(11,324)

The Company has no significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks relates primarily to interest earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favorable interest rates available in the market.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The table below analyses the Group's and the Company's borrowings by different type of financing at fixed rate and floating rate.

	2020 $	2019 $
Group		
31 December		
Fixed rate		
Lease liabilities	4,573,060	6,434,924
Bonds	4,194,825	3,985,545
Bank borrowings	4,257,253	4,812,500
Floating rate		
Bank borrowings	12,696,657	15,146,697
Bank overdrafts	2,841,492	2,487,597
Bills payable	1,226,277	1,492,266
Company		
31 December		
Fixed rate		
Lease liabilities	2,242,384	3,328,218
Bonds	4,194,825	3,985,545
Bank borrowings	1,588,182	2,000,000
Floating rate		
Bank borrowings	4,799,722	5,548,691
Bank overdrafts	2,489,681	2,133,162

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

For the floating rate financial assets and liabilities, a change of 100 basis points (bp) in the interest rate at the reporting date would increase/(decrease) the net profit by the amount shown below. This analysis assumes that all variables including tax rate are being held constant.

	Increase/(decrease) in net profit			
	Group		Company	
	100 bp Increase $	100 bp Decrease $	100 bp Increase $	100 bp Decrease $
Floating rate instruments				
31 December 2020	(167,644)	167,644	(72,894)	72,894
31 December 2019	(191,266)	191,266	(76,819)	76,819

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis through the application of credit approvals, credit limits and debt monitoring procedures. Where appropriate, the Company and its subsidiary corporations obtain guarantees from the customer or arrange netting agreements. For customers of lower credit standing, the Group would usually enforce to transact in cash terms, advance payments and letters of credit. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2020 $	2019 $
Corporate guarantees provided to banks on subsidiary corporations' bank borrowings (Note 30)	10,795,421	12,491,216

The trade receivables of the Group comprise of 3 debtors (2019: 2 debtors) that individually represented 13% - 28% (2019: 18% - 24%) of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided by management is as follows:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
By geographical areas				
- Singapore	6,559,650	8,090,603	4,675,489	2,482,943
- Indonesia	3,699,165	4,629,239	590,919	591,388
- Malaysia	186,635	245,573	–	–
- Australia	4,469,888	4,554,794	–	–
- Switzerland	291,731	783,756	–	–
- Canada	146,760	36,483	–	–
- Abu Dhabi	251,860	54,500	–	–
- Others	227,248	295,929	–	–
	15,832,937	18,690,877	5,266,408	3,074,331
By type of customers				
- Non-related parties	15,832,937	18,690,877	–	–
- Subsidiary corporations	–	–	5,266,408	3,074,331
	15,832,937	18,690,877	5,266,408	3,074,331

(i) Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days from invoice date, and considers to write off or provide credit loss allowance when a debtor fails to make contractual payments after more than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2020 are set out in the provision matrix as follows

	Not past due nor impaired $	Past due 0 to 30 days $	Past due 31 to 180 days $	Past due 181 to 365 days $	More than one year $	Total $
Group						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	0%	72%	
Trade receivables	512,433	1,533,903	1,551,298	23,066	1,570,054	5,190,754
Contract assets	5,465,412	–	–	–	–	5,465,412
Loss allowance	–	–	–	–	(1,127,175)	(1,127,175)
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	49%	
Trade receivables	1,107,525	848,622	988,782	97,292	435,334	3,477,556
Contract assets	1,541,420	–	–	–	–	1,541,420
Loss allowance	–	–	–	–	(215,387)	(215,387)
Supply and distribution						
Expected loss rate	0%	0%	0%	0%	8%	
Trade receivables	250,167	219,228	284,677	165,677	939,453	1,859,202
Loss allowance	–	–	–	–	(72,998)	(72,998)
Shipping						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	467,716	759,065	3,420,189	1,403,480	670,533	6,720,984
Loss allowance	–	–	–	–	–	–
Company						
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	279,563	279,563	1,373,107	945,011	2,389,164	5,266,408
Loss allowance	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2019 are set out in the provision matrix as follows:

	Not past due nor impaired $	Past due 0 to 30 days $	Past due 31 to 180 days $	Past due 181 to 365 days $	More than one year $	Total $
Group						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	0%	44%	
Trade receivables	748,805	1,666,589	1,554,474	200,008	3,229,245	7,399,121
Contract assets	4,838,344	–	–	–	–	4,838,344
Loss allowance	–	–	–	–	(1,425,160)	(1,425,160)
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	37%	
Trade receivables	1,216,870	2,040,920	2,171,873	126,965	408,046	5,964,674
Contract assets	2,554,468	–	–	–	–	2,554,468
Loss allowance	–	–	–	–	(150,440)	(150,440)
Supply and distribution						
Expected loss rate	0%	0%	0%	0%	4%	
Trade receivables	700,368	275,919	352,908	207,519	847,834	2,384,548
Loss allowance	–	–	–	–	(36,660)	(36,660)
Shipping						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	901,754	697,181	2,309,087	171,090	475,682	4,554,794
Loss allowance	–	–	–	–	–	–
Company						
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	336,943	131,931	473,101	235,026	1,897,330	3,074,331
Loss allowance	–	–	–	–	–	–

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

Expected credit losses

The movement in credit loss allowance are as follows:

	Trade receivables $
Group	
31 December 2020	
Beginning of financial year	1,612,260
Allowance made (Note 6)	473,154
Allowance utilised	(598,143)
Allowance written back (Note 6)	(71,711)
End of the financial year (Note 14)	1,415,560
Group	
31 December 2019	
Beginning of financial year	1,534,636
Allowance made (Note 6)	213,240
Reclassified to disposal group	(123,703)
Allowance written back (Note 6)	(11,913)
End of the financial year (Note 14)	1,612,260

(ii) Financial guarantee contracts

The Group has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(iii) Cash and cash equivalents

The Group and the Company held cash and cash equivalents with banks with high credit ratings and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 23) to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance through the use of bank borrowings, bank overdrafts and lease liabilities. As at balance sheet date, assets held by the Group and the Company for managing liquidity risks included cash and bank balances as disclosed in Note 13.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by the Group management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also managed sufficient funding through short-term bank loans and overdraft facilities.

The table below analyses non-financial derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 to 5 years	More than 5 years
	$	$	$
Group			
At 31 December 2020			
Trade and other payables	29,070,278	1,438,868	–
Lease liabilities	2,387,214	2,268,279	50,677
Borrowings	18,310,855	7,244,643	–
At 31 December 2019			
Trade and other payables	26,619,642	1,410,974	–
Lease liabilities	2,298,741	4,401,758	9,149
Borrowings	20,011,977	9,147,491	–

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year $	Between 1 to 5 years $	More than 5 years $
Company			
At 31 December 2020			
Trade and other payables	29,786,143	–	–
Lease liabilities	1,444,068	802,654	–
Borrowings	7,873,011	5,538,393	42,818
Financial guarantee contracts	10,795,420	–	–
At 31 December 2019			
Trade and other payables	26,025,585	–	–
Lease liabilities	1,328,815	2,081,493	–
Borrowings	8,098,519	6,803,741	–
Financial guarantee contracts	12,491,216	–	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain certain gearing ratio. The Group's and the Company's strategies, which remain unchanged during the financial years ended 31 December 2020 and 31 December 2019, are to maintain a gearing ratio not exceeding 1.5 times of the tangible net worth.

The gearing ratio is calculated as net debt divided by tangible net worth. Net debt is calculated as interest bearing borrowings less cash and cash equivalents. Tangible net worth is calculated by shareholders' equity less intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) Capital risk (continued)

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Net debt				
Borrowings	29,789,565	34,359,529	15,314,794	16,995,615
Less: Cash and cash equivalents	(4,365,243)	(4,435,361)	(340,730)	(15,663)
	25,424,322	29,924,168	14,974,064	16,979,952
Tangible net worth				
Shareholders' equity	32,198,985	52,708,818	53,639,597	53,359,096
Less: Intangible assets	(63,837)	(63,837)	–	–
	32,135,148	52,644,981	53,639,597	53,359,096
Gearing ratio	0.79	0.57	0.28	0.32

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019 except for the breach of financial covenants by two of the subsidiary corporations of the Group for the financial years ended 31 December 2020 and 2019 which are disclosed in Note 23(d) to the financial statements.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Financial assets, at amortised cost	32,536,734	37,231,327	91,915,300	87,862,570
Financial liabilities at amortised cost	60,298,711	62,390,145	45,100,937	43,021,200

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(f) Fair value measurement

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

33. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale and purchase of goods and services

	Group	
	2020	2019
	$	$
Purchase of material and/or services from related parties	11,177	30,845
Professional fees paid to related parties	–	10,851

Related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2020, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 14 and 21 respectively.

(b) Key management personnel compensation

	Group	
	2020	2019
	$	$
Wages and salaries	1,643,452	1,663,963
Employer's contribution to defined contribution plans, including Central Provident Fund	150,471	159,383
Other short-term benefits	39,251	46,624
	1,833,174	1,869,970
Directors of the Company	963,346	1,079,641
Executive officers of the Group	869,828	790,329
	1,833,174	1,869,970

34. SEGMENT INFORMATION

The Executive Committee ("Exco") is the Group's chief operating decision maker. The Exco comprises the Chief Executive Officer and the heads of each business unit. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources and assess performance.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore, Indonesia and Australia.

Business segments

For management purposes, the Group organised their business units into five reportable operating segments as follows:

(a) Infrastructure Engineering

This relates to the turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention services for steel work structure, piping modules of oil rigs and jack-up rigs and construction of new vessels.

(b) Corrosion Prevention

This relates to the provision of corrosion prevention services, mainly blasting and painting services as part of the shipbuilding, ship conversion and ship repair activities in the marine, oil and gas and other industries.

(c) Supply and Distribution

This relates to the supply and distribution of hardware equipment, tools and other products used in the marine, oil and gas, and construction industries.

(d) Shipping

This relates to the chartering of livestock carriers, and tugs and barges; and ship management services.

(e) Others

This relates to the provision of effective and efficient technological solution for water and waste water treatment; solid waste management; and other areas on recovery of natural resources.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Infrastructure Engineering $	Corrosion Prevention $	Supply and Distribution $	Shipping $	Others $	Total for continuing operations $
2020						
Total segment sales	17,854,865	11,898,486	5,684,834	11,264,534	–	46,702,719
Inter-segment sales	(895,773)	(1,225,329)	(1,854,429)	(59,938)	–	(4,035,469)
Sales to external customers	16,959,092	10,673,157	3,830,405	11,204,596	–	42,667,250
Results:						
Segment results	(776,894)	654,588	334,413	(15,912,237)	(82,745)	(15,782,875)
Interest expense	(161,890)	(422,965)	(183,160)	(1,206,476)	–	(1,974,491)
Interest income	5,553	4,188	–	45	–	9,786
(Loss)/profit from operating segment	(933,231)	235,811	151,253	(17,118,668)	(82,745)	(17,747,580)
Unallocated administrative expenses						(1,974,031)
Loss before income tax						(19,721,611)
Income tax expense						(195,470)
Net loss						(19,917,081)
Loss attributable to non-controlling interests						4,520,922
						(15,396,159)
Net profit includes:						
- Depreciation of property, plant and equipment	2,388,197	1,712,585	886,036	3,688,642	–	8,675,460
- Impairment of property, plant and equipment	–	–	–	9,260,016	–	9,260,016
Other information						
Segment assets	34,896,291	12,130,130	6,300,802	40,080,863	276	93,408,362
Segment assets include: -						
Additions to: Property, plant and equipment	874,186	848,637	64,736	701,861	–	2,489,420
Segment liabilities	(11,840,104)	(21,437,281)	(5,927,364)	(11,133,634)	(7,701)	(50,346,084)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board of Directors for the reportable segments is as follows: (continued)

	Infrastructure Engineering $	Corrosion Prevention $	Supply and Distribution $	Shipping $	Others $	Total for continuing operations $
2019						
Total segment sales	16,882,592	21,195,090	8,160,983	16,319,764	–	62,558,429
Inter-segment sales	(633,112)	(1,301,860)	(2,265,295)	–	–	(4,200,267)
Sales to external customers	16,249,480	19,893,230	5,895,688	16,319,764	–	58,358,162
Results:						
Segment results	(912,837)	3,759,201	589,998	(3,086,627)	(82,898)	266,837
Interest expense	(151,942)	(128,491)	(271,213)	(1,508,764)	–	(2,060,410)
Interest income	7,289	1,508	10,044	–	–	18,841
(Loss)/profit from operating segment	(1,057,490)	,632,218	328,829	(4,595,391)	(82,898)	(1,774,732)
Unallocated administrative expenses						(1,989,218)
Loss before income tax						(3,763,950)
Income tax expense						(350,898)
Net loss						(4,114,848)
Loss attributable to non-controlling interests						507,754
						(3,607,094)
Net profit includes:						
- Depreciation of property, plant and equipment	2,175,529	1,400,475	879,071	3,368,865	–	7,823,940
Other information						
Segment assets	37,568,593	15,844,574	8,518,350	53,575,518	422,717	115,929,752
Segment assets include: -						
Additions to: Property, plant and equipment	621,930	123,060	41,948	3,258,034	–	4,044,972
Segment liabilities	(12,825,727)	(23,047,967)	(6,730,495)	(9,005,245)	(10,591)	(51,620,025)

34. SEGMENT INFORMATION (CONTINUED)

(f) Reconciliations

(i) Segment results

	2020 $	2019 $
Loss before income tax	(19,721,611)	(3,763,950)
Finance expenses	1,974,491	2,060,410
Interest income	(9,786)	(18,841)
Unallocated administrative expenses	1,974,032	1,989,218
	(15,782,875)	266,837

(ii) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, management monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments.

(iii) Segment liabilities

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than certain borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	2020 $	2019 $
Segment liabilities for reportable segments	50,338,383	51,609,434
Other segment liabilties	7,701	10,591
Unallocated:		
Borrowings	10,863,291	11,600,909
	61,209,377	63,220,934

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. SEGMENT INFORMATION (CONTINUED)

(g) Geographical information

The Group's five business segments operate in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the infrastructure engineering, the corrosion prevention, supply and distribution, and investment holdings;
- Indonesia – the operations in this area relate to all the reportable segments.
- Other countries – the operations include the shipping in Australia and the infrastructure engineering in Switzerland, Canada, South Africa and Malaysia.

Revenues and non-current assets based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020	2019	2020	2019
	$	$	$	$
Singapore	20,377,318	26,476,647	23,919,483	35,598,668
Indonesia	4,776,976	12,501,054	24,311,415	28,237,895
Australia	10,786,632	10,945,659	8,083,565	11,788,100
Others	6,726,324	8,434,802	–	–
	42,667,250	58,358,162	56,314,463	75,624,663

(h) Revenue from major services and customers

Revenue from external customers is derived from all reportable segments as disclosed in Note 5.

Revenue from a major customer amounted to $7,827,924 (2019: $9,819,477), arising from sales by both the corrosion prevention and infrastructure engineering segments.

35. IMPACT OF COVID-19

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

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

ii. In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and volume in 2020, resulting in a negative impact on the Group's financial performance for 2020.

iii. In 2020, the Group has received rental rebates for its leased building. The effects of such rental waiver received are disclosed in Note 6.

iv. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on impairment of trade receivables and property, plant and equipment are disclosed in Note 3 and Note 18 respectively.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the settlement of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The Group does not expect any significant impact arising from applying these amendments.

36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Amendments to SFRS(I) 1-16 Property, Plant and Equipment:
Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Beng Kuang Marine Limited on **31 March 2021**.

SUSTAINABILITY STATEMENT

The Group strongly believes that sustainability is one of the key factors to stay resilient and remain competitive in the market. As a socially responsible corporation, our Group is determined to minimise carbon footprint through environment conservation efforts such as embracing key strategies surrounding "Reduce, Reuse, Recycle". Meanwhile, we also work towards providing a conducive working environment for all our employees in the Group.

Our Group is determined to maintain sustainable and long-standing business relationships with key stakeholders. Feedback from both internal and external stakeholders are received and taken into consideration in making our sustainable business strategy. Our fourth Sustainability Report will be released by May 2021 and will encompass the following key elements:

ANTI-CORRUPTION

We are committed to achieve high standards of corporate governance and we uphold our stance on zero tolerance to corruption. Our Anti-Corruption Policies and Whistle Blowing Policy were established and updated under the guidance of Code of Corporate Governance 2018 and the SGX listing rules.

WATER

Although 71% is covered by water on our planet, only 4% of which is potable. Bearing this in mind, water conservation is one of our top priorities to ensure sustainability. New technologies such as water efficient fittings are widely implemented across our Group. Constant reminders are given to all employees to cultivate habits for water conservation.

OCCUPATIONAL HEALTH AND SAFETY

Employees are the foundation for the corporation. Taking care of their health and safety is our utmost priority. Policies and Procedures were established and put into place to minimise the possibility of any health and safety issues at workplace and office.

ENERGY

Energy consumptions are closely monitored by the Group as the effort to reduce the carbon footprint during our business operations. We also encourage our employees to actively engage in our environmentally friendly initiatives not just in office, but at home as well. Moving forward, we will continue to implement more feasible environment conservation measures in all our entities and work towards to reduce our total energy consumption further while ensure the normal operations in our business.

EFFLUENTS AND WASTE

"Reduce, Reuse, Recycle" is the main strategy implemented across the Group throughout the years in compliance with relevant environmental laws and regulations. Policies and procedures are established and formalised for waste management as both hazardous and non-hazardous wastes are inevitable in our business operation. Waste collectors, especially for hazardous waste, are carefully selected to handle the waste generated in consideration of factors such as reputations and social responsibility.

SHAREHOLDING STATISTICS

As at 15 March 2021

Issued and fully paid	: S$50,127,342.00
Number of shares	: 135,010,406
Number of Treasury Shares held	: Nil
Number of Subsidiary Holdings held	: Nil
Class of shares	: Ordinary shares
Voting rights	: 1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2021, 56.32% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	23	1.37	1,050	0.00
100 – 1,000	104	6.17	65,200	0.05
1,001 - 10,000	903	53.59	4,414,600	3.27
10,001 - 1,000,000	639	37.92	33,607,800	24.89
1,000,001 and above	16	0.95	96,921,756	71.79
	1,685	100.00	135,010,406	100.00

SHAREHOLDING STATISTICS

As at 15 March 2021

TOP 21 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1.	CHAN KWAN BIAN	27,305,575	20.22
2	CHUA BENG KUANG	9,066,875	6.71
3	CHUA MENG HUA	8,829,875	6.54
4	MAYBANK KIM ENG SECURITIES PTE.LTD	8,282,131	6.13
5	DBS NOMINEES PTE LTD	7,312,700	5.42
6	LIM CHEE SAN	6,750,000	5.00
7	CHUA BENG HOCK	6,329,875	4.69
8	CHUA BENG YONG	6,329,875	4.69
9	TEO GIM KIM	5,500,000	4.07
10	YEO CHUNG SUN	3,250,000	2.41
11	PHILLIP SECURITIES PTE LTD	1,592,325	1.18
12	TAY YEW CHONG	1,521,250	1.13
13	SEH KIAN HOON	1,348,700	1.00
14	OCBC SECURITIES PRIVATE LTD	1,212,850	0.90
15	RAFFLES NOMINEES (PTE) LIMITED	1,174,725	0.87
16	CHUA WUI WUI	1,115,000	0.83
17	CHANG THIAM HUI	850,000	0.63
18	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	781,750	0.58
19	NGIN TEO MEE	723,400	0.54
20	CHUAH LAM SIANG	700,000	0.52
21	NGE YOCK HUA	700,000	0.52
		100,676,906	74.58

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Chua Beng Kuang	9,066,875	6.71	–	–
Chua Meng Hua	8,829,875	6.54	–	–
Chan Kwan Bian	27,305,575	20.22	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Beng Kuang Marine Limited ("Company") will be held by way of electronic means on Tuesday, 27 April 2021 at 11.00 a.m., for the purpose of transacting the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To note the retirement of Mr Chua Beng Kuang as a Director retiring pursuant to Regulation 107 of the Company's Constitution. Mr Chua Beng Kuang has decided not to seek re-election and will retire at the conclusion of the forthcoming AGM.

   [See Explanatory Note 1]

3. To re-elect Mr Goh Chee Wee as a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 2)**

   [See Explanatory Note 2]

4. Contingent upon the passing of Ordinary Resolution 2 above, shareholders of the Company to approve Mr Goh Chee Wee's continued appointment as an Independent Director of the Company from the date of this AGM until the conclusion of the third AGM following the passing of this Resolution, in accordance with Rule 210(5)(d)(iii)(A) of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (which will take effect from 1 January 2022). **(Resolution 3)**

   [See Explanatory Note 3]

5. Contingent upon the passing of Ordinary Resolution 2 above, shareholders of the Company (excluding the Directors and the Chief Executive Officer ("**CEO**") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)) to approve Mr Goh Chee Wee's continued appointment as an Independent Director of the Company from the date of this AGM until the conclusion of the third AGM following the passing of this Resolution, in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022). **(Resolution 4)**

   [See Explanatory Note 3]

6. To approve the payment of Directors' fees of S$111,400 (2019: S$112,831) for the financial year ended 31 December 2020. **(Resolution 5)**

7. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments:

Authority to allot and issue shares up to 50 per centum (50%) of issued share capital **(Resolution 7)**

"That pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities issued pursuant to such authority shall not exceed 50 per centum (50%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed 20 per centum (20%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company (the percentage of issued share capital being based on the issued share capital (excluding treasury shares and subsidiary holdings) at the time such authority is given after adjusting for (i) new shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time this Resolution is passed or (ii) new shares arising from the exercise of share options or vesting of awards which were issued and outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST and (iii) any subsequent consolidation or subdivision of shares and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or on the date by which the next AGM is required by law to be held, whichever is the earlier."

[See Explanatory Note 4]

9. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries

Singapore

12 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Chua Beng Kuang who is due to retire pursuant to Regulation 107 of the Company's Constitution has decided not to seek re-election and will therefore retire as a Director at the conclusion of the forthcoming AGM. Upon his cessation as Director, Mr Chua Beng Kuang will also cease to be the Executive Chairman of the Company.

2. Mr Goh Chee Wee will, upon re-election as Director of the Company, continue to serve as the Independent Director of the Company, Chairman of Nominating Committee and a member of the Audit and Remuneration Committees of the Company. Further information on Mr Goh Chee Wee can be found in the Annual Report 2020. Mr Goh Chee Wee is considered by the Board to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 34 to 36 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from 1 January 2022), a director will no longer be independent if he has been a director for an aggregate period of more than nine years, unless his continued appointment as an Independent Director has been sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the Directors and CEO of the issuer, and associates of such Directors and CEO (the "Two-Tier Vote"). Mr Goh Chee Wee has served as a Director of the Company for more than nine years. The Company is seeking to obtain the required approval of the Two-Tier Vote at this AGM for his continued appointment as an Independent Director. If the Ordinary Resolutions 3 and 4 are passed (i.e. the Two-Tier Vote is approved) for Mr Goh Chee Wee to continue his appointment as an Independent Director (unless his appointment is changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provision 2.1 of the Code of Corporate Governance 2018, this approval will remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Resolution 4 is conditional upon Resolution 3 being duly approved. If any of the Ordinary Resolutions 3 and 4 is not passed (i.e. the Two-Tier Vote is not approved), the last/final date that the Board can consider Mr Goh Chee Wee to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST is 31 December 2021 and in relation thereto the Board will re-examine Board composition and Board renewal including Mr Goh Chee Wee's tenure on the Board and his re-designate as a Non-Independent Non-Executive Director. In compliance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the Directors and the CEO, and their respective associates (as defined in the Listing Manual of the SGX-ST), shall abstain from voting on Ordinary Resolution 4. The Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

4. The proposed Ordinary Resolution 7, if passed, will authorise the Directors of the Company to issue shares up to 50% of the Company's issued share capital (excluding treasury shares and subsidiary holdings), with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

Notes on the alternative arrangements for the forthcoming AGM:

(i) This forthcoming AGM is convened and is to be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 3) Order 2020. This Notice is published on the SGX website (https://www.sgx.com/securities/company-announcements?value=BENG%20KUANG%20MARINE%20LIMITED&type=company) and is also made available on the Company's website (http://ir.chartnexus.com/bengkuangmarine/). **Printed copies of this Notice and Company's Annual Report 2020 will not be mailed to members (i.e. shareholders) of the Company**.

(ii) In view of the COVID-19 circuit breaker restrictions imposed by the Government of Singapore, **members will not be able to attend the forthcoming AGM in person**. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions.

(iii) A member who wishes to watch and observe the proceedings of the AGM through a live webcast (comprising both video (audio-visual) and audio-only feeds) via their mobile phones, tablets or computers are to submit their request by email, with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/CPF/SRS/Script-based), email address and contact number (to enable the Company and/or its agents and service providers to authenticate their status as member) to the Company by **11.00 a.m. on 25 April 2021** (i.e. not less than 48 hours before the time appointed for holding the above AGM), to william@bkmgroup.com.sg.

NOTICE OF ANNUAL GENERAL MEETING

Upon successful authentication, each such member will receive an email reply by **3.00 p.m. on 26 April 2021**. The email reply will contain instructions to access the live webcast of the AGM proceedings. Only authenticated members are permitted to access and attend the AGM proceedings. Members who have pre-registered by the deadline of 10.00 a.m. on 25 April 2021 but have not received an email reply by **3.00 p.m. on 26 April 2021** are to contact the Company for assistance by phone (at (65) 62660010) or by email (at william@bkmgroup.com.sg) as soon as practicable.

On the day of the AGM, before an authenticated and pre-registered member may access the live webcast and attend the AGM (by electronic means), the member's identity is required to be verified by the Company's Share Registrar. Members are encouraged to log in (to access to the live webcast of the AGM proceedings) early to avoid possible bottlenecks and potential delays. We seek your kind understanding and cooperation. Members may log in from **10.00 a.m. on Tuesday, 27 April 2021**.

(iv) Members will not be allowed to ask questions during the live webcast of the AGM. Members who may have questions relating to each resolution to be tabled for approval at the AGM are to submit their questions by email, together with their full name (as per CDP/CPF/SRS/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/CPF/SRS/Script-based), email address, and contact number (to enable the Company and/or its agents and service providers to authenticate their status as members) to the Company by **11.00 a.m. on 24 April 2021** (that is not less than 72 hours before the time fixed for holding the forthcoming AGM) to william@bkmgroup.com.sg. The Company will endeavour to address all relevant and substantial questions (as may be determined by the Company in its sole discretion) received.

(v) CPF and SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks, SRS Operators or relevant intermediaries to submit their votes and/or questions relating to each resolution to be tabled for approval at the AGM, by **5.00 p.m. on 16 April 2021**. As a recap, only the chairman of the forthcoming AGM may be appointed as proxy.

(vi) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(vii) The instrument appointing a proxy must either be deposited at the Registered office of the Company at 55 Shipyard Road, Singapore 628141, or submitted to the Company by email to gpb@mncsingapore.com, by **11.00 a.m. on 25 April 2021** (that is, not less than 48 hours before the time appointed for holding the above AGM). Members are strongly encouraged to submit the completed and signed PDF copies of their proxy forms to the Company via email.

(viii) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the forthcoming AGM in order for the Depositor to be entitled to access the live webcast and attend and vote by appointing the Chairman of the AGM as proxy at the forthcoming AGM.

(ix) The Company will publish the minutes of the AGM via the SGXNet platform and the Company's website within one month after the date of AGM.

(x) As the COVID-19 situation continues to evolve, members are advised to read the Government of Singapore's "COVID-19: Advisories for Various Sectors" (https://www.gov.sg/article/covid-19-sector-specific-advisories) including the health advisories issued by the Ministry of Health ("MOH"). The Company will monitor the situation and reserves the right to take further measures as appropriate in order to comply with the various government and regulatory advisories. Any changes to the manner of conduct of the forthcoming AGM will be announced by the Company on the SGXNet platform.

Summary of Key dates and times

Dates and times (Deadlines/Opening Time)	Actions
By Friday, 16 April 2021, 5.00 p.m.	For CPF and SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy to approach their respective CPF Agent Bank, SRS Operators or relevant intermediaries to submit their votes and/or questions relating to each resolution to be tabled for approval at the AGM.

NOTICE OF
ANNUAL GENERAL MEETING

Dates and times (Deadlines/Opening Time)	Actions
By Saturday, 24 April 2021, 11.00 a.m.	For Members who have questions relating to the business of the AGM to email their questions to william@bkmgroup.com.sg.
By Sunday, 25 April 2021, 11.00 a.m.	For Members to: (a) submit the necessary information required for authentication by email to william@bkmgroup.com.sg should they wish to access the live webcast and attend the AGM; and/or (b) deposit/email the completed and signed proxy forms either to (i) the Company's Registered Office at 55 Shipyard Road, Singapore 628141, or (ii) to the Company to gpb@mncsingapore.com. In view of the COVID-19 situation, members are strongly encouraged to submit their completed and signed PDF copies of their proxy forms electronically via email to gpb@mncsingapore.com.
By Monday, 26 April 2021, 3.00 p.m.	For members who have been successfully authenticated to receive an email reply with instructions to access the live webcast of the AGM ("**Confirmation Email**"); and for members who have pre-registered but have not received any Confirmation Email by this time to contact the Company for assistance by phone (at (65) 62660010) or by email (at gpb@mncsingapore.com) as soon as practicable.
Tuesday, 27 April 2021, 10.00 a.m.	When pre-registered members may log in for the Share Registrar to verify their identity and access to the live webcast to the AGM (that is scheduled to commence at 11.00 a.m. on Tuesday, 27 April 2021), using the instructions received in the Confirmation Email.

Personal data privacy:

By attending, speaking, proposing, seconding and/or voting at the AGM and/or by a member of the Company submitting questions and/or an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and/or vote at the AGM and/or any adjournment thereof, the person/member (i) understands and accepts that photographs, images, audio and/or video recordings, webcasts and transcripts of the AGM may be taken and/or made by the Company (and/or its agents and service providers), (ii) consents to the collection, use and disclosure of the person's/member's and its proxy(ies)'s or representative(s)'s personal data by the Company (and/or its agents and service providers) for legal, regulatory, compliance, corporate policies, procedures and administration, corporate actions, corporate communications and investor relations purposes and for the purposes of the processing, administration and record keeping by the Company (and/or its agents and service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation, compilation, recording, keeping of the attendance lists, transcripts, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents and service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and for publication and/or use in the Company's Annual Report, corporate brochures, newsletters, publications, materials and/or corporate website by the Company (and/or its agents and service providers) (collectively, the "Purposes"), (iii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents and service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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BENG KUANG MARINE LIMITED

(Company Registration No.: 199400196M)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. The AGM is convened and is to be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No.2) Order 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 3) Order 2020.
2. The Notice of the AGM and this proxy form are published on and can be downloaded from both the SGX website (https://www.sgx.com/securities/company-announcements?value=BENG%20KUANG%2 MARINE%20 LIMITED&type=company) and the Company's website (http://ir.chartnexus.com bengkuangmarine/). Printed copies of the Notice of the AGM and this proxy form will not be mailed to members (i.e. shareholders).
3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live webcast (comprising both video (audio-visual) and audio-only feeds)), submission of questions to the Chairman of the AGM in advance of the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of the AGM.
4. **In view of the COVID-19 circuit breaker restrictions imposed by the Government of Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.** A member should specifically indicate how the member wishes to vote for or vote against (or abstain from voting on) the resolutions.
5. CPF/SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy, should approach their respective Agent Banks/SRS Operators or relevant intermediaries to submit their votes by 5.00 p.m. on 16 April 2021.
6. By submitting an instrument appointing the Chairman of the AGM as proxy, a member deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of the AGM dated 12 April 2021.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to vote on his/her/its behalf at the AGM.

I/We, ________________________________ (Name) NRIC / Passport ________________________________

Number/Company ________________________________ Registration No.* ________________________________

of ____ (Address)

being a shareholder/shareholders* of BENG KUANG MARINE LIMITED (the "**Company**") hereby appoint, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held by electronic means on Tuesday, 27 April 2021 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution(s) will be treated as invalid.** All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Resolutions relating to:	Number of Votes For*	Number of Votes Against*	Number of Votes Abstain
	ORDINARY BUSINESS			
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2.	Re-election of Mr Goh Chee Wee as a Director of the Company			
3.	Approval of Mr Goh Chee Wee's continued appointment as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
4.	Approval of Mr Goh Chee Wee's continued appointment as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
5.	Approval of Payment of Directors' Fees for the financial year ended 31 December 2020			
6.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors and authorise the Directors to fix their remuneration			
	SPECIAL BUSINESS			
7.	Authority to allot and issue new shares in the Company and make/grant/offer Instruments			

* *Delete accordingly*
** *If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _________ day of____________, 2021

Total Number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. In view of the COVID-19 restrictions imposed by the Government of Singapore, members will not be able to attend the AGM in person. A member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the forthcoming AGM must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. This proxy form is made available on the SGX website (https://www.sgx.com/securities/company-announcements?value=BENG%20KUANG%20MARINE%20LIMITED&type=company) and also on the Company's website (http://ir.chartnexus.com/bengkuangmarine/). Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting (for or against), or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. CPF/SRS investors including persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Cap. 50) who wish to appoint the Chairman of the AGM as proxy should approach their respective Agent Banks/SRS Operators or relevant intermediaries to submit their votes by **5.00 p.m. on 16 April 2021**.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. A member who wishes to submit an instrument of proxy appointing the Chairman of the AGM as proxy must download, complete, sign and submit the proxy form, either by:

   (i) depositing the signed proxy form at the Registered Office of the Company at 55 Shipyard Road, Singapore 628141; or

   (ii) scanning and emailing a copy of the signed proxy form to gpb@mncsingapore.com; and

   in either case, by **11.00 a.m. on 25 April 2021** (that is, not less than 48 hours before the time appointed for the AGM). **Members are strongly encouraged to submit their completed and signed PDF copies of their proxy forms to the Company via email (at gpb@mncsingapore.com)**.

6. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) either be: (i) lodged/deposited with the instrument of proxy (if submitted by post); or (ii) scanned and submitted electronically with the instrument of proxy (if submitted via email), failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. Any alteration made in this instrument appointing the Chairman of the AGM as proxy, must be initialled by the member/person who signs it.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of AGM dated 12 April 2021.

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BENG KUANG GROUP

BENG KUANG MARINE LIMITED
COMPANY REG NO.: 199400196M

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