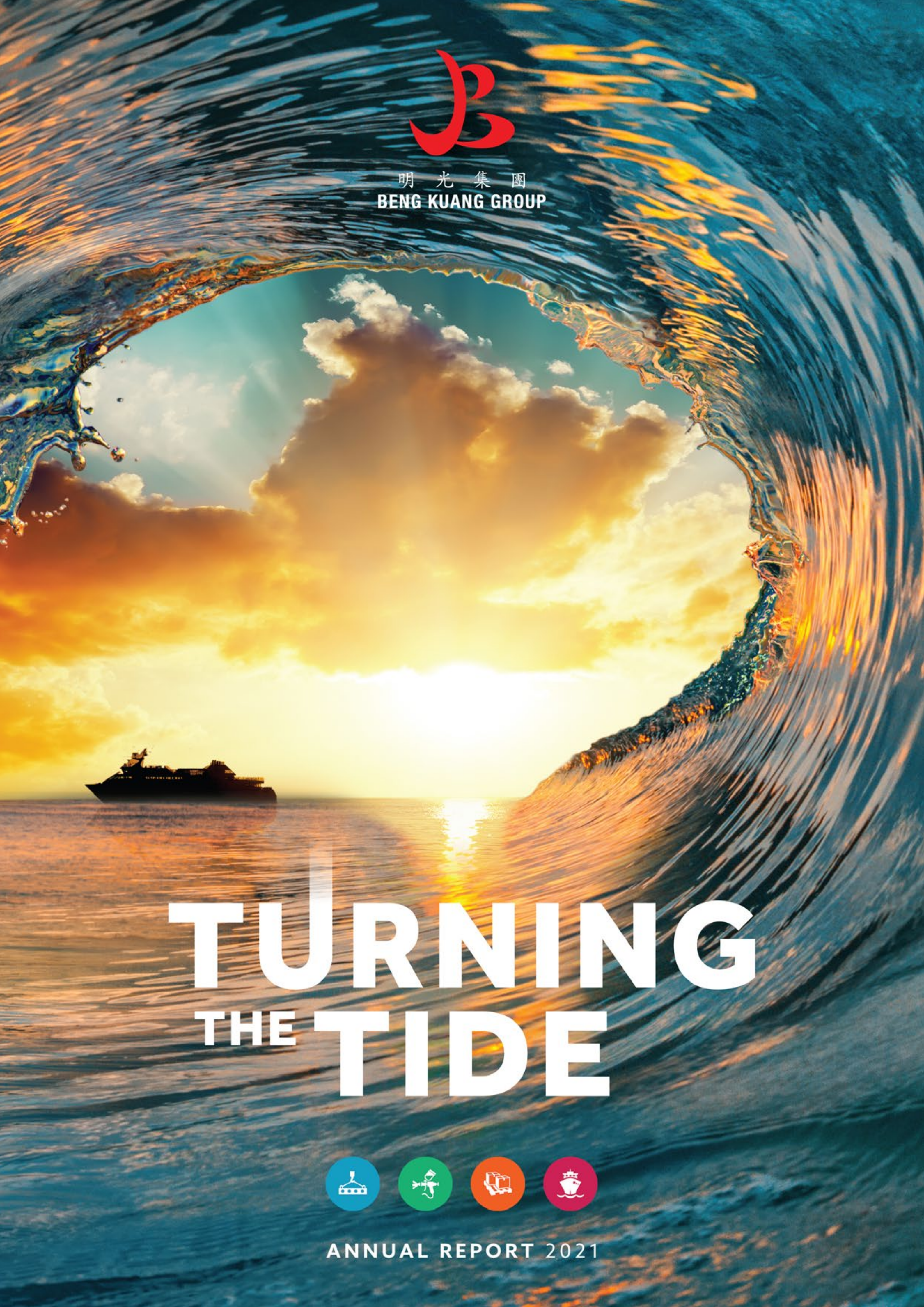


明光集團
BENG KUANG GROUP

TURNING THE TIDE

ANNUAL REPORT 2021

TURNING THE TIDE

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.

With a multi-pronged business model, Beng Kuang Group continues to strive to be the "Preferred Partner" in providing total solutions for the offshore and marine industries.

Forging ahead with an innovative and operating mindset, the Beng Kuang Group team aims to create new value propositions for our customers and align our business activities towards new market trends and opportunities.

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 Deck Equipment
- Rental of Industrial Equipment & Machinery

Under our IE Division, the Group provides a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, testing, installation and pre-commissioning of steel work modules and structures mainly for customers in the marine, offshore energy industries.

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

The Group has the capabilities to undertake sophisticated and complex engineering and construction projects and our track record include semisubmersible barges, patrol vessel, various types of crane barges, tug boats and cargo barges, etc.

Augmenting our market position in the offshore and marine industry with niche capabilities, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), has been one of our key growth drivers. Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others, ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider in optimising and extending the life of such operating floating assets.

CORROSION PREVENTION DIVISION ("CP DIVISION")

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

Corrosion Prevention is essential in reducing maintaining costs and extending the service life of shipping vessels.

Under our CP Division, our strong track record and reputation for reliability have enabled the Group to be appointed 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

Under our SD Division, the Group supply more than 400 types of products comprising mainly of Personal Protective Equipment & Accessories(PPE), Welding Equipment & Accessories(WEA), Blasting Equipment & Accessories, Painting Equipment & Accessories(PEA), Lifting Appliances, Power Tools and other hardware products under our house brands Master and Pro Master. The Group's SD Division continue to undertake a key role within the Group's business model, serving as our internal procurement arm to support the rest of the Group's business units to manage the operating costs of consumables.

SHIPPING AND OTHER DIVISIONS ("SH DIVISION")

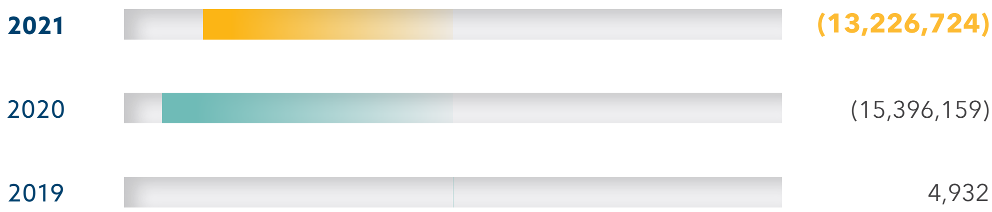
- Livestock Carriers
- Tugs & Barges
- Ship Management

Under our SH Division, the Group 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

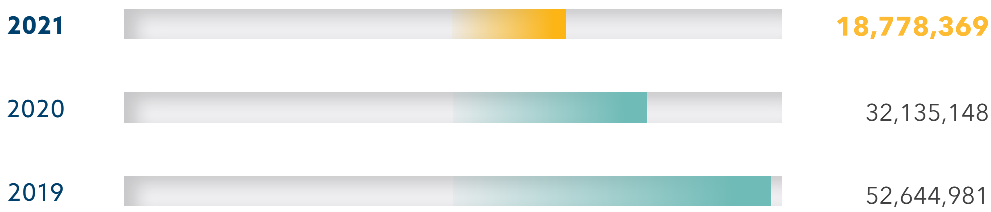
ATTRIBUTABLE PROFIT / (LOSS)

(13,226,724)



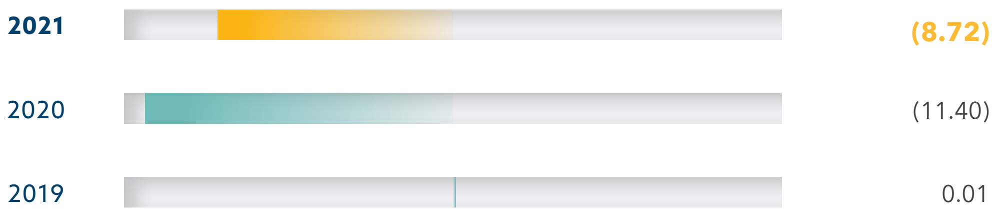
TANGIBLE NET WORTH

18,778,369



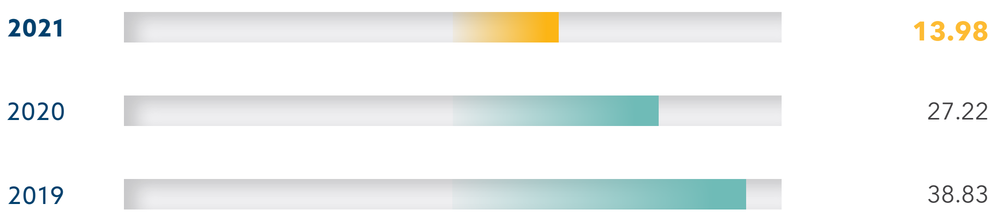
BASIC EARNINGS PER SHARE (IN SINGAPORE CENTS)

(8.72)



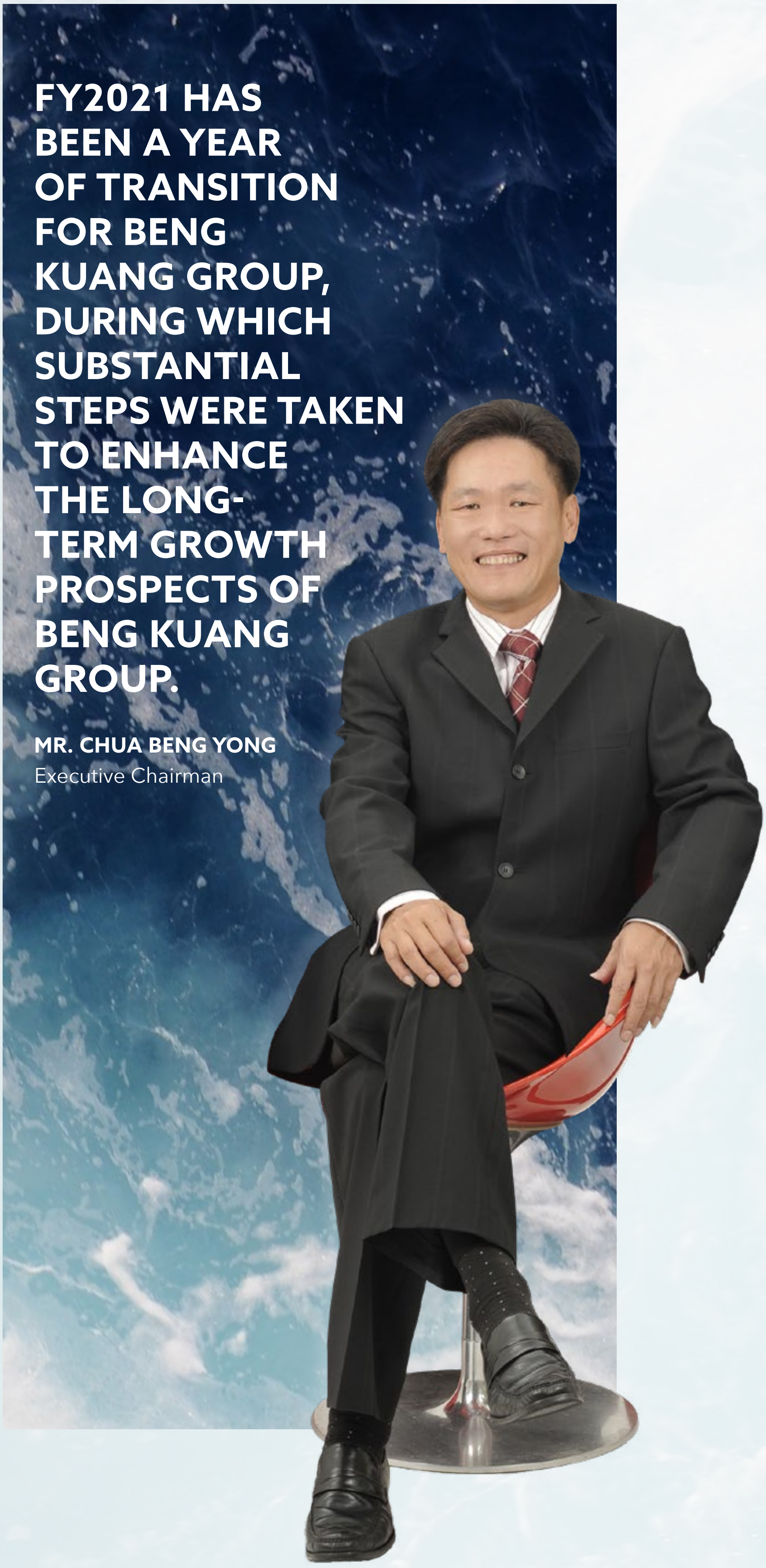
NAV PER SHARE (IN SINGAPORE CENTS)

13.98



S$	FY2021	FY2020	FY2019
OPERATING RESULTS			
Turnover	53,031,392	42,667,250	58,358,162
Profit/(loss) before tax	(15,869,445)	(19,721,611)	600,466
EBITDA	2,309,248	178,617	11,149,895
Attributable (loss) / profit	**(13,226,724)**	**(15,396,159)**	**4,932**
FINANCIAL POSITION			
Total assets	79,434,131	93,408,362	115,929,752
Total liabilities	(60,591,925)	(61,209,377)	(63,220,934)
Net debt	(18,203,097)	(25,424,322)	(29,924,168)
Tangible Net Worth	**18,778,369**	**32,135,148**	**52,644,981**
Net Gearing ratio	97%	79%	57%
PER SHARE DATA (IN SINGAPORE CENTS)			
Basic Earnings per Share – Basic	**(8.72)**	**(11.40)**	**0.01**
– Diluted	(8.72)	(11.40)	0.01
NAV per share	**13.98**	**27.22**	**38.83**
SEGMENT RESULTS			
Turnover			
Infrastructure Engineering	29,721,954	16,959,092	16,249,480
Corrosion Prevention	17,128,872	10,673,157	19,893,230
Supply & Distribution	4,008,431	3,830,405	5,895,688
Shipping	2,172,135	11,204,596	16,319,764
Profit / (loss) from operating segments			
Infrastructure Engineering	438,763	(933,231)	(1,057,490)
Corrosion Prevention	3,389,157	235,811	3,632,218
Supply & Distribution	(143,538)	151,253	328,829
Shipping	(16,367,157)	(17,118,668)	(4,595,391)
Others	(23,449)	(82,745)	(82,898)
Capital Expenditure			
Infrastructure Engineering	222,878	874,186	621,930
Corrosion Prevention	473,841	848,637	411,935
Supply & Distribution	42,100	64,736	41,948
Shipping	877,808	701,861	3,258,034

EXECUTIVE CHAIRMAN'S STATEMENT



FY2021 HAS BEEN A YEAR OF TRANSITION FOR BENG KUANG GROUP, DURING WHICH SUBSTANTIAL STEPS WERE TAKEN TO ENHANCE THE LONG-TERM GROWTH PROSPECTS OF BENG KUANG GROUP.

MR. CHUA BENG YONG
Executive Chairman

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Beng Kuang Marine Limited (together with its subsidiaries called Beng Kuang Group), I am pleased to present Beng Kuang Group's Annual Report for the financial period ended 31 December 2021 ("FY2021") and this also marks my inaugural Message to Shareholders.

First of all, I would like to express our sincere thanks to our former Executive Chairman, Mr. Chua Beng Kuang, who retired on 27 April 2021. He started Beng Kuang Group as a sole proprietorship in 1990 and for more than 30 years, he has been pivotal to Beng Kuang Group's growth and development. He has also instilled a strong culture for Beng Kuang Group to continue building the skills, capabilities and customer focus we need to pursue our aspiration to be the Preferred Partner in providing total solutions for the marine and offshore industries.

FY2021 has been a year of transition for Beng Kuang Group, during which substantial steps were taken to enhance the long-term growth prospects of Beng Kuang Group.

We strengthen our management team with the appointment of our new CEO, Mr. Yong Jiunn Run, in June 2021. Developing market-oriented perspective and value-creating opportunities have been at the heart of Mr. Yong's career, where he has accumulated more than 30 years of experience and business networks in the corporate and commercial banking industry, and we look forward to his contributions in spearheading our growth ambitions.

Another key step taken during FY2021 was a strategic review to prioritise costs minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts.

During 2021, Singapore started its transition to living with endemic COVID-19 with more of its population becoming fully vaccinated against COVID-19. As a result, Singapore's economy grew 7.2% in 2021, rebounding from a recession in 2020, according to advance estimates released by the Ministry of Trade and Industry (MTI) in January 2022.

For Beng Kuang Group, our revenue increased 24.3% or S$10.36 million from S$42.67 million in FY2020 to S$53.03 million in FY2021 despite the adverse performance of the livestock carrier business under the SH business segment. The Group's IE and CP business segments delivered strong performance with higher business volume in FY2021 and they were the key growth drivers of the Group's revenue performance in FY2021. More details of our financial and operating performance in FY2021 can be found in the FINANCIAL and OPERATIONS REVIEW section of this annual report.

To strengthen our balance sheet and broaden our shareholder base, we successfully completed two share placement exercise during FY2021, raising a total aggregate consideration of S$4.7 million. In addition, to reduce our financing costs, we issued a notice of redemption to the holders of our corporate bonds (with a coupon rate of 9% per annum) where S$3.5 million was successfully redeemed.

RECALIBRATING OUR MULTI-PRONG BUSINESS MODEL TO BOOST GROWTH

Our business performance in recent years has provided positive indications of the high-potential business segments within the Group as we continue to monetise our fixed assets and undertake deleveraging initiatives.

One of the high-growth business segments is the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"). Specialising in asset integrity solutions for operating floating assets such as Floating Production Storage and Offloading vessels and Floating Storage and Offloading vessels, among others, ASOM has established itself as a proficient "one-stop" offshore in-situ turnkey solutions provider in optimising and extending the life of such operating floating assets.

As a service-centric business, revenue contribution from ASOM has been growing progressively over the past few years and as at 31 December 2021, ASOM has an order book of S$12.0 million.

To further monetise our fixed assets, we are also evaluating opportunities to extract more value and increase utilisation rate of our waterfront fabrication yard in Batam, Indonesia, which has a land size of 32.8 hectares.

Over the past few years, the performance of livestock carrier business under the SH business segment has been adversely affected by unforeseen external events and given the current circumstances, we are undertaking a strategic review of this business activity to determine the next course of action.

In November 2021, we announced that our in-house team has designed and developed specialised dredging equipment for offshore tin mining activities and it will be categorised under our IE business segment.

From our humble beginnings in 1990, we have come a long way as we navigated various economic cycles and oil and gas downturn of 2016. We remain forward looking, steadfast and we are taking decisive steps to develop more business agility as well as create new catalysts for our next growth cycle.

A NOTE OF THANKS AND APPRECIATION

To our new shareholders who supported us in our share placement exercise in FY2021, we welcome your participation in our growth ambitions ahead.

On this note, I would like to acknowledge my fellow directors for the commitment, guidance and counsel they collectively bring to help shape our future, and to also extend my appreciation to management and employees for their hard work and dedication to our growth ambitions.

Last but not least, I would also like to thank our business partners for their confidence and support over the past years. And to our shareholders, thank you for the trust you have shown in your Company's leadership and future.

We look forward to a successful year ahead.

Thank you!

FINANCIAL & OPERATIONS REVIEW

FY2021 FINANCIAL & OPERATIONS REVIEW

The Group's revenue increased 24.3% or S$10.36 million from S$42.67 million in FY2020 to S$53.03 million in FY2021.

All of the Group's business segments registered growth in FY2021, except for SH business segment. The Group's IE and CP business segments delivered strong performance with higher business volume in FY2021 and they were the key growth drivers of the Group's revenue performance in FY2021.

Reflecting the adverse performance of the livestock carrier business under the SH business segment, the Group recognised an impairment charge of S$7.54 million in FY2021. It is also to be noted that the Group has a substantial amount of fixed assets in the balance sheet and a depreciation expense (non-cash component) of S$8.30 million was registered in FY2021.

The Group registered a gross profit of S$6.41 million in FY2021 as compared to a gross loss of S$1.58 million in FY2020. In FY2021, the Group posted a gross profit margin of 12.1%, largely attributed to ASOM's increased business volume from on-site repair and maintenance services for active offshore FPSO and FSO vessels as well as CP's higher business activities.

SEGMENTAL REVIEW

INFRASTRUCTURE ENGINEERING ("IE") BUSINESS SEGMENT

Revenue from the IE business segment surged by 75.2% or S$12.76 million, from S$16.96 million in FY2020 to S$29.72 million in FY2021. For IE, the Group's 51%-owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), was the main revenue contributor with S$21.55 million or 72.5% of IE's FY2021 sales as a result of the re-opening of global business travel from the fourth quarter of 2020 that enabled ASOM to increase its business activities with new team deployments and new orders being secured during FY2021.

Specialising in asset integrity solutions, ASOM provides a wide range of on-site services such as repairs, engineering services, maintenances, decommissioning, among others. ASOM's key customers are mainly operators and asset owners of Floating Production Storage and Offloading ("FPSO") vessels and Floating Storage and Offloading ("FSO") vessels. Revenue contribution from ASOM has been growing progressively over the past few years.

In addition, the Group's other subsidiaries under IE have performed better for FY2021 as compared to FY2020 where there has been a recent uptrend in outsourcing manpower-intensive projects by established shipyard customers in Singapore to neighbouring countries to reduce the dependency on foreign workers. The Group owns and operate a waterfront fabrication yard in Batam, Indonesia with a land size of 32.8 hectares.

CORROSION PREVENTION ("CP") BUSINESS SEGMENT

Revenue from the Group's CP business segment increased by 60.5% or S$6.46 million from S$10.67 million in FY2020 to S$17.13 million in FY2021 with the return of the Group's foreign labour workforce to operations. The Group's CP also recorded higher business volume in Batam. However, there are still border controls and higher costs related to COVID-19 that were associated with new workforce employment.

SUPPLY & DISTRIBUTION ("SD") BUSINESS SEGMENT

Revenue from the Group's SD business segment remained relatively stable at S$4.01 million as compared to S$3.83 million in FY2020. The Group's SD continue to undertake a key role within the Group's business model, serving as its internal procurement arm to support the rest of our business units to manage the operating costs of consumables.

SHIPPING AND OTHERS ("SH") BUSINESS SEGMENT

Revenue from the Group's SH business segment declined substantially by S$9.03 million to S$2.17 million in FY2021, from S$11.20 million in FY2020 as both of the Group's livestock vessels were taken off charter. The first livestock vessels was taken off charter since October 2020 due to an accident and it is currently docked on our Batam waterfront yard for repairs and maintenance. Due to COVID-19 travel restrictions and border control measures, there were delays in coordinating onsite insurance and Class inspections. The second livestock vessel was taken off charter as it was detained on 7 October 2021 by the Indonesia Navy for anchoring at unauthorised area but it has been released in November 2021 and it is back at the Group's Batam yard for maintenance.

OTHER FINANCIAL HIGHLIGHTS

The Group's administrative expenses increased by 48% or S$4.71 million from S$9.85 million in FY2020 to S$14.56 million in FY2021 due to increase in wages and salaries mainly from ASOM that were in line with improved business and financial performance. Secondly, the SH business segment has made provisions for doubtful debts on some of its receivables. The charterer of the livestock carrier vessels was experiencing financial difficulties to make payments for the outstanding receivables, resulting in our Group's reassessment of the collectability of receivables.

Interest expense on borrowings increased by 19% or S$0.37 million from S$1.97 million in FY2020 to S$2.34 million in FY2021 as a result of higher utilisation of working capital facilities as a result of the expansion in business activities from the CP and IE business segments.

Other loss of S$4.96 million in FY2021 was due to (i) S$7.54 million impairment charge on the livestock carrier vessels to their value in use after taking into consideration of their adverse performance, which was partially offset by (ii) S$0.79 million foreign exchange gain due to the stronger US dollar against Singapore dollar for the year ended 31 December 2021; and (iii) S$1.49 million government grants mainly relating to Jobs Support Scheme and Foreign Worker Levy rebate.

Depreciation expenses decreased slightly by S$0.38 million from S$8.68 million in FY2020 to S$8.30 million in FY2021.

In FY2021, the Group provided credit loss allowance of S$2.33 million on the receivables under the SH business segment.

Overall, the Group registered net loss attributable to shareholders of S$13.23 million in FY2021 as compared to a net loss attributable to shareholders of S$15.40 million in FY2020. The losses for both years were largely due to impairment charges on the livestock carrier vessels where the value in use of the vessels deteriorated due to their adverse performance.

CASHFLOW STATEMENT

Net cash inflow generated from operating activities was S$3.89 million in FY2021. This was generated from positive cash inflow on operations of S$6.58 million after adjustments on non-cash transactions and changes in working capital.

Net cash outflow used in investing activities was S$1.10 million in FY2021 mainly due to S$0.88 million related to docking repairs for one of the livestock carriers - MV Barkly Pearl and S$0.28 million on various tools and equipment for operational use in the CP and IE divisions.

Net cash inflow from financing activities was S$0.30 million in FY2021. This was due to net increase of S$0.25 million on borrowings for heighten business activities on CP and IE divisions for the year ended FY2021; S$0.49 million on bills payable; net principal repayment of S$0.5 million on redemption of S$4.0 million 2022 Bond and the issuance of S$3.5 million new 2024 Bond; payment of S$2.47 million on lease liabilities; S$0.78 million dividend payout to non-controlling interests; and net proceeds of S$4.47 million from our two share placements completed on 21 July 2021 and 17 December 2021.

As a result of the above, the Group registered a net increase in cash and cash equivalent of S$3.10 million for FY2021.

ASSETS AND LIABILITIES

The Group's total assets stood at S$79.43 million as at 31 December 2021.

The Group's current assets increased from S$37.09 million as at 31 December 2020 to S$38.04 million as at 31 December 2021 primarily due to increase in cash at bank through the completion of the two share placements.

The Group's non-current assets decreased from S$56.31 million as at 31 December 2020 to S$41.40 million as at 31 December 2021. This was due to the reduction of property, plant and equipment by S$14.99 million mainly as a result of the impairment charge of S$7.54 million and S$8.30 million on depreciation expense offset by an increase of S$1.40 million due to the addition of fixed assets.

Total liabilities for the Group were S$61.21 million as at 31 December 2020 and S$60.59 million as at 31 December 2021. The increase in trade and other payables by S$3.23 million was due to the increase in business activities for the year ended 31 December 2021 as well as payables to suppliers and service contractors for vessel repairs.

The Group registered net current liabilities of S$15.30 million as at 31 December 2021 as compared to S$13.56 million as at 31 December 2020. The increase of S$1.74 million was mainly due to payables on costs incurred for repair and maintenance of the two livestock carrier vessels.

Following a strategic review, the Group is prioritising costs minimisation and deleveraging initiatives, while focusing on monetising fixed assets and high-potential business segments to create new growth catalysts.

BOARD OF DIRECTORS

MR. CHUA BENG YONG
EXECUTIVE CHAIRMAN

Mr. Chua Beng Yong is one of our founders and he has been re-designated to our Executive Chairman from Executive Director from 3 January 2022. He was first appointed Director on 10 May 2021. As Executive Chairman, he is primarily in charge of the overall management, including developing and steering corporate plans, business directions and strategies for the Group. Mr. Chua has more than 30 years of experience in the marine, offshore, oil and gas industries.

MR. CHUA MENG HUA
EXECUTIVE DIRECTOR

Mr. Chua Meng Hua is our Executive 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 30 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 Group's Independent Director on 19 May 2017 and last re-elected on 29 June 2020. Mr Low is currently in legal practice as a partner with CNPLaw LLP and an independent director of PropNex Limited.

Mr. Low is recommended by The Legal 500 Asia-Pacific for capital markets (2018, 2020, 2021 and 2022) and banking and finance (2021 and 2022) and named as one of "Singapore's 70 most influential lawyers aged 40 and under in 2016" by the Singapore Business Review. He holds a Master of Laws from King's College London, a Bachelor of Laws from the National University of Singapore and a Bachelor of Accountancy from Nanyang Technological University. 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.

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. YONG JIUNN RUN
CHIEF EXECUTIVE OFFICER

Mr. Yong Jiunn Run was appointed on 2 June 2021 as our Chief Executive Officer. His responsibilities include making major corporate decisions, developing and steering corporate plans, implement business directions and strategies for the Group.

He was CEO of CIMB Group Commercial Banking, Senior MD of CIMB Commercial Banking Singapore and director of CIMB Cambodia PLC. Prior to CIMB, he was formerly the Business Head for Global Enterprise Banking at OCBC. He has more than 30 years of experience in corporate and commercial banking having started his career in BNP Paribas.

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 30 years' experience in the corrosion prevention business in the marine, offshore and oil and gas industries. He leads the CP Division in pursuing 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

Segment	Activities	Subsidiaries
INFRASTRUCTURE ENGINEERING	• Shipbuilding / Conversion • Offshore Construction • Turnkey Projects • Sandwich Plate System (SPS) License • Offshore Asset Integrity Management • Project Management Services • Supply of Deck Equipment • Rental of Industrial Equipment & Machinery	100% MTM Engineering 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 • 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% DrakoShipping Pte Ltd └ 100% PT. Marina Shipping └ 51% Drink Splash Pte Ltd 74% Water & Environmental Technologies (WET) Pte Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. CHUA BENG YONG
Executive Chairman

MR. CHUA MENG HUA
Executive Director

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 SECRETARY

MS. WEE WOON HONG

REGISTERED OFFICE

2 Venture Drive #14-15
Vision Exchange Singapore 608526
Tel: (65) 6266 0010
Fax: (65) 6264 0010
Email: bkm@bkmgroup.com.sg
Website: www.bkmgroup.com.sg

AUDITOR

NEXIA TS PUBLIC ACCOUNTING CORPORATION
80 Robinson Road #25-00,
Singapore 068898
Partner-in-charge : Mr. Eddy Tan Chun Hun
(Appointed since Financial Year Ended 2021)

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

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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 Executive Director will make the necessary arrangements for the briefings, informal discussions or explanations required by the Director.

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

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 FY2021 are as follows: -

REPORT OF CORPORATE GOVERNANCE

NAME	BOARD MEETING		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATING COMMITTEE	
	NO OF MEETINGS		NO OF MEETINGS		NO OF MEETINGS		NO OF MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Chua Beng Kuang[1]	1	1	–	–	–	–	–	–
Chua Beng Yong[2]	3	3	–	–	–	–	–	–
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

1 Mr Chua Beng Kuang retired as Executive Chairman of the Company at the Annual General Meeting of the Company held on 27 April 2021.

2 Mr Chua Beng Yong was appointed as Executive Director of the Company on 10 May 2021 and was re-designated as Executive Chairman of the Company on 3 January 2022.

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 Secretary 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 Secretary 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.

REPORT OF CORPORATE GOVERNANCE

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 Yong	(Executive Chairman)
Chua Meng Hua	(Executive Director)

Independent Directors

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

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. Low Wee Siong, Mr. Goh Chee Wee and Mr. Lum Kin Wah are independent.

Mr. Goh Chee Wee was first appointed Director on 30 August 2004 and have held his office as Director for more than 17 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.

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.

REPORT OF CORPORATE GOVERNANCE

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 retired as a Director at the Annual General Meeting of the Company held on 27 April 2021. Upon his cessation as Director, Mr. Chua Beng Kuang also ceased to be the Executive Chairman of the Company.

Mr. Chua Meng Hua was re-designated from Managing Director and Chief Executive Officer to Executive Director with effect from 2 June 2021.

Mr. Yong Jiunn Run was appointed as Chief Executive Officer of the Company with effect from 2 June 2021.

Mr. Chua Beng Yong was re-designated from Executive Director to Executive Chairman of the Company with effect from 3 January 2022.

Mr. Chua Beng Yong, Executive Chairman of the Company and Mr. Yong Jiunn Run, Chief Executive Officer of the Company are not related to each other.

Provision 3.2

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

The Chief Executive Officer, Mr. Yong Jiunn Run, 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 Yong is primarily responsible for the effective workings of the Board. He works together with the 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 Chief Executive Officer (with the assistance of the Company Secretary) also prepare the meeting agenda in consultation with the Directors.

The Chairman and the 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, Executive Director, 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.

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. Retiring Directors are eligible to offer themselves for re-election pursuant to Regulation 109.

The NC has recommended to the Board that Mr. Low Wee Siong and Mr. Lum Kin Wah 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 Low Wee Siong will, upon re-election as Director of the Company, continue to serve as the Lead Independent Director of the Company, Chairman of Audit Committee and a member of the Nominating and Remuneration Committees of the Company. Mr Low Wee Siong 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 36 to 40 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Mr Lum Kin Wah will, upon re-election as Director of the Company, continue to serve as Independent Director of the Company, Chairman of Remuneration Committee and a member of the Audit and Nominating Committees of the Company. Mr Lum Kin Wah 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 36 to 40 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Under Regulation 117 of the Company's Constitution, any new Director so appointed by the Directors shall hold office until the next annual general meeting of the Company and shall be eligible for re-election. The NC has recommended to the Board that Mr. Chua Beng Yong be nominated for re-election at the forthcoming AGM pursuant to Regulation 117 of the Company's Constitution. Mr Chua Beng Yong will, upon re-election as Director of the Company, continue to serve as the Executive Chairman of the Company. Please refer to pages 36 to 40 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

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). Mr. Chua Beng Yong attended course organized by the Singapore Institute of Directors during the financial year ended 31 December 2021.

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 36 to 40 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.

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.

REPORT OF CORPORATE GOVERNANCE

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 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 FY2021. 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.

The Company has entered into separate service agreements with Mr. Chua Beng Yong and Mr. Chua Meng Hua for an initial period of three years commencing 10 May 2021 and 1 January 2004 respectively, which shall continue unless and until terminated by either party to the service agreements by notice given in accordance with such service agreement. There are no onerous removal clauses in the service agreements. Other than a fixed salary, Mr. Chua Beng Yong 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 is 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.

A summary compensation table of the directors' remuneration for the financial year ended 31 December 2021 is set out below:

NAME OF DIRECTORS	SALARY# (%)	BONUS (%)	FEES* (%)	BENEFITS (%)	TOTAL (%)
Up to S$250,000					
Chua Beng Yong	100.00	–	–	–	100.00
Chua Meng Hua	93.16	–	0.51	6.33	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 2021 is set out below:

NAME OF TOP 5 EXECUTIVE OFFICERS	SALARY (%)	BONUS (%)	FEES (%)	BENEFITS (%)	TOTAL (%)
Up to S$250,000					
Yong Jiunn Run	100.00	–	–	–	100.00
Chua Beng Hock	100.00	–	–	–	100.00
Lee Wei Liang	91.01	–	–	8.99	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. Yong Jiunn Run (Chief Executive Officer), 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) for FY2021 amounted to S$644,689.

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.

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 Yong, Executive Chairman of the Company, and Mr. Chua Meng Hua, Executive Director and Mr. Chua Beng Hock (Executive Officers) are brothers. Mr. Yong Jiunn Run, Chief Executive Officer of the Company is not related to any of the above stated Directors or Officers of the Company. 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 Hock is confidential and disclosure of his 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 Yong and Mr. Chua Meng Hua is employed by the Group as a Manager and his total remuneration in FY2021 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 FY2021 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.

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.

REPORT OF CORPORATE GOVERNANCE

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.

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 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.

The Board had also received assurance from the Chief Executive Officer and other key management personnel who are responsible for the Company's risk management and internal control systems that, as at 31 December 2021, the Company's risk management and internal control systems were adequate and effective.

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;

(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 2021 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 FY2021 are as follows: -

Audit fees	: S$169,268
Non-audit fees	: S$34,859

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 policy which sets out the procedures whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters on misconduct or wrongdoing 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, and to ensure that the identity of the whistleblower is kept confidential. The Company is committed to ensure the protection of the whistleblower against detrimental or unfair treatment. The AC is responsible for oversight and monitoring of whistleblowing.

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.

REPORT OF CORPORATE GOVERNANCE

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.

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 20 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 an Associate Director, an Assistant Manager, a Lead Consultant and other supporting consultants who possesses relevant experience and qualification in the field of accounting; and (d) the Associate Director has more than 15 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.

REPORT OF CORPORATE GOVERNANCE

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 issue. 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 FY2021, the Board has decided not to declare any dividend for FY2021. 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.

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 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.

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 2022 in relation to the management of stakeholder relationships during FY2021.

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.

REPORT OF CORPORATE GOVERNANCE

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.

A summary of the interested person transactions for FY2021 is as follows:-

NAME OF INTERESTED PERSON	NATURE OF RELATIONSHIP	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN S$100,000 AND TRANSACTIONS CONDUCTED UNDER THE SHAREHOLDERS' MANDATE PURSUANT TO RULE 920).	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS CONDUCTED UNDER THE SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS LESS THAN S$100,000).
		S$	S$
<u>Yong Jiunn Run</u> Issue of 5,600,000 placement shares at S$0.09 per share	Chief Executive Officer (Key Management Personnel)	504,000	Not Applicable

MATERIAL CONTRACTS AND LOANS

(1) The Company entered into a service agreement with Mr Chua Beng Yong on 10 May 2021, further details of which are set out in the disclosure in Provision 7.1. 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 and herein, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Executive Directors 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.

(2) Mr. Yong Jiunn Run ("Mr. Yong"), who is the Company's Chief Executive Officer extended a loan of principal amount S$500,000 to the Company on 3 May 2021, on an interest-free and unsecured basis to be repaid within a year. Mr. Yong is an "interested person", and the loan is an "interested person transaction" for the purposes of Chapter 9 of Mainboard Rules of the Singapore Exchange Securities Trading Limited. As the Loan is interest-free, there is no "value at risk" to the Group. This is not a commercial loan and does not adversely affect the interest of minority shareholders.

<u>USE OF PROCEEDS</u>

As at 28 February 2022, the aggregate balance of proceeds from the fundraising exercises conducted in FY2021, including two placement exercises, is S$1,284,000, details of which are set out below.

REPORT OF CORPORATE GOVERNANCE

The Company completed two placement exercises with SAC Capital Private Limited acting as placement agent ("Placement Agent"). The first share placement was completed on 21 July 2021, pursuant to which 27,000,000 placement shares have been allotted and issued to the end-placees procured by the Placement Agent in accordance with the terms of the Placement agreement. The use of the net proceeds from the 21 July 2021 Share Placement is as follows: -

	AMOUNT $'000
Net Proceeds from share placement	1,280
Amount utilised as working capital: -	
a) Suppliers	(255)
b) Service contractors	(215)
c) Wages and salaries	(809)
Balance	-

The second share placement was completed on 17 December 2021, pursuant to which an aggregate of 37,200,000 placement shares have been allotted and issued, comprising (a) 5,600,000 placement shares to our chief executive officer and (b) the remaining 31,600,000 placement shares to the end-placees procured by the Placement Agent in accordance with the terms of the placement agreement. The use of the net proceeds from the 17 December 2021 Share Placement is as follows: -

	AMOUNT $'000
Net Proceeds from share placement	3,193
Amount utilised as working capital: -	
a) Suppliers	(296)
b) Service contractors	(370)
c) Wages and salaries	(186)
Balance	**2,341**

The use of the net proceeds from both share placements is in accordance with the intended use as previously disclosed in the Company's announcements.

The Company will make periodic announcements as and when the balance of the net proceeds of the Placement are materially disbursed.

REPORT OF CORPORATE GOVERNANCE

TABLE A - ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

NAME OF DIRECTOR	LOW WEE SIONG	LUM KIN WAH	CHUA BENG YONG
Date of appointment	19 May 2017	9 May 2019	10 May 2021
Date of last election	29 June 2020	29 June 2020	Not Applicable
Age	44	66	60
Country of principal residence	Singapore	Singapore	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 for re-election, who has reviewed and considered Mr Low Wee Siong's performance as an Independent Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr Lum Kin Wah's performance as an Independent Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation for re-election, who has reviewed and considered Mr Chua Beng Yong's performance as Executive Chairman of the Company.
Whether appointment is executive, and if so, the area of responsibility	No. Non-Executive.	No. Non-Executive.	Executive. Responsible for the overall management, including developing and steering corporate plans, business directions and strategies for the Group.
Job title	Lead Independent Director, Chairman of Audit Committee and member of Nominating Committee and Remuneration Committee	Independent Director, Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee	Executive Chairman
Professional qualifications	• Master of Laws • Bachelor of Laws • Bachelor of Accountancy • Advocate and Solicitor of the Supreme Court of Singapore • Solicitor on the Roll of Solicitors of England and Wales • Chartered Accountant of Singapore.	• Bachelor of Science (Naval Architecture) • Chartered Engineer / Member of Royal Institute of Naval Architects. UK	–

REPORT OF CORPORATE GOVERNANCE

NAME OF DIRECTOR	LOW WEE SIONG	LUM KIN WAH	CHUA BENG YONG
Working experience and occupation(s) during past 10 years	January 2021 to Present – Lawyer, CNP Law LLP January 2014 to January 2021 – Lawyer, Wong Tan & Molly Lim LLC July 2011 to November 2013 – Lawyer, Stamford Law Corporation	September 2015 to Present – Founder and Director, LKW Partners Pte. Ltd. March 2013 to July 2015 – Senior Executive Vice President, Otto Marine (Ship Building) and Director of PT Batamec Shipyard, Indonesia September 2012 to February 2013 – Executive Director, DDW Paxocean Asia, Indonesia January 2011 to September 2012 – Representative, NGC Marine Propulsion South East Asia, Singapore	Chief Operating Officer of Beng Kuang Marine Limited Executive Director of Beng Kuang Marine Limited from 10 May 2021 to 3 January 2022 Executive Chairman of Beng Kuang Marine Limited from 3 January 2022
Working experience and occupation(s) during past 10 years (continued)		July 2009 to December 2011 – Chief Operating Officer, Otto Marine, Singapore September 2003 to July 2009 – Group General Manager, Otto Marine, Singapore October 2001 to September 2003 – Co-founder, Marine Cadcam Pte. Ltd., Singapore 1972 to 1991 – Vice President, Keppel Shipyard, Singapore	
Shareholdings interest in the listed issuer and its subsidiaries	No	No	Yes Direct Interest - 6,329,875 ordinary shares representing 3.18% of share capital of Beng Kuang Marine Limited

REPORT OF CORPORATE GOVERNANCE

NAME OF DIRECTOR	LOW WEE SIONG	LUM KIN WAH	CHUA BENG YONG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	Mr Chua Meng Hua, Executive Director of Beng Kuang Marine Limited Mr Chua Beng Hock, Director of principal subsidiaries of Beng Kuang Marine Limited Mr Chua Meng Hua and Mr Chua Beng Hock are brothers of Mr Chua Beng Yong.
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships	Past (for the last 5 years) Wong Tan & Molly Lim LLC Republic Healthcare Limited Present CNPLaw LLP PropNex Limited	Past (for the last 5 years) AMA Partners Pte. Ltd. Present LKW Partners Pte. Ltd.	Past (for the last 5 years) Nil Present Venture Automation Electrical & Engineering Pte. Ltd. PT Nexus Engineering Indonesia PT Master Indonesia

The general statutory disclosures of the Director are as follows:

QUESTION	LOW WEE SIONG	LUM KIN WAH	CHUA BENG YONG
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

REPORT OF CORPORATE GOVERNANCE

QUESTION		LOW WEE SIONG	LUM KIN WAH	CHUA BENG YONG
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

REPORT OF CORPORATE GOVERNANCE

QUESTION		LOW WEE SIONG	LUM KIN WAH	CHUA BENG YONG
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :–			
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	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	No	No

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 51 to 127 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 2021 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 Yong (Appointed on 10 May 2021)
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 31.12.2021	AT 1.1.2021 OR DATE OF APPOINTMENT
The Company		
(No. of ordinary shares)		
Chua Beng Yong	6,329,875	6,329,875
Chua Meng Hua	8,829,875	8,829,875

The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

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 4 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 statement of financial position of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2021 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 statement of financial position 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.

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.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2021

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 Yong
Executive Chairman

Chua Meng Hua
Executive Director

6 April 2022

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 statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, 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 statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)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 2021 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 2021, the revenue recognised from infrastructure engineering and corrosion prevention services was $46.85 million (2020: $27.63 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 reporting 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 of 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
2. Going concern	
The Group incurred a total comprehensive loss of $17,050,631 for the financial year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by $15,299,398. The above 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 Management 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 meet its obligations as and when they fall due within the next twelve months on the bases as disclosed in Note 4.	Our audit procedures focused on evaluating the key assumptions used by the management. These procedures included the following: • discussed and evaluated management's assessment of the Group's ability to continue as a going concern and justified that the going concern assumption is appropriate; • reviewed cash flow projections and sensitivity analysis along with the assumptions made; and • reviewed the adequacy of the presentation and disclosure of going concern in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
3. Credit loss allowance on trade receivables and contract assets As at 31 December 2021, trade receivables and contract assets amounted to $16.26 million and $6.29 million (2020: $15.83 million and $7.01 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 trade 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 28% 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 30(b).	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
4. Valuation of property, plant and equipment	
As at 31 December 2021, property, plant and equipment ("PPE") amounting to \$40.38 million (2020: \$55.37 million) represent 51% (2020: 59%) 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. • Assessed the adequacy of the disclosures on the impairment loss in the Group's financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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.

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 Tan Chun Hun.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

6 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

	NOTE	2021 $	2020 $
Revenue	5	53,031,392	42,667,250
Cost of sales		(46,617,455)	(44,246,004)
Gross profit/(loss)		6,413,937	(1,578,754)
Other losses – net	8	(4,954,599)	(5,769,764)
Expenses			
- Selling and distribution		(426,411)	(548,360)
- Administrative		(14,559,578)	(9,850,242)
- Finance	9	(2,342,794)	(1,974,491)
Loss before income tax		(15,869,445)	(19,721,611)
Income tax expense	10	(933,092)	(195,470)
Net loss		(16,802,537)	(19,917,081)
Other comprehensive loss, net of tax:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation – losses		(159,056)	(287,832)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation – losses		(89,038)	(59,920)
Other comprehensive loss		(248,094)	(347,752)
Total comprehensive loss		(17,050,631)	(20,264,833)
Loss attributable to:			
Equity holders of the Company		(13,226,724)	(15,396,159)
Non-controlling interests		(3,575,813)	(4,520,922)
		(16,802,537)	(19,917,081)
Total comprehensive loss attributable to:			
Equity holders of the Company		(13,385,780)	(15,683,991)
Non-controlling interests		(3,664,851)	(4,580,842)
		(17,050,631)	(20,264,833)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic loss per share	11	(8.72)	(11.40)
Diluted loss per share	11	(8.72)	(11.40)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTE	GROUP 2021 $	GROUP 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	12	7,044,033	4,365,243
Trade and other receivables	13	21,189,115	21,660,267
Contract assets	5(b)	6,289,095	7,006,832
Inventories	14	3,513,310	4,061,557
		38,035,553	37,093,899
Non-current assets			
Intangible assets	16	63,837	63,837
Property, plant and equipment	17	40,378,244	55,370,506
Deferred income tax assets	24	956,497	880,120
		41,398,578	56,314,463
Total assets		79,434,131	93,408,362
LIABILITIES			
Current liabilities			
Trade and other payables	20	33,119,628	29,070,278
Contract liabilities	5(b)	462,086	442,193
Deferred income	21	–	–
Current income tax liabilities		1,128,262	443,263
Borrowings	22	18,624,975	20,698,069
		53,334,951	50,653,803
Non-current liabilities			
Trade and other payables	20	619,009	1,438,868
Borrowings	22	6,622,155	9,091,496
Deferred income tax liabilities	24	15,810	25,210
		7,256,974	10,555,574
Total liabilities		60,591,925	61,209,377
NET ASSETS		18,842,206	32,198,985
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	54,124,399	49,651,347
Other reserves	26	(2,037,734)	(1,902,129)
Accumulated losses		(24,230,627)	(11,003,903)
		27,856,038	36,745,315
Non-controlling interests	15	(9,013,832)	(4,546,330)
Total equity		18,842,206	32,198,985

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTE	COMPANY 2021 $	COMPANY 2020 $
ASSETS			
Current assets			
Cash and cash equivalents	12	1,969,549	340,730
Trade and other receivables	13	63,578,260	90,813,970
		65,547,809	91,154,700
Non-current assets			
Investments in subsidiary corporations	15	5,108,434	5,108,334
Property, plant and equipment	17	1,175,472	2,462,910
Deferred income tax assets	24	16,790	14,590
		6,300,696	7,585,834
Total assets		71,848,505	98,740,534
LIABILITIES			
Current liabilities			
Trade and other payables	20	30,463,002	29,786,143
Borrowings	22	8,272,684	9,317,078
		38,735,686	39,103,221
Non-current liability			
Borrowings	22	4,298,563	5,997,716
Total liabilities		43,034,249	45,100,937
NET ASSETS		28,814,256	53,639,597
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	54,124,399	49,651,347
(Accumulated losses)/retained profits	27	(25,310,143)	3,988,250
Total equity		28,814,256	53,639,597

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

	NOTE	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →					
		SHARE CAPITAL $	ACCUMULATED LOSSES $	OTHER RESERVES $	TOTAL $	NON-CONTROLLING INTERESTS $	TOTAL $
2021							
Beginning of financial year		49,651,347	(11,003,903)	(1,902,129)	36,745,315	(4,546,330)	32,198,985
Loss for the financial year		–	(13,226,724)	–	(13,226,724)	(3,575,813)	(16,802,537)
Other comprehensive loss for the financial year		–	–	(159,056)	(159,056)	(89,038)	(248,094)
Total comprehensive loss for the financial year		–	(13,226,724)	(159,056)	(13,385,780)	(3,664,851)	(17,050,631)
Acquisition of additional equity interest in subsidiary corporations	15	–	–	23,451	23,451	(23,551)	(100)
Dividend paid to non-controlling interests	15	–	–	–	–	(784,000)	(784,000)
Issuance of ordinary shares	25	4,473,052	–	–	4,473,052	–	4,473,052
Capital contribution from non-controlling interest	15	–	–	–	–	4,900	4,900
End of financial year		54,124,399	(24,230,627)	(2,037,734)	27,856,038	(9,013,832)	18,842,206
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 financial year		–	(15,396,159)	–	(15,396,159)	(4,520,922)	(19,917,081)
Other comprehensive loss for the financial year		–	–	(287,832)	(287,832)	(59,920)	(347,752)
Total comprehensive loss for the financial year		–	(15,396,159)	(287,832)	(15,683,991)	(4,580,842)	(20,264,833)
Dividend paid to non-controlling interests	15	–	–	–	–	(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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2021

	NOTE	2021 $	2020 $
Cash flows from operating activities			
Net loss		(16,802,537)	(19,917,081)
Adjustments for:			
Credit loss allowance	6	2,952,212	401,443
Inventories written back	6	(49,372)	–
Inventories written down	6	3,304	227,599
Loss/(gain) on disposal of property, plant and equipment	8	47,158	(385,212)
Property, plant and equipment written off	8	618	7,546
Impairment loss on property, plant and equipment	8	7,543,211	9,260,016
Interest income	8	(6,452)	(9,786)
Interest expense	9	2,342,794	1,974,491
Income tax expense	10	933,092	195,470
Depreciation of property, plant and equipment	6	8,299,140	8,675,460
Unrealised currency translation differences		(721,692)	372,776
		4,541,476	802,722
Change in working capital			
Inventories		594,314	761,820
Contract assets		717,736	385,980
Trade and other receivables		(2,481,060)	3,834,230
Trade and other payables		3,231,957	2,478,532
Contract liabilities		(24,024)	91,867
Deferred income		–	(81,322)
Cash generated from operations		6,580,399	8,273,829
Interest received		6,452	9,786
Interest paid		(2,359,065)	(1,834,059)
Income tax paid		(333,869)	(245,628)
Net cash generated from operating activities		3,893,917	6,203,928
Cash flows from investing activities			
Additions to property, plant and equipment	17(b)	(1,327,535)	(1,974,998)
Proceeds from disposal of property, plant and equipment		230,285	1,137,822
Acquisition of non-controlling interests	15	(100)	–
Net cash used in investing activities		(1,097,350)	(837,176)
Cash flows from financing activities			
Proceeds from borrowings	22(c)	16,167,800	9,264,039
Proceeds from issuance of shares, net	25	4,473,052	-
Repayment of borrowings		(15,921,263)	(11,834,586)
Repayment of bonds, net	22(c)	(500,000)	-
Principal payment of lease liabilities		(2,469,359)	(2,376,286)
Repayment of bills payable		(488,097)	(265,988)
Interest paid		(181,201)	(292,284)
Dividend paid to non-controlling interests	15	(784,000)	(245,000)
Proceeds from issuance of ordinary shares by a subsidiary to non-controlling interests	15	4,900	–
Net cash generated from/(used in) financing activities		301,832	(5,750,105)
Net increase/(decrease) in cash and cash equivalents		3,098,399	(383,353)
Cash and cash equivalents			
Beginning of financial year		1,523,751	1,947,764
Effects of currency translation on cash and cash equivalents		29,628	(40,660)
End of financial year	12	4,651,778	1,523,751

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 2 Venture Drive #14-15 Vision Exchange Singapore 608526.

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 15 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 2021

On 1 January 2021, 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *REVENUE RECOGNITION (CONTINUED)*

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 REVENUE RECOGNITION (CONTINUED)

(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 goods – tools, equipment and consumables

Revenue from these sales is recognised at a point in time when the goods have been transferred to the customers and coincides with the delivery of goods and accepted by the customers.

(f) 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.

(g) Interest income

Interest income is recognised using the effective interest method.

(h) 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.

(i) 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 over 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 statement of financial position. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Measurement (continued)

(ii) Other property, plant and equipment

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 reporting 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 statement of financial position. 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.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. 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 transaction costs that are directly attributable to the acquisition of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL ASSETS (CONTINUED)

(a) Classification and measurement (continued)

<u>*At subsequent measurement*</u>

(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 30(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.

2.11 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reporting date, in which case they are presented as non-current liabilities.

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.

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 (continued)

  For a 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.

(ii) When the Group is the lessor:

The Group leases equipment 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 statement of financial position, which represents the lease payments owed to the head lessor.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 LEASES (CONTINUED)

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

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 reporting 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.

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 reporting date; and

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 INCOME TAXES (CONTINUED)

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.

2.19 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 reporting 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 reporting date are discounted to their present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reporting 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.

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.

(c) 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement of financial position.

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.

2.24 DIVIDENDS TO COMPANY'S SHAREHOLDERS

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

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.

Details of the impairment testing are set out in Note 17 (d).

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

(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.

If the contract costs of on-going contracts to be incurred had been increased/decreased by 10% (2020: 10%) from management's estimates, the Group's net profit would have been decreased/increased by $163,384 (2020: $54,178).

(c) *Impairment of trade receivables and contract assets*

As at 31 December 2021, the Group's gross trade receivables (Note 13) and contract assets (Note 5(b)) amounted to $20,628,110 (2020: $17,248,497) and $6,289,095 (2020: $7,006,832) 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 $4,367,772 (2020: $1,415,560) for trade receivables was recognised as at 31 December 2021.

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 30(b)(i).

4. GOING CONCERN

The Group incurred a total comprehensive loss of $17,050,631 for the financial year ended 31 December 2021 (2020: $20,264,833) and, as of that date, the Group's current liabilities exceeded its current assets by $15,299,398 (2020: $13,559,904).

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 Management 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 meet its obligations as and when they fall due within the next twelve months because of the following:

(i) except for the livestock carrier business which has been adversely affected by unforeseen external events, the IE and CP divisions have generated positive contributions in FY2021 with stable ongoing orders, of which the majority are recurring in nature. In addition, the Group has received an increased number of enquiries for new projects that can potentially be added to the order book;

(ii) the Group is able to generate positive operating cash flows from its secured orders (which includes recurring orders and uncompleted performance obligations carried forward from financial year 2021) amounting to an aggregate of $36.3 million;

(iii) historically, the Group has generated positive cashflow from its operating activities. In addition, over the past seven (7) years, the Group has fulfilled its financing and repayment obligations with a substantial amount of principal borrowings being repaid;

(iv) the Group is actively seeking new opportunities to finance and/or monetise its 32.8 hectare waterfront yard in Batam, Indonesia. The lease for the Batam yard has been fully paid in advance till 2037;

(v) the Group has secured new short-term working capital loan from a financial institution during the subsequent period and the loan was fully drawdown;

(vi) the Group maintains good banking relationships and has continued support from the Group's existing bankers in providing banking, working capital lines and other trade finance facilities;

(vii) the Group is confident of obtaining continuing support for credit extension terms from long-term relationship business associates; and

(viii) there is an ongoing insurance claim process which is at an advance stage for recovery of accident damages caused to a livestock vessel.

Accordingly, the Management is of the view that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and that the use of going concern to prepare the Group's financial statements is appropriate.

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
	$	$	$
2021			
Infrastructure engineering			
- Singapore	–	13,806,598	13,806,598
- Switzerland	332,206	9,622,141	9,954,347
- Indonesia	–	1,061,387	1,061,387
- United Kingdom	334,072	3,126,666	3,460,738
- Others	17,455	1,421,429	1,438,884
	683,733	29,038,221	29,721,954
Corrosion prevention			
- Singapore	–	13,618,948	13,618,948
- Indonesia	–	3,509,924	3,509,924
	–	17,128,872	17,128,872
Supply and distribution			
- Singapore	3,598,549	–	3,598,549
- Indonesia	409,882	–	409,882
	4,008,431	–	4,008,431
Shipping			
- Indonesia	–	454,582	454,582
- Australia	–	1,717,553	1,717,553
	–	2,172,135	2,172,135
Total	4,692,164	48,339,228	53,031,392

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. REVENUE (CONT'D)

(a) Disaggregation of revenue from contracts with customers (cont'd)

	AT A POINT IN TIME	OVER TIME	TOTAL
	$	$	$
2020			
Infrastructure engineering			
- Singapore	1,720	9,553,465	9,555,185
- Switzerland	236,711	3,276,542	3,513,253
- Indonesia	299,686	377,898	677,584
- United Kingdom	2,070	200,404	202,474
- Others	200,997	2,809,600	3,010,597
	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

5. REVENUE (CONT'D)

(b) Contract balances

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

	31 DECEMBER 2021 $	31 DECEMBER 2020 $	1 JANUARY 2020 $
Trade receivables (Note 13)	20,628,110	17,248,497	20,303,137
Less: Loss allowance	(4,367,772)	(1,415,560)	(1,612,260)
	16,260,338	15,832,937	18,690,877
Infrastructure engineering and corrosion prevention			
- Contract assets	6,289,095	7,006,832	7,392,812
- Contract liabilities	(462,086)	(442,193)	(350,326)

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 infrastructure engineering and corrosion prevention have decreased due to more projects completed during year-end.

(i) Revenue recognised in relation to contract liabilities

	2021 $	2020 $
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	161,085	159,088

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 December 2021 and 2020 may be recognised as revenue in the next reporting periods as follows:

	2021 $	2022 $	TOTAL $
Partial and fully unsatisfied performance obligations as at:			
31 December 2021	–	4,872,315	4,872,315
31 December 2020	6,629,620	–	6,629,620

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. EXPENSES BY NATURE

	GROUP	
	2021	2020
	$	$
Purchases of inventories and construction materials	11,712,544	11,910,953
Subcontractors' fees	12,106,109	5,217,739
Depreciation of property, plant and equipment (Note 17)	8,299,140	8,675,460
Inventories written back (Note 14)	(49,372)	-
Inventories written down (Note 14)	3,304	227,599
Allowance for impairment of trade receivables – net (Note 30(b))	2,952,212	401,443
Total depreciation, impairment and written off	11,205,284	9,304,502
Fees on audit services paid/payable to:		
- Auditor of the Company	169,268	154,435
- Other auditor	14,377	14,261
Total fees on audit services	183,645	168,696
Fees on non-audit services paid/payable to:		
- Auditor of the Company	34,859	38,844
- Other auditor	94	988
Total fees on non-audit services	34,953	39,832
Employees' accommodation and utilities	1,321,525	948,075
Employee compensation (Note 7)	18,135,058	15,439,690
Foreign worker levies	1,116,194	507,247
Insurance	895,361	800,730
Maintenance of equipment and machinery	177,143	464,138
Repair and maintenance of vessel	71,309	3,928,210
Office related expenses	427,862	392,34
Professional fees	209,080	387,084
Rental of office equipment and machinery (Note 18 (d))	791,959	230,029
Repair of equipment	334,204	81,533
Shipping related expenses	1,136,504	3,205,094
Transport and travelling	631,388	506,837
Other expenses	565,075	122,455
Changes in inventories	548,247	989,419
Total cost of sales, selling and distribution and administrative expenses	61,603,444	54,644,606

7. EMPLOYEE COMPENSATION

	GROUP	
	2021	2020
	$	$
Wages and salaries	15,898,868	13,365,207
Employer's contribution to defined contribution plans	838,993	753,199
Other short-term benefits	1,397,197	1,321,284
	18,135,058	15,439,690

8. OTHER LOSSES– NET

	GROUP	
	2021	2020
	$	$
Interest income from bank deposits	6,452	9,786
(Loss)/gain on disposal of property, plant and equipment	(47,158)	385,212
Property, plant and equipment written off	(618)	(7,546)
Currency exchange gains/(losses), net	792,013	(858,859)
Government grants:		
- Jobs Support Scheme ("JSS") [(a)]	567,186	1,776,012
- Foreign Worker Levy ("FWL") rebate	597,860	1,261,883
- Others	320,743	449,343
Total government grants	1,485,789	3,487,238
Deferred income (Note 20)	-	81,322
Impairment loss on property plant and equipment (Note 17)	(7,543,211)	(9,260,016)
Deposit from customer forfeited	7,839	100,000
Discount given by supplier	-	70,432
Handling charges	252,593	16,731
Miscellaneous	91,702	205,936
	(4,954,599)	(5,769,764)

(a) 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	
	2021	2020
	$	$
Interest expense		
- Bank borrowings	1,311,736	827,813
- Bank overdrafts	129,507	151,210
- Lease liabilities (Note 18 (c))	181,201	292,284
- Bills payable	23,901	37,022
- Bonds	350,630	483,781
- Creditor	345,819	182,381
	2,342,794	1,974,491

10. INCOME TAX EXPENSE

	GROUP	
	2021	2020
	$	$
Tax expense attributable to the loss is made up of:		
- Loss for the financial year:		
Current income tax – Singapore	740,813	265,276
– Foreign	362,519	65,893
	1,103,332	331,169
Deferred income tax (Note 24)	(33,417)	(148,227)
	1,069,915	182,942
- (Over)/under provision in prior financial years:		
Current income tax – Singapore	(84,463)	(20,730)
Deferred income tax (Note 24)	(52,360)	33,258
	(136,823)	12,528
Total income tax expenses	933,092	195,470

10. INCOME TAX EXPENSE (CONT'D)

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	
	2021	2020
	$	$
Loss before income tax	(15,869,445)	(19,721,611)
Tax at the applicable tax rate of 17% (2020: 17%)	(2,697,805)	(3,352,674)
Effects of:		
- expenses not deductible for tax purposes	3,699,325	3,536,895
- income not subject to tax	(114,668)	(35,107)
- tax incentives	(18,760)	(17,425)
- different tax rates in other countries	(80,809)	(26,114)
- deferred tax assets not recognised	283,994	91,278
- utilisation of previously unrecognised tax losses	–	(12,480)
- (over)/under-provision of tax in prior years	(136,823)	12,528
- others	(1,362)	(1,431)
Tax charge	933,092	195,470

11. LOSS PER SHARE

	2021	2020
Loss attributable to equity holders of the Company ($)	(13,226,724)	(15,396,159)
Weighted average number of ordinary shares for basic earnings per share	151,610,406	135,010,406
Basic loss per share (cents per share)	(8.72)	(11.40)
Diluted loss per share (cents per share)	(8.72)	(11.40)

Basic loss per share is calculated by dividing the net loss 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 2021.

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021	2020	2020	2019
	$	$	$	$
Cash at bank and on hand	6,744,033	4,298,523	1,969,549	340,730
Short-term bank deposits	300,000	66,720	–	–
	7,044,033	4,365,243	1,969,549	340,730

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

	GROUP	
	2021	2020
	$	$
Cash and bank balances	7,044,033	4,365,243
Less: Bank overdrafts (Note 22)	(2,392,255)	(2,841,492)
Cash and cash equivalents per consolidated statement of cash flows	4,651,778	1,523,751

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Trade receivables				
- Subsidiary corporations	–	–	5,319,401	5,266,408
- Related parties	350	350	–	–
- Non-related parties	20,627,760	17,248,147	–	–
	20,628,110	17,248,497	5,319,401	5,266,408
Less: Loss allowance (Note 30(b)(i))	(4,367,772)	(1,415,560)	–	–
Trade receivables - net	16,260,338	15,832,937	5,319,401	5,266,408
Non-trade receivables				
- Subsidiary corporations	–	–	88,474,051	85,295,571
- Non-related parties	3,398,586	3,968,787	9,280	6,991
	3,398,586	3,968,787	88,483,331	85,302,562
Less: Loss allowance (Note 30(b)(ii))				
- Subsidiary corporations	–	–	(30,501,172)	–
Non-trade receivables - net	3,398,586	3,968,787	57,982,159	85,302,562
Retentions	463,629	843,215	–	–
Deposits	566,432	519,720	274,000	240,600
Prepayments	500,130	495,608	2,700	4,400
	21,189,115	21,660,267	63,578,260	90,813,970

The carrying amounts of the trade receivables of the Group include amounts of $4,906,810 (2020: $3,606,027) which are subject to a factoring arrangement. Under this arrangement, the Group has factored the relevant receivables in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the factored assets in their entirety in the statement of financial position. The amount repayable under the factoring arrangement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The non-trade receivables from subsidiary corporations in gross are unsecured, interest-free and are receivable on demand except for the amounts of $39,645,197 (2020: $34,592,065) due from certain subsidiary corporations bear fixed interest rate from the range of 3.27% to 6.08% (2020: 3.27% to 6.08%) per annum and are receivable on demand. During the financial year ended 31 December 2021, the Company made an impairment loss of $30,501,172 (Note 30(b)(ii)).

14. INVENTORIES

	GROUP	
	2021	2020
	$	$
Construction materials and components	1,671,658	1,831,012
Consumables	136,229	254,103
Trading goods	1,705,423	1,976,442
	3,513,310	4,061,557

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $12,260,791 (2020: $12,900,372).

The Group recognised inventory written down of $3,304 (2020: $227,599) for inventories which were expected to be sold below the carrying amounts and written back of $49,372 (2020: $Nil). The amount recognised has been included in "cost of sales".

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	COMPANY	
	2021	2020
	$	$
Equity investments at cost		
Beginning of financial year	5,108,334	5,030,456
Acquisition of non-controlling interest	100	–
Addition	–	77,878
End of financial year	5,108,434	5,108,334

ACQUISITION OF NON-CONTROLLING INTEREST

On 29 December 2021, the Company acquired additional shares in its subsidiary, Water and Environmental Technologies (WET) Pte. Ltd. ("WET") for a purchase consideration of $100 thereupon holding 74% (2020: 64.8%) of the share capital of WET. The Group derecognised non-controlling interests of $23,551 and recorded an increase in equity attributable to owners of the parent of $23,451. 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:

	2021
	$
Carrying amount of non-controlling interest acquired	23,551
Consideration paid to non-controlling interests	(100)
	23,451

INCORPORATION OF A SUBSIDIARY CORPORATION

On 29 September 2021, Quill Marine Pte. Ltd., a wholly-owned subsidiary corporation, has incorporated a 51%-owned subsidiary in Singapore named Drink Splash Pte. Ltd. ("DSH") with a capital contribution by $4,900 from a thaird party.

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of the subsidiary corporations as at 31 December 2021 and 2020 are as follows:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2021 %	2020 %	2021 %	2020 %
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[4]	100[4]	100[4]	100[4]
PT. Master Indonesia [2]	Sourcing and procurement of material and equipment in engineering and construction	Indonesia	100[4]	100[4]	100[4]	100[4]
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
Nexus Hydrotech Pte. Ltd. [1]	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	80	80	80	80
Venture Automation & Electrical Engineering Pte. Ltd. [1]	Provision of industrial and marine automation works	Singapore	51	51	51	51
Pangco Pte. Ltd. [1]	Provision of corrosion prevention services	Singapore	51	51	51	51
Water and Environmental Technologies (WET) Pte. Ltd. [1]	Provision of research and development, and solution for waste management	Singapore	74	64.8	74	64.8

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of the subsidiary corporations as at 31 December 2021 and 2020 are as follows: (cont'd)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2021	2020	2021	2020
			%	%	%	%
Subsidiary corporations held by the Company (cont'd)						
Asian Sealand Offshore and Marine Pte. Ltd. (1)	Provision of offshore repair and maintenance services	Singapore	51	51	51	51
PT. Nexelite CP Indonesia (2)	Provision of corrosion prevention services	Indonesia	100(4)	100(4)	100(4)	100(4)
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
Held by Nexus Sealand Trading Pte. Ltd.						
MTM Engineering 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 (2)	Provision of corrosion prevention services	Indonesia	–	–	51(4)	51(4)
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
Drink Splash Pte. Ltd. (1) (6)	Provision of freight transport services	Singapore	–	–	51	–

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of the subsidiary corporations as at 31 December 2021 and 2020 are as follows: (cont'd)

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	INTEREST HELD BY THE PARENT		EFFECTIVE INTEREST HELD BY THE GROUP	
			2021	2020	2021	2020
			%	%	%	%
Held by Darako Shipping Pte. Ltd.						
PT. Marina Shipping [(2)]	Provision of freight transport services	Indonesia	–	–	100	100
Held by Cattle Line Two Pte. Ltd.						
Cattle Line One Pte. Ltd. [(2)]	Provision of freight transport services	Marshall Islands	–	–	70	70
Held by International Offshore Equipments Pte. Ltd.						
International Offshore Equipment Canada Inc. [(5)]	Design, manufacture and fabricate offshore equipment and ship parts	Canada	–	–	51	51
Held by Asian Sealand Offshore and Marine Pte. Ltd.						
ASIC Engineering Sdn Bhd [(3)]	Provision of infrastructure engineering services	Malaysia	–	–	51	51
PBT Engineering Resources Pte Ltd [(1)]	Building and repairing of ships, tankers and other ocean-going vessels.	Singapore	–	–	51	51

(1) Audited by Nexia TS Public Accounting Corporation, Singapore
(2) Audited by Nexia TS Public Accounting Corporation for consolidation purposes. Not required to be audited under the laws of the country of incorporation
(3) Audited by S.H. Lim & Co., Malaysia
(4) 1% of the shareholding is held in trust for the Group by an employee of the Group
(5) Not required to be audited under the laws of the country of incorporation
(6) Newly incorporated on 29 September 2021, not required to prepare and submit its audited financial statements under the law of country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Carrying value of non-controlling interests

	2021 $	2020 $
Cattle Line Two Pte. Ltd. and its subsidiary corporation	(7,924,553)	(3,127,605)
Asian Sealand Offshore and Marine Pte. Ltd. and its subsidiary corporations	3,102,578	2,017,971
International Offshore Equipments Pte. Ltd. and its subsidiary corporation	(5,596,173)	(4,797,625)
Other subsidiary corporations with immaterial non-controlling interest	1,404,316	1,360,929
	(9,013,832)	(4,546,330)

SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARY CORPORATIONS WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below are the summarised 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 STATEMENTS OF FINANCIAL POSITION

	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	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
As at 31 December						
Current						
Assets	11,709,514	6,152,724	1,695,452	3,813,332	3,840,646	3,805,727
Liabilities	(4,744,969)	(2,387,753)	(44,127,906)	(39,147,421)	(13,707,060)	(12,133,365)
Total current net assets/(liabilities)	6,964,545	3,764,971	(42,432,454)	(35,334,089)	(9,866,414)	(8,327,638)
Non-current						
Assets	259,168	694,347	16,017,276	24,908,740	121,324	243,589
Liabilities	(727,104)	(24,310)	–	–	(56,780)	(98,907)
Total non-current net assets/ (liabilities)	(467,936)	670,037	16,017,276	24,908,740	64,544	144,682
Net assets/ (liabilities)	6,496,609	4,435,008	(26,415,178)	(10,425,349)	(9,801,870)	(8,182,956)

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

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	
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Revenue	21,563,537	8,959,154	1,717,553	10,786,632	988,916	2,113,328
Profit/(loss) before income tax	4,641,405	1,697,478	(15,660,114)	(16,668,503)	(1,628,211)	(547,061)
Income tax expense	(646,803)	(264,419)	–	(16)	–	–
Profit/(loss) for the financial year	3,994,602	1,433,059	(15,660,114)	(16,668,519)	(1,628,211)	(547,061)
Profit/(loss) for the financial year allocated to non-controlling interest	1,957,355	702,199	(4,698,034)	(5,000,556)	(797,823)	(268,060)
Other comprehensive income/(loss)						
Currency translation differences	–	–	(98,914)	(35,577)	(724)	165
Total comprehensive income/ (loss) allocated to non-controlling interests	1,957,355	702,199	(4,796,948)	(5,036,133)	(798,547)	(267,895)
Dividends paid to non-controlling interests	784,000	245,000	–	–	–	–
Summarised cash flows						
Net cash generated from/(used in) operating activities	2,105,001	1,149,922	671,641	1,079,696	(287,417)	59,450
Net cash used in investing activities	(51,418)	(162,588)	(877,808)	(545,266)	–	–
Net cash (used in)/generated from financing activities	(740,515)	(500,000)	–	(396,616)	231,210	–

16 INTANGIBLE ASSETS

	GROUP	
	2021	2020
	$	$
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

17 PROPERTY, PLANT AND EQUIPMENT

GROUP 2021	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	2,207,463	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
Additions	91,534	40,900	320,588	57,681	218,115	–	10,000	–	–	877,809	1,616,627
Disposals	(172,300)	(66,907)	(385,118)	–	–	–	–	–	–	–	(624,325)
Written-off	–	(176,873)	(414,110)	(10,616)	(998,094)	–	–	–	–	–	(1,599,693)
Currency translation differences	1,354	3,539	22,093	393	–	–	24,602	–	885,562	134,110	1,071,653
End of financial year	2,128,051	2,272,081	18,742,040	409,026	19,024,995	2,224,933	18,605,441	41,786	55,650,368	7,720,854	126,819,575
Accumulated depreciation and impairment losses											
Beginning of financial year	1,022,952	2,396,940	15,290,541	252,672	11,327,568	892,040	7,952,847	–	28,022,742	3,826,505	70,984,807
Depreciation charge	194,933	48,298	1,518,727	1,696	2,014,495	80,634	886,916	–	2,305,807	1,247,634	8,299,140
Impairment charge (Note 8)	–	–	–	–	–	–	–	–	7,543,211	–	7,543,211
Disposals	(36,571)	(66,870)	(243,359)	–	–	–	–	–	–	–	(346,800)
Written-off	–	(176,282)	(414,083)	(10,616)	–	–	–	–	–	–	(600,981)
Currency translation differences	1,007	3,539	20,555	393	–	–	12,914	–	442,935	80,611	561,954
End of financial year	1,182,321	2,205,625	16,172,381	244,145	13,342,063	972,674	8,852,677	–	38,314,695	5,154,750	86,441,331
Net book value											
End of financial year	945,730	66,456	2,569,659	164,881	5,682,932	1,252,259	9,752,764	41,786	17,335,673	2,566,104	40,378,244

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 August 20XX

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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											
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	57,579,704
Depreciation charge	192,269	53,471	1,728,974	-	2,072,446	80,633	860,063	-	2,731,677	955,926	8,675,460
Impairment charge (Note 8)	-	-	-	-	-	-	-	-	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)	-	(292,602)	(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	3,826,505	70,984,808
Net book value											
End of financial year	1,184,510	74,482	3,908,044	108,896	8,477,406	1,332,894	10,617,992	41,786	26,742,065	2,882,430	55,370,505

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY 2021	MOTOR VEHICLES $	FURNITURE, FITTINGS AND EQUIPMENT $	FORKLIFTS, MACHINERY, TOOLS AND EQUIPMENT $	LEASEHOLD IMPROVEMENT AND RENOVATION $	LEASEHOLD BUILDING $	TOTAL $
Cost						
Beginning of financial year	767,491	694,045	1,994,438	–	1,994,438	5,450,412
Additions	–	11,868	–	57,681	213,444	282,993
Disposals	(172,300)	–	–	–	–	(172,300)
End of financial year	595,191	705,913	1,994,438	57,681	2,207,882	5,561,105
Accumulated depreciation						
Beginning of financial year	193,338	688,924	1,052,620	–	1,052,620	2,987,502
Depreciation charge	87,343	3,840	664,813	1,696	677,010	1,434,702
Disposals	(36,571)	–	–	–	–	(36,571)
End of financial year	244,110	692,764	1,717,433	1,696	1,729,630	4,385,633
Net book value						
End of financial year	351,081	13,149	277,005	55,985	478,252	1,175,472

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	–	(2,633)	–	–	(2,633)
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	689,118	387,807	387,807	2,312,716
Depreciation charge	99,333	2,438	664,813	664,813	1,431,397
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	574,153	5,121	941,818	941,818	2,462,910

17 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 18(a).

(b) Assets held under leases

During the financial year the Group acquired property, plant and equipment with an aggregate cost of $1,616,627 (2020: $2,489,420) of which $289,092 (2020: $514,422) were acquired under leases and $1,327,535 (2020: $1,974,998) were paid by cash.

(c) Assets pledged as security

The Group's leasehold land, building, yard development and vessels with carrying amounts of $33,156,505 (2020: $44,063,251) are mortgaged to secure the Group's bank borrowings (Note 22 (a)).

(d) Impairment testing

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

Impairment loss recognised during the year

As the Group expects to recover the value of the 2 livestock vessels through continuing use on a charter basis, the Group used the discounted cash flow projections to determine the recoverable amount.

The value in use was determined by the management. The key assumptions for value in use calculations are those regarding the estimated charter rates, pre-tax discount rate and estimated scrapped value at the end of the economic useful life of the vessels. Estimated charter rates are based on the management's judgement and knowledge in the industry within the region and adjust for future market conditions. Management estimates the discount rate using a pre-tax weighted average cost of capital that reflects specific risks relating to the CGU. The estimated scrapped value at the end of the economic useful life is based on the current market rate and adjusted for the inflation rate for future changes in the market.

The cash flows are discounted using the pre-tax weighted average cost of capital determined to be at 13%.

The forecasted charter rates in the value in use is subject to estimation uncertainties. A 5% decrease in charter rate and 1% increase in pre-tax discount rate throughout the cash flow periods would lead to additional impairment of $981,000 and $712,000 respectively.

18 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	
	2021	2020
	$	$
Forklifts, machinery, tools and equipment	277,005	941,818
Leasehold building	586,081	2,916,069
	863,086	3,857,887

(b) Depreciation charge during the year

	GROUP	
	2021	2020
	$	$
Forklifts, machinery, tools and equipment	664,813	664,813
Leasehold building	1,545,338	1,603,270
	2,210,151	2,268,083

(c) Interest expense

	GROUP	
	2021	2020
	$	$
Interest expense on lease liabilities (Note 9)	181,201	292,284

18 LEASES – THE GROUP AS A LESSEE (CONTINUED)

(d) Lease expense not capitalised in lease liabilities

	GROUP	
	2021	2020
	$	$
Lease expense – short-term lease	784,907	227,925
Lease expense – low-value lease	7,052	2,104
Total (Note 6)	791,959	230,029

(e) Total cash outflow for all the leases in 2021 was $2,732,767 (2020: $2,898,599).

(f) Addition of ROU assets during the financial year 2021 was $289,092 (2020: $514,422).

(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.

19 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 2021 was $422,614 (2020: $355,904).

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

	GROUP	
	2021	2020
	$	$
Less than one year	–	37,415

20 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Current				
Trade payables				
- Related parties	21,832	16,245	16,104	-
- Non-related parties	11,779,883	7,838,049	218,189	193,595
	11,801,715	7,854,294	234,293	193,595
Non-trade payables				
- Subsidiary corporations	–	–	23,581,358	22,468,850
- Related party	500,000	–	500,000	–
- Non-related parties	11,605,327	10,956,920	3,330,185	4,387,546
	12,105,327	10,956,920	27,411,543	26,856,396
Accruals for operating expenses	7,727,748	8,486,181	2,817,166	2,736,152
Accruals for project expenses	1,484,838	1,772,883	–	–
	9,212,586	10,259,064	2,817,166	2,736,152
	33,119,628	29,070,278	30,463,002	29,786,143
Non-current				
Trade payables				
- Non-related parties	619,009	1,438,868	–	–
Total trade and other payables	33,738,637	30,509,146	30,463,002	29,786,143

Included in trade payables to non-related parties as at 31 December 2021 is $267,658 (2020: $439,194) bears an interest of 8% (2020: 8%) per annum and is payable by monthly instalments of $16,706 until 31 May 2023.

Included in non-trade payables as at 31 December 2021 is a loan of $905,278 (2020: $1,122,214) received from a non-related party which bears fixed interest at 8% and 30% per annum (2020: 8% and 30% per annum) and is payable on demand.

The non-trade payables due to subsidiary corporations and related party are unsecured, interest-free and are payable on demand except for non-trade payable due to a related party is payable within a year.

The fair values of non-current trade payables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 3 of the fair value hierarchy.

The fair value of non-current payables of $580,511 (2020: $1,255,920) is determined from the adjusted future cash flows discounted at the market interest rate per annum of an equivalents instruments at the reporting date of 5.25% (2020: 5.25%) per annum which the directors expect to be available to the Group.

21 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	
	2021	2020
	$	$
Movement of deferred income is as follows:		
Beginning of financial year	–	81,322
Recognised in profit or loss (Note 8)	–	(81,322)
End of financial year	–	–

22 BORROWINGS

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Current				
Bank borrowings	14,589,123	14,243,085	5,576,375	5,383,330
Bank overdrafts (Note 12)	2,392,255	2,841,492	1,999,015	2,489,680
Bills payable	738,180	1,226,278	-	-
Lease liabilities	905,417	2,387,214	697,294	1,444,068
	18,624,975	20,698,069	8,272,684	9,317,078
Non-current				
Bank borrowings	2,628,461	2,710,825	507,221	1,004,575
Bond (Note 23)	3,548,329	4,194,825	3,548,329	4,194,825
Lease liabilities	445,365	2,185,846	243,013	798,316
	6,622,155	9,091,496	4,298,563	5,997,716
Total borrowings	25,247,130	29,789,565	12,571,247	15,314,794

22 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 reporting date are as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
6 months or less	16,640,820	16,139,426	7,056,817	7,289,403
6 – 12 months	356,250	625,000	-	-
1 – 5 years	1,409,375	-	-	-
	18,406,445	16,764,426	7,056,817	7,289,403

(a) Security granted

Total borrowings included amounts of $7,206,975 (2020: $5,907,516) and $1,032,128 (2020: $1,036,572) 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 land, building, yard development and vessels (Note 17(c)) and bank deposits.

The bank overdrafts, bills payable and other short-term bank borrowings were supported by corporate guarantees given by the Company (Note 31(b)(iii)).

(b) Fair value of non-current borrowings

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Bank borrowings	2,517,416	2,622,822	494,155	959,643
Bond	3,078,861	4,131,759	3,078,861	4,131,759

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

	GROUP		COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Bank borrowings	5.25	5.25	5.33	5.33
Bond	10.00	10.00	10.00	10.00

The fair values are within Level 3 of the fair value hierarchy.

22 BORROWINGS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

	1 JANUARY 2021	PROCEEDS FROM BORROWINGS	PRINCIPAL AND INTEREST PAYMENTS	NON-CASH CHANGES: ADDITION (NOTE 17(B))	NON-CASH CHANGES: WRITTEN OFF	NON-CASH CHANGES: INTEREST EXPENSE (NOTE 9)	NON-CASH CHANGES: OTHERS	31 DECEMBER 2021
	$	$	$	$	$	$	$	$
Bank borrowings	16,953,910	16,167,800	(17,281,509)	–	–	1,311,736	65,647	17,217,584
Bills payable	1,226,278	–	(511,998)	–	–	23,901	–	738,180
Lease liabilities	4,573,060	–	2,650,560	289,092	(1,042,011)	181,201	–	1,350,782
Bond	4,194,825	–	(500,000)	–	–	350,630	(497,126)	3,548,329
	26,948,073	16,167,800	20,944,067	289,092	(1,042,011)	1,867,468	(431,479)	22,854,875

	1 JANUARY 2020	PROCEEDS FROM BORROWINGS	PRINCIPAL AND INTEREST PAYMENTS	NON-CASH CHANGES: ADDITION (NOTE 17(B))	NON-CASH CHANGES: INTEREST EXPENSE (NOTE 9)	NON-CASH CHANGES: FOREIGN EXCHANGE MOVEMENT	31 DECEMBER 2020
	$		$	$	$	$	$
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	–	(274,501)	–	483,781	–	4,194,825
	31,871,932	9,264,039	(16,451,993)	514,422	1,823,281	(73,608)	26,948,073

(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 2021, the Group did not fulfil the key financial ratio required by the bank.

Due to these breaches of covenant clauses, the bank is contractually entitled to request for immediate repayment of the outstanding loans amounted to $336,689 (2020: $555,601).

As at 31 December 2021, the outstanding loan was presented as current liabilities. Subsequent to the financial year, management was able to obtain a letter from the bank that agree to continue to grant the credit facilities to the Group and will not exercise their right to request immediate payment.

23 BONDS

At 31 December 2020, the bonds with an aggregate principal amount of $4,000,000 borne a fixed interest rate of 9% per annum and mature on 26 April 2022 for redemption (the "Existing Bonds"). On 28 October 2021, the Company issued a notice of redemption to the holders of the bonds (the "Bondholders") for redemption on 5 November 2021.

On 5 November 2021, the Company issued bonds in the aggregate principal amount of $3,500,000 (the "2024 Bonds) to any accepting Bondholders (the "Accepting Bondholders). Payment of the subscription price of the 2024 Bonds is a way of setting-off against the equivalent value of monies payable to the relevant Accepting Bondholder for the redemption of the principal amount of the Existing Bonds. The 2024 Bonds bear a fixed interest rate of 9% per annum and mature on 5 November 2024 for redemption. Interest is payable semi-annually in arrears.

24 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 statement of financial position as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Deferred income tax assets	(956,497)	(880,120)	(16,790)	(14,590)
Deferred income tax liabilities	15,810	25,210	–	–
Net deferred tax assets	(940,687)	(854,910)	(16,790)	(14,590)

Movement in deferred income tax account is as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Beginning of financial year	(854,910)	(739,941)	(14,590)	(8,770)
Tax credited to profit or loss (Note 10)	(85,777)	(114,969)	(2,200)	(5,820)
End of financial year	(940,687)	(854,910)	(16,790)	(14,590)

24 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				
2021				
Beginning of financial year	(209,190)	(57,118)	(641,492)	(907,800)
Credited to profit or loss	(38,459)	(10,256)	(28,642)	(77,357)
End of financial year	(247,649)	(67,374)	(670,134)	(985,157)
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)
Company				
2021				
Beginning of financial year	–	(15,460)	–	(15,460)
Credited to profit or loss	–	(960)	–	(960)
End of financial year	–	(16,420)	–	(16,420)
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)

24 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities:

	ACCELERATED TAX DEPRECIATION	ALLOWANCE FOR IMPAIRMENT	TOTAL
	$	$	$
Group			
2021			
Beginning of financial year	52,890	–	52,890
Credited to profit or loss	(8,420)	–	(8,420)
End of financial year	44,470	–	44,470
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

	ACCELERATED TAX DEPRECIATION	ALLOWANCE FOR IMPAIRMENT	TOTAL
	$	$	$
Company			
2021			
Beginning of financial year	870	–	870
Credited to profit or loss	(1,240)	–	(1,240)
End of financial year	(370)	–	(370)
2020			
Beginning of financial year	690	–	690
Charged to profit or loss	180	–	180
End of financial year	870	–	870

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 $23,292,000 (2020: $19,441,328) and $455,000 (2020: $43,000) respectively at the financial year end 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 and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date except for the amount of approximately $8,880,000 relating to an Indonesian company which will expire between year 2022 to 2026.

25 SHARE CAPITAL

	GROUP AND COMPANY	
	NO. OF ORDINARY SHARES	AMOUNT
		$
2021		
Beginning of financial year	135,010,406	49,651,347
Issuance of new ordinary shares [(a), (b)]	64,200,000	4,698,000
Share issue expenses	-	(224,948)
End of financial year	199,210,406	54,124,399
2020		
Beginning and end of financial year	135,010,406	49,651,347

(a) In July 2021, the Company allotted and issued 27,000,000 new ordinary shares at $0.05 per shares to subscribers pursuant placement exercise for a total consideration of $1,350,000.

(b) In December 2021, the Company allotted and issued 37,200,000 new ordinary shares at $0.09 per shares to subscribers pursuant placement exercise for a total consideration of $3,348,000.

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.

26 OTHER RESERVES

(a) Composition:

	GROUP	
	2021	2020
	$	$
Currency translation reserve	(2,008,918)	(1,849,862)
Premium paid on acquisition of non-controlling interests	(28,816)	(52,267)
	(2,037,734)	(1,902,129)

26 OTHER RESERVES (CONTINUED)

(b) Movements:

(i) Currency translation reserve

	GROUP	
	2021	2020
	$	$
Currency translation reserve		
Beginning of financial year	(1,849,862)	(1,562,030)
Net currency translation differences of financial statements of foreign subsidiary corporations	(248,094)	(347,752)
Less: Non-controlling interests	89,038	59,920
End of financial year	(2,008,918)	(1,849,862)

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) Premium paid on acquisition of non-controlling interests

	GROUP	
	2021	2020
	$	$
Beginning of financial year	(52,267)	(52,267)
Acquisition of additional interest in subsidiary corporation (Note 15)	23,451	–
End of financial year	(28,816)	(52,267)

Other reserves are non-distributable.

27 (ACCUMULATED LOSSES)/RETAINED PROFITS

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

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

	COMPANY	
	2021	2020
	$	$
Beginning of financial year	3,988,250	3,707,749
Net (loss)/profit	(29,298,393)	280,501
End of financial year	(25,310,143)	3,988,250

28 CONTINGENT LIABILITIES

(a) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations. These bank borrowings amount to $11,140,951 (2020: $10,795,420) (Note 3(b)). 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.

29 COMMITMENTS

Capital commitments

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

	GROUP	
	2021	2020
	$	$
Property, plant and equipment	58,000	–

30. 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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

AT 31 DECEMBER 2021	SGD $	USD $	IDR $	OTHERS $	TOTAL $
Financial assets					
Cash and cash equivalents	5,231,373	1,041,717	727,989	42,954	7,044,033
Trade and other receivables	13,111,897	5,330,918	2,246,171	–	20,688,986
Contract assets	4,632,452	–	1,656,643	–	6,289,095
Receivables from subsidiary corporations	101,884,047	57,485	1,876,392	–	103,817,924
	124,859,769	6,430,120	6,507,195	42,954	137,840,038
Financial liabilities					
Borrowings	(22,007,840)	(3,239,290)	–	–	(25,247,130)
Trade and other payables	(32,068,385)	(148,971)	(777,591)	(743,690)	(33,738,637)
Payables to subsidiary corporations	(101,884,047)	(57,485)	(1,876,392)	–	(103,817,924)
	(155,960,272)	(3,445,746)	(2,653,983)	(743,690)	(162,803,691)
Net financial (liabilities)/assets	(31,100,503)	2,984,374	3,853,212	(700,736)	(24,963,653)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	(38,433,083)	6,222,110	237,820	(4,313)	(31,977,466)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

AT 31 DECEMBER 2020	SGD $	USD $	IDR $	OTHERS $	TOTAL $
Financial assets					
Cash and cash equivalents	2,686,096	842,137	788,270	48,740	4,365,243
Trade and other receivables	8,206,613	6,116,650	6,510,458	330,938	21,164,659
Contract assets	5,191,726	–	1,815,106	–	7,006,832
Receivables from subsidiary corporations	134,137,480	3,279,933	1,829,127	–	139,246,540
	150,221,915	10,238,720	10,942,961	379,678	171,783,274
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)	(17,727)	(30,509,146)
Payables to subsidiary corporations	(134,137,480)	(3,279,933)	(1,829,127)	–	(139,246,540)
	(181,827,561)	(13,798,394)	(3,901,569)	(17,727)	(199,545,251)
Net financial (liabilities)/assets	(31,605,646)	(3,559,674)	7,041,392	361,951	(27,761,977)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	(29,699,724)	1,888,813	4,744,561	67,020	(22,999,330)

30. 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 2021				31 DECEMBER 2020		
	SGD	USD	OTHERS	TOTAL	SGD	USD	TOTAL
	$	$	$	$	$	$	$
Financial assets							
Cash and cash equivalents	1,967,963	1,586	–	1,969,549	6,393	334,337	340,730
Trade and other receivables	63,575,560	–	–	63,575,560	90,809,570	–	90,809,570
	65,543,523	1,586	–	65,545,109	90,815,963	334,337	91,150,300
Financial liabilities							
Borrowings	(12,571,247)	–	–	(12,571,247)	(15,314,794)	–	(15,314,794)
Trade and other payables	(30,449,715)	–	(13,287)	(30,463,002)	(29,786,143)	–	(29,786,143)
	(43,020,962)	–	(13,287)	(43,034,249)	(45,100,937)	–	(45,100,937)
Net financial assets	22,522,561	1,586	(13,287)	22,510,860	45,715,026	334,337	46,049,363
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	1,586	(13,287)	(11,701)	–	334,337	334,337

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SGD, IDR and USD changes against the respective functional currencies of the Group's entities by approximately 2% (2020: 2%) with all other variables including tax rate being held constant, the material effect arising from the net financial (liability)/asset denominated in foreign currencies are as follows:

	GROUP	
	2021	2020
	PROFIT OR LOSS INCREASE/(DECREASE)	
	$	$
USD against SGD		
- Strengthened	124,442	37,776
Weakened	(124,442)	(37,776)
IDR against SGD		
- Strengthened	6,185	95,034
- Weakened	(6,185)	(95,034)
SGD against USD		
- Strengthened	(770,454)	(602,822)
- Weakened	770,454	602,822

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.

30. 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.

	2021 $	2020 $
Group		
31 December		
Fixed rate		
Lease liabilities	1,350,783	4,573,060
Bonds	3,548,329	4,194,825
Bank borrowings	1,941,573	4,257,253
Floating rate		
Bank borrowings	15,276,010	12,696,656
Bank overdrafts	2,392,255	2,841,492
Bills payable	738,180	1,226,278
Company		
31 December		
Fixed rate		
Lease liabilities	940,306	2,242,384
Bonds	3,548,329	4,194,825
Bank borrowings	1,025,795	1,588,182
Floating rate		
Bank borrowings	5,057,801	4,799,722
Bank overdrafts	1,999,016	2,489,681

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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	INCREASE/(DECREASE) IN NET PROFIT			
	GROUP		COMPANY	
	100 BP INCREASE $	100 BP DECREASE $	100 BP INCREASE $	100 BP DECREASE $
Floating rate instruments				
31 December 2021	(184,064)	184,064	(70,568)	70,568
31 December 2020	(167,644)	167,644	(72,894)	72,894

(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 statement of financial position, except as follows:

	COMPANY	
	2021 $	2020 $
Corporate guarantees provided to banks on subsidiary corporations' bank borrowings (Note 28)	11,140,951	10,795,420

The trade receivables of the Group comprise of 2 debtors (2020: 3 debtors) that individually represented 14% – 15% (2020: 13% – 28%) of the trade receivables.

30. 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	
	2021	2020	2021	2020
	$	$	$	$
By geographical areas				
– Singapore	6,791,834	6,559,650	4,728,482	4,675,489
– Indonesia	3,188,950	3,699,165	590,919	590,919
– Australia	2,272,636	4,469,888	–	–
– Switzerland	3,581,653	291,731	–	–
– Others	425,265	812,503	–	–
	16,260,338	15,832,937	5,319,401	5,266,408
By type of customers				
– Non-related parties	16,260,337	15,832,937	–	–
– Subsidiary corporations	–	–	5,319,401	5,266,408
	16,260,338	15,832,937	5,319,401	5,266,408

(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.

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.

30. 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 2021 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
	$	$	$	$	$	$
<u>Group</u>						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	0%	83%	
Trade receivables	815,942	2,518,252	3,724,712	44,136	1,675,325	8,778,367
Contract assets	4,806,693	–	–	–	–	4,806,693
Loss allowance	–	–	–	–	(1,393,873)	(1,393,873)
Corrosion prevention						
Expected loss rate	0%	0%	0%	0%	60%	
Trade receivables	1,648,710	1,517,711	1,279,130	143,984	428,416	5,017,951
Contract assets	1,482,403	–	–	–	–	1,482,402
Loss allowance	–	–	–	–	(257,699)	(257,699)
Supply and distribution						
Expected loss rate	0%	0%	0%	0%	38%	
Trade receivables	249,907	229,354	164,180	145,247	1,031,209	1,819,897
Loss allowance	–	–	(224)	(123)	(390,561)	(390,908)
Shipping						
Expected loss rate	0%	0%	0%	0%	69%	
Trade receivables	188,255	–	384,617	1,073,444	3,365,579	5,011,895
Loss allowance	–	–	–	–	(2,325,292)	(2,325,292)
<u>Company</u>						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	272,122	249,417	879,837	806,245	3,111,780	5,319,401
Loss allowance	–	–	–	–	–	–

30. 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 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
	$	$	$	$	$	$
<u>Group</u>						
Infrastructure engineering						
Expected loss rate	0%	0%	0%	0%	72%	
Trade receivables	512,435	1,533,903	1,551,298	23,066	1,570,054	5,190,756
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	3,477,555
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	467,717	759,065	3,420,189	1,403,480	670,533	6,720,984
Loss allowance	–	–	–	–	–	–
<u>Company</u>						
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	–	–	–	–	–	–

30. 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 2021	
Beginning of financial year	1,415,560
Allowance made (Note 6)	2,967,038
Allowance written back (Note 6)	(14,826)
End of the financial year (Note 13)	4,367,772
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 13)	1,415,560

(ii) Non–trade receivables

Group

The Group has assessed credit risk for other receivables based on 12–month ECL basis which reflects the low credit risk of the exposure. Management is of the view that the amount of allowance is insignificant.

The non–receivables comprise of 3 debtors (2020: 3 debtors) that individually represented 16% – 46% (2020: 13% – 39%) of the other receivables.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk (continued)

(ii) Non–trade receivables (continued)

Company

The Company provide for ECL on non–trade receivable balances due from subsidiary corporations based on general approach.

In assessing whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the non–trade receivable balances due from subsidiary corporations as at the reporting date with the risk of default as at the date of initial recognition. The Company considered amongst other factors, the financial position of the subsidiary corporations at the reporting date, the past financial performance and cash flows trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in.

The Company considered using lifetime ECL for the non–trade receivables balances due from subsidiary corporations, which are operating the 2 livestock carrier vessels, and determined that the ECL is $30,501,172 after taking into consideration their adverse performance. Except for the above, the ECL is insignificant for the remaining non–trade receivables balances using 12–month ECL.

	LIFETIME ECL $
31 December 2021	
Beginning of financial year	–
Allowance made	30,501,172
End of the financial year (Note 13)	30,501,172

(iii) Financial guarantee contracts

The Group has issued financial guarantees to banks for borrowings of its subsidiary corporations. 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.

(iv) Other financial assets

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.

30. 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 22) 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 reporting date, assets held by the Group and the Company for managing liquidity risks included cash and bank balances as disclosed in Note 12.

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 reporting 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 2021			
Trade and other payables	33,119,628	619,009	–
Lease liabilities	905,417	481,106	24,812
Borrowings	17,719,558	6,818,588	–
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	–

30. 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 2021			
Trade and other payables	30,463,002	–	–
Lease liabilities	697,294	252,783	16,128
Borrowings	7,575,390	4,605,953	–
Financial guarantee contracts	11,140,951	–	–
At 31 December 2020			
Trade and other payables	29,786,143	–	–
Lease liabilities	1,444,068	802,654	42,818
Borrowings	7,873,010	5,538,393	–
Financial guarantee contracts	10,795,420	–	–

(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 2021 and 31 December 2020, are to maintain a gearing ratio not exceeding 1.5 times of the tangible net worth.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(d) Capital risk

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.

	GROUP		COMPANY	
	2021	2020	2021	2020
	$	$	$	$
Net debt				
Borrowings	25,247,130	29,789,565	12,571,247	15,314,794
Less: Cash and cash equivalents	(7,044,033)	(4,365,243)	(1,969,549)	(340,730)
	18,203,097	25,424,322	10,601,698	14,974,064
Tangible net worth				
Shareholders' equity	18,842,206	32,198,985	28,814,256	53,639,597
Less: Intangible assets	(63,837)	(63,837)	–	–
	18,778,369	32,135,148	28,814,256	53,639,597
Gearing ratio	0.97	0.79	0.37	0.28

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020 except for the breach of financial covenants by the Company for the financial years ended 31 December 2021 and 2020 which are disclosed in Note 22(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	
	2021	2020	2021	2020
	$	$	$	$
Financial assets, at amortised cost	34,022,113	32,536,734	65,545,109	91,915,300
Financial liabilities at amortised cost	58,985,767	60,298,711	43,034,249	45,100,937

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK FACTORS (CONTINUED)

(f) Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

31. RELATED PARTY TRANSACTIONS

(a) 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:

	GROUP	
	2021	2020
	$	$
Loan from a related party	500,000	–
Purchase of material and/or services from a related party	11,050	11,177
Professional fees paid to a related party	22,100	–

Related parties comprise of a firm of which an independent director is a partner of and companies controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 20 respectively.

Included in accruals for operating expenses as disclosed in Note 20 is related to Key Management Personnel expenses of $1,874,836 (2020: $1,874,836) which payable on demand.

On 17 December 2021, the Company issued and allotted 37,200,000 new ordinary shares in the capital of the Company at $0.09 per share by way of placement whereby a key management personnel has subscribed to 5,600,000 new placement shares for $504,000.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

	GROUP	
	2021	2020
	$	$
Wages and salaries	1,661,587	1,643,452
Employer's contribution to defined contribution plans, including Central Provident Fund	152,969	150,471
Other short–term benefits	26,143	39,251
	1,840,699	1,833,174
Directors of the Company	1,095,562	963,346
Executive officers of the Group	745,137	869,828
	1,840,699	1,833,174

32. 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 within each primary geographic segment. 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.

32. SEGMENT INFORMATION (CONTINUED)

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. 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 $
2021						
Total segment sales	30,817,177	18,191,907	5,830,617	2,302,598	–	57,142,300
Inter–segment sales	(1,095,223)	(1,063,035)	(1,822,186)	(130,464)	–	(4,110,908)
Sales to external customers	29,721,954	17,128,872	4,008,431	2,172,135	–	53,031,392
Results:						
Segment results	641,848	3,851,077	24,735	(14,864,093)	(23,449)	(10,369,882)
Interest expense	(204,517)	(467,137)	(168,273)	(1,502,867)	–	(2,342,794)
Interest income	1,432	5,217	–	(197)	–	6,452
Profit/(loss) from operating segment	438,763	3,389,157	(143,538)	(16,367,157)	(23,449)	(12,706,224)
Unallocated administrative expenses						(3,163,221)
Loss before income tax						(15,869,445)
Income tax expense						(933,092)
Net loss						(16,802,537)
Loss attributable to non–controlling interests						3,575,813
						(13,226,724)
Net loss includes:						
– Depreciation of property, plant and equipment	2,108,075	1,747,599	889,553	3,553,913	–	8,299,140
– Impairment of property, plant and equipment	–	–	–	7,543,221	–	7,543,221
Other information						
Segment assets	37,375,127	13,584,349	3,805,264	24,659,090	10,302	79,434,131
Segment assets include: –						
Additions to: Property, plant and equipment	222,878	473,841	42,100	877,808	–	1,616,627
Segment liabilities	(15,407,959)	(19,399,239)	(3,823,877)	(12,181,623)	(7,695)	(50,820,393)

32. 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 $
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	176,555	654,588	334,413	(15,912,237)	(82,745)	(14,829,426)
Interest expense	(161,890)	(422,965)	(183,160)	(1,206,476)	–	(1,974,491)
Interest income	5,553	4,188	–	45	–	9,786
Profit/(loss) from operating segment	20,218	235,811	151,253	(17,118,668)	(82,745)	(16,794,131)
Unallocated administrative expenses						(2,927,480)
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 loss 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)

32. SEGMENT INFORMATION (CONTINUED)

(f) Reconciliations

(i) Segment results

	2021 $	2020 $
Loss before income tax	(15,869,445)	(19,721,611)
Finance expenses	2,342,794	1,974,491
Interest income	(6,452)	(9,786)
Unallocated administrative expenses	3,163,221	2,927,480
	(10,369,882)	(14,829,426)

(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.

(ii) 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:

	2021 $	2020 $
Segment liabilities for reportable segments	50,812,698	50,338,383
Other segment liabilities	7,695	7,701
Unallocated:		
Borrowings	9,771,532	10,863,293
	60,591,925	61,209,377

32. 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	
	2021	2020	2021	2020
	$	$	$	$
Singapore	31,024,095	20,377,318	3,742,563	7,094,308
Switzerland	9,954,347	3,513,253	–	–
Indonesia	5,435,775	4,776,976	21,638,221	24,311,415
Australia	1,717,553	10,786,632	16,017,276	24,908,740
United Kingdom	3,460,738	202,474	–	–
Others	1,438,884	3,010,597	518	–
	53,031,392	42,667,250	41,398,578	56,314,463

(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 $10,201,513 (2020: $7,827,924), arising from sales by both the corrosion prevention and infrastructure engineering segments.

33. 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 since 2020.

33. IMPACT OF COVID–19 (CONTINUED)

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 2021:

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 2021, the governments movement control measures are gradually lifted. At this stage, the Group's business and results are recovering from financial year ended 31 December 2020 situation. The management will continue to follow the various government policies and advice to continue operations in the best and safest way possible without jeopardising the health of the Group's staff.

iv. The Group has considered the market conditions (including the impact of COVID–19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 December 2021. The significant estimates and judgement applied on impairment of trade receivables and property, plant and equipment are disclosed in Note 3 and Note 17 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 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

34. 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 waiver 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.

34. 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.

35. SUBSEQUENT EVENT

The Group has announced on 7 March 2022 that an agreement was entered to acquire 10% equity interest of I.O.T. Workz Pte. Ltd. with a first–right–of–refusal to acquire another 20% equity interest.

36. 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 6 April 2022.

SUSTAINABILITY STATEMENT

The Group strongly believes that sustainability is a key factor in staying resilient and remaining competitive in the market. As a socially responsible corporation, our Group aims to minimise our carbon footprint through environment conservation efforts, such as embracing key strategies surrounding "Reduce, Reuse, Recycle" principles. Meanwhile, we also work towards providing a safe and 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 when developing and reviewing our sustainable business strategy. Our fifth Sustainability Report will be released by May 2022 and will encompass the following key elements:

ANTI-CORRUPTION

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

WATER

Although 71% of our planet is covered by water, only 4% is potable. With 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 and constant reminders are given to all employees to cultivate habits for water conservation.

OCCUPATIONAL HEALTH AND SAFETY

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

ENERGY

Energy consumption is closely monitored by the Group, in an the effort to reduce the carbon footprint of our business operations. We also encourage our employees to actively engage in our environmentally friendly initiatives not just in the office, but at home as well. Moving forward, we will continue to implement more feasible environment-conservation measures in all our entities and work to reduce our total energy consumption further while maintaining 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 reputation and social responsibility.

SHAREHOLDING STATISTICS

as at 15 March 2022

Issued and fully paid	:	S$54,825,342.00
Number of shares	:	199,210,406
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 2022, 67.58% 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	36	2.14	1,725	0.00
100 – 1,000	106	6.31	65,650	0.03
1,001 - 10,000	874	52.03	4,264,400	2.14
10,001 - 1,000,000	628	37.38	39,110,825	19.64
1,000,001 and above	36	2.14	155,767,806	78.19
	1,680	100.00	199,210,406	100.00

SHAREHOLDING STATISTICS

as at 15 March 2022

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CHAN KWAN BIAN	27,305,575	13.71
2	DBS NOMINEES PTE LTD	14,199,900	7.13
3	CHUA BENG KUANG	9,066,875	4.55
4	MAYBANK SECURITIES PTE. LTD.	8,990,831	4.51
5	CHUA MENG HUA	8,829,875	4.43
6	CHUA BENG HOCK	6,329,875	3.18
7	CHUA BENG YONG	6,329,875	3.18
8	YONG JIUNN RUN	5,600,000	2.81
9	GARLICK INVESTMENT HOLDINGS PTE LTD	4,605,800	2.31
10	LIM AND TAN SECURITIES PTE LTD	4,515,600	2.27
11	TEO GIM KIM	4,500,000	2.26
12	GAN HUAT SENG @ GAN GUAT SENG	4,225,000	2.12
13	UOB KAY HIAN PTE LTD	4,088,700	2.05
14	TOH ONG TIAM	3,807,800	1.91
15	ROLLES RUDOLF JURGEN AUGUST	3,500,000	1.76
16	LIM CHEE SAN	3,300,000	1.66
17	YEO CHUNG SUN	3,250,000	1.63
18	JOHNNY LIAN TIAN YONG	3,200,000	1.61
19	ASDEW ACQUISITIONS PTE LTD	3,000,000	1.51
20	RAFFLES NOMINEES (PTE) LIMITED	2,993,025	1.50
		131,638,731	66.09

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
CHAN KWAN BIAN	27,305,575	13.71	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Beng Kuang Marine Limited ("Company") will be convened and held by way of electronic means on Wednesday, 27 April 2022 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 2021 together with the Auditors' Report thereon. **(Resolution 1)**

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

   [See Explanatory Note 1]

3. To re-elect Mr. Lum Kin Wah as a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 3)**

   [See Explanatory Note 2]

4. To re-elect Mr. Chua Beng Yong as a Director retiring pursuant to Regulation 117 of the Company's Constitution. **(Resolution 4)**

   [See Explanatory Note 3]

5. To approve the payment of Directors' fees of S$114,400 (2020: S$111,400) for the financial year ended 31 December 2021. **(Resolution 5)**

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

AS SPECIAL BUSINESS

7. 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]

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

BY ORDER OF THE BOARD

Wee Woon Hong
Company Secretary

Singapore

11 April 2022

Explanatory Notes:

1. Mr. Low Wee Siong will, upon re-election as Director of the Company, continue to serve as the Lead Independent Director of the Company, Chairman of Audit Committee and a member of the Nominating and Remuneration Committees of the Company. Further information on Mr. Low Wee Siong can be found in the Annual Report 2021. Mr Low Wee Siong 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 36 to 40 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. Mr. Lum Kin Wah will, upon re-election as Director of the Company, continue to serve as Independent Director of the Company, Chairman of Remuneration Committee and a member of the Audit and Nominating Committees of the Company. Further information on Mr. Lum Kin Wah can be found in the Annual Report 2021. Mr Lum Kin Wah 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 36 to 40 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. Mr. Chua Beng Yong will, upon re-election as Director of the Company, continue to serve as the Executive Chairman of the Company. Further information on Mr Chua Beng Yong can be found in the Annual Report 2021. Please refer to pages 36 to 40 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

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.

NOTICE OF ANNUAL GENERAL MEETING

Notes on the alternative arrangements for the forthcoming AGM in view of the COVID-19 restrictions:

(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://www.bkmgroup.com.sg/investor-relation). **Printed copies of this Notice will not be mailed to members (i.e. shareholders) of the Company**.

(ii) In view of the COVID-19 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 2022** (i.e. not less than 48 hours before the time appointed for holding the above AGM), to william.lee@bkmgroup.com.sg.

Upon successful authentication, each such member will receive an email reply by **3.00 p.m. on 26 April 2022**. 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 11.00 a.m. on 25 April 2022 but have not received an email reply by **3.00 p.m. on 26 April 2022** are to contact the Company for assistance by phone (at (65) 62660010) or by email (at william.lee@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 Wednesday, 27 April 2022**.

(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 21 April 2022** to william.lee@bkmgroup.com.sg. The Company will 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 2022**. 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 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526, or submitted to the Company by email to gpb@mncsingapore.com, by **11.00 a.m. on 25 April 2022** (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.

NOTICE OF ANNUAL GENERAL MEETING

Summary of Key dates and times

DATES AND TIMES (DEADLINES/OPENING TIME)	ACTIONS
By Saturday, 16 April 2022, 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.
By Thursday, 21 April 2022, 11.00 a.m.	For Members who have questions relating to the business of the AGM to email their questions to william.lee@bkmgroup.com.sg.
By Monday, 25 April 2022, 11.00 a.m.	For Members to: (a) submit the necessary information required for authentication by email to william.lee@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 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526, 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 Tuesday, 26 April 2022, 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.
Wednesday, 27 April 2022, 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 Wednesday, 27 April 2022), 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.

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%20MARINE%20LIMITED&type=company) and the Company's website (http://www.bkmgroup.com.sg/investor-relation). 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 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 2022.
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 11 April 2022.
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 no. / 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 Wednesday, 27 April 2022 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 2021			
2	Re-election of Mr. Low Wee Siong as a Director of the Company			
3	Re-election of Mr. Lum Kin Wah as a Director of the Company			
4	Re-election of Mr. Chua Beng Yong as a Director of the Company			
5	Approval of Payment of Directors' Fees for the financial year ended 31 December 2021			
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditor 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__________, 2022

TOTAL NUMBER OF SHARES IN:	NO. OF SHARES
(a) CDP Register	
(b) Register of Members	

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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://www.bkmgroup.com.sg/investor-relation). 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 2022**.

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 2 Venture Drive, #14-15 Vision Exchange, Singapore 608526; 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 2022** (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 11 April 2022.

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BENG KUANG GROUP

BENG KUANG MARINE LIMITED
COMPANY REG NO.: 199400196M

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