



SAMUDERA SHIPPING

FROM **CRISIS TO**  
**OPPORTUNITY**





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# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of Samudera Shipping Line Ltd (the “**Company**”) is committed to ensuring and maintaining high standard of corporate governance in accordance with the recommendations under the revised Code of Corporate Governance, which was issued on 6 August 2018 (the “**2018 Code**”), and to align with shareholders’ interests and enhance shareholders’ value.

This report describes the Company’s corporate governance processes and practices that were in place throughout the financial year ended 31 December 2020 (“**FY2020**”) with specific reference to the Principles and the Provisions as set out in the 2018 Code.

The Company has complied substantially with the Principles and Provisions of the 2018 Code. Where the Company’s practices vary from any Provisions of the 2018 Code, explanations in relation to the Company’s practices are provided.

## **BOARD MATTERS**

### **The Board’s Conduct of its 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.**

#### ***Provisions 1.1 and 1.3: Principal Duties of the Board***

The Board oversees the operations and affairs of the Company and its subsidiaries (collectively the “**Group**”), with the fundamental principle to act in the best interests of the Company. The Board is responsible for setting the strategic direction and establishing goals for the management team of the Company (the “**Management**”) as well as working together with Management to achieve these goals set for the Group. The Board also seeks to align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders.

In addition to its statutory duties and responsibilities, the principal functions of the Board includes:

- To set up and to review the broad policies, long-term strategies and financial objectives of the Group and to ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- To supervise the management of the business and affairs of the Group and monitor the performance of Management;
- To review the operational and financial performance of the Group, including the review and approval of financial results announcements, annual budgets, major funding proposals, potential investments, divestment proposals, material capital investments, interested person transactions and related party transactions, audited financial statements, annual reports and circulars (if any);
- To oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the Group’s assets;
- To approve the changes in the composition of the Board and Board Committees, including appointment/resignation of Chief Executive Officer (“**CEO**”), Chief Financial Officer (“**CFO**”) and key management personnel as recommended by the Nominating Committee;
- To approve the framework of remuneration for Directors and key management personnel as recommended by the Remuneration Committee;

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- To review any conflicts of interests relating to Directors and/or controlling shareholders (where applicable), major acquisitions and disposals of assets, dividend and other distributions to shareholders, and those transactions or matters which require the Board's approval under the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or any applicable regulations;
- To assume responsibility for the Group's compliance with its corporate governance practices, the Companies Act (Chapter 50) and rules and regulations of the relevant regulatory bodies;
- To set up the Group's values and standards (including ethical standards) and consider sustainability issues in relation to the Economic, Environmental, Social and Governance ("**ESG**") factors identified as material for the Company as part of its strategic formulation. The Company's Sustainability Report is set out on pages 38 to 54 of the Annual Report; and
- To ensure accurate, adequate and timely reporting to, and communication with shareholders.

The Board delegates the formulation of business policies and day-to-day management to the CEO and the Executive Directors.

## **Matters Reserved for Board's Approval**

Management seeks the Board's approval on matters required under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX Listing Rule**"). The Company has adopted a framework of delegated authorisations in its Authorisation Matrix approved by the Board.

The Authorisation Matrix sets out the level of authorisation and their respective approval limits for a range of transactions, including but not limiting to operating and capital expenditures. During FY2020, the following matters are specifically reserved for the Board's decision and approval:

- The Group's annual budget;
- Financial results announcements;
- Annual report and Audited financial statements;
- Dividend payment to shareholders;
- Corporate strategies and financial restructuring;
- Changes to the composition of the Board and Board Committees;
- Changes to the key management personnel;
- Major investments/divestments or acquisition/ disposal proposal and material capital expenditures; and
- Any other transactions of a material nature requiring announcement under the SGX Listing Rules.

## **Independent Judgement**

Each Director, in the course of carrying out his/her duties, exercises due diligence and independent judgment and makes decisions objectively in the best interests of the Group at all times. The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a half-yearly basis.

## **Conflict of Interests**

During the course of any discussion, Directors are required to promptly disclose any conflict or potential conflict of interest (direct or indirect) in relation to the subject matter or proposed transaction to the Company as soon as they are aware of the conflict-related matters. In addition, Directors are also required to abstain from all discussions, deliberations and decisions in respect of the conflict-related matters. In consultation with the Audit Committee, the Company has put in place a set of procedures and measures to mitigate any potential conflict of interests arising from the recent appointment of Mr Bani Maulana Mulia as Executive Director and the CEO and Mr Ridwan Hamid as Executive Director and the CFO of the Company, who are also Directors of the Company's controlling shareholders. In instances where conflict of interest exist, Mr Bani and Mr Ridwan will abstain from voting and/or making recommendation.

# CORPORATE GOVERNANCE REPORT

## Board Competencies

As part of the Board renewal process, the NC reviews and considers the skill, qualification and experience of the nominated director before recommending any proposed appointments to the Board for approval. A formal letter of appointment is given to all newly appointed Directors, setting out their duties and obligations. For FY2020, two new Executive Directors, Mr Bani Maulana Mulia and Mr Ridwan Hamid were appointed with effect from 1 September 2020 and 1 November 2020 respectively. A formal letter of appointment is given to all newly appointed Directors, setting out their duties and obligations.

## Provision 1.2: Directors' Orientation and Training

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. Newly appointed Directors are given orientation and briefings by Management on the business activities of the Group and its strategic directions, so as to familiarise them with the Group's operations, financial performance and encourage effective participation in Board discussions.

For newly appointed Director who has no prior experience as a director of a listed company, in addition to the orientation, he or she will be encouraged to also attend the relevant programme conducted by the Singapore Institute of Directors ("**SID**") to acquire knowledge of what is expected of a listed company director.

All Directors are encouraged to attend seminars, conferences or any courses in connection to new laws, regulations and risk management (including management of commercial, financial, operational and compliance risks) conducted by professional bodies, including active participation in the SID. The cost of arranging and funding the training of the Directors will be borne by the Company. Directors receive regularly updates on latest development and issues pertaining to regulatory changes, corporate matters as well as corporate governance.

During FY2020, as part of the training and professional development of the Board, the Company had arranged for the following training and courses attended by the Directors:

Name of Directors	Detail of Training/Courses Attended
Bani Maulana Mulia	<ul style="list-style-type: none"><li>▪ Listed Entity Director Essentials</li><li>▪ Board Dynamics</li><li>▪ Board Performance</li><li>▪ Stakeholder Engagement</li><li>▪ Audit Committee Essentials</li><li>▪ Board Risk Committee Essentials</li><li>▪ Remuneration Committee Essentials</li><li>▪ Nominating Committee Essentials</li></ul>

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Where required, the Company Secretary and external professionals bring to the Directors' attention relevant updates in the industry and changes in accounting standards and regulations. The Directors are also given access to professionals for consultation as and when they deem necessary at the expense of the Company.

## ***Provision 1.4: Delegation by the Board***

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated specific areas of responsibilities to three Board Committees: Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These Board Committees have been constituted with clearly defined Terms of Reference, which have been amended to be in line with the 2018 Code to ensure their continued relevance and adequacy to meet the governance standards expected of the Board. The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board is free to request for further clarification and information from Management on all matters within their purview. The Board is ultimately responsible for the final decision on all matters.

## ***Provision 1.5: Directors' Attendance at Meetings***

To address the competing time commitments of the Directors, the schedule of all Board and Board Committees' meetings, the Annual General Meeting and/or Extraordinary General Meeting is prepared and given to all Directors well in advance, before the beginning of each financial year. The Board conducts at least four meetings on a quarterly basis to review the Group's financial and operational performance, half-year and full-year financial results, annual budget and where necessary, additional Board meetings are held to address significant issues or transactions.

During FY2020, the Board met five (5) times to review and approve the annual budget (including the proposed investments and/or divestments during the year), the Company's half-yearly and full-year financial results announcements, the Company's sustainability policies and practices (including the material ESG factors and proposed measurements/targets for each identified ESG factors), and the Group's strategic business plan. Ad-hoc meetings are held to address significant issues or transactions. The Company's Constitution (the "**Constitution**") allows for Board meetings to be conducted by way of a telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decisions of the Board and Board Committees may also be obtained through circular resolutions in writing.

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The number of meetings held and attendance by Directors at the general meetings and meetings of the Board and Board Committees during FY2020 is set out as follows:

	Board	Board Committees			General Meetings	
		AC	NC	RC	AGM	EGM
No. of meetings held	5	4	2	1	1	1
Name of Directors	No. of meetings attended					
Masli Mulia	5	–	2	–	1	1
Asmari Herry Prayitno <i>(resigned on 31 August 2020)</i>	3	–	–	–	1	1
Hermawan Fridiana Herman <i>(resigned on 31 October 2020)</i>	4	–	–	–	1	1
Tan Meng Toon	5	–	–	–	1	1
Lim Kee Hee <i>(resigned on 31 August 2020)</i>	3	–	–	–	1	1
Bani Maulana Mulia <i>(appointed on 1 September 2020)</i>	2	–	–	–	0	0
Ridwan Hamid <i>(appointed on 1 November 2020)</i>	1	–	–	–	0	0
Quah Ban Huat	5	4	2	1	1	1
Chng Hee Kok <i>(resigned on 31 August 2020)</i>	3	3	2	1	1	1
Nicholas Peter Ballas	5	4	2	1	1	1
Ng Chee Keong	5	4	2	1	1	1
Lee Lay Eng Juliana	5	4	2	1	1	1

All Board members who are non-committee members of the AC, NC, RC would attend the Board Committee meetings via invitation.

The Board is of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advices, experience and strategic networking relationships which would further the interests of the Company.

## Multiple Board Representations

All Directors are required to declare annually their Board representations in other public listed companies and their other principal commitments to the NC.

Details of each Director's present and past three years directorships or chairmanships in other public listed companies, and other principal commitments are set out on pages 18 to 21 of this Annual Report.

When a Director has multiple board representations, the NC considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of public listed company board representations and other principal commitments.



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Based on the individual Director's confirmation to the NC on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to stipulate a maximum limit on the number of public listed company board representations of each Director.

Notwithstanding that there is no formal guideline in place to address the conflict of competing time commitments that are faced by Directors with multiple board representations, the NC and the Board is cognizant of the recommendations as set out under Practice Guidance 4 of the 2018 Code. The NC would continue to review, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

For the year under review, the NC is satisfied that the Directors have given adequate time and attention to the affairs of the Group to discharge their duties as Directors of the Company through their attendance at meetings of the Board and Board Committees, notwithstanding their multiple board representations and other principal commitments.

## ***Provision 1.6: Access to Information***

All Directors are updated on major milestones, significant developments or events relating to the Group's business operations on an on-going basis. The Directors have unrestricted access to the Company's resources such as its Constitution, Terms of References of the respective Board Committees, Annual Reports and any other pertinent information for their reference. The Directors can also request for further explanations, briefings or informal discussions on any aspects of the Group's operations and business issues from Management from time to time.

To enable the Board and the Board Committees' members to engage in full deliberation, including to make informed decisions on the issues to be considered at each meeting and discharge their duties and responsibilities effectively, Management provides the Board and the Board Committees' members with complete, adequate and timely information and meeting materials prior to Board meetings. In addition, all relevant information on the Group's annual budgets, financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise. Any material variance between any projections/budgets and the actual results is disclosed and explained to the Board.

## ***Provision 1.7: Separate and Independent Access to Management, the Company Secretary and External Advisers***

The Directors have separate and independent access to the Company's key management personnel and the advice and services of the Company Secretary. The Company Secretary assists the Chairman and the Chairman of each Board Committee in preparing the agendas for the respective meetings in consultation with the Management. The Company Secretary (and/or her representatives) attends and prepares minutes of all meetings of the Board and Board Committees, including assisting the Board to ensure that proper procedures are observed and requirements of the Companies Act, Cap. 50. and the SGX Listing Rules are complied. The appointment or removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors require independent advice from external professionals in the course of discharging their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

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## **Board Composition and Guidance**

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

During FY2020, at the NC's recommendation, the Board had approved the following changes to the composition of the Board and Board Committees:

- (a) Re-designation of the Board Chairman, Mr Masli Mulia, from Executive Director to Non-Independent and Non-Executive Director with effect from 31 August 2020;
- (b) Appointment of Mr Bani Maulana Mulia as an Executive Director and CEO of the Company with effect from 1 September 2020 in place of Mr Asmari Herry Prayitno, who had resigned as an Executive Director and CEO of the Company with effect from 31 August 2020;
- (c) Resignation of Mr Lim Kee Hee as Non-Independent and Non-Executive Director with effect from 31 August 2020;
- (d) Resignation of Mr Chng Hee Kok as an Independent and Non-Executive Director, Chairman of the RC and a member of the AC and NC with effect from 31 August 2020;
- (e) Appointment of Mr Nicholas Peter Ballas as the Chairman of the RC in place of Mr Chng Hee Kok; and
- (f) Appointment of Mr Ridwan Hamid as an Executive Director and CFO of the Company with effect from 1 November 2020 in place of Mr Hermawan Fridiana Herman, who had resigned as an Executive Director, Finance of the Company with effect from 31 October 2020.

Accordingly, the Board composition reduced from ten (10) Directors (at the beginning of FY2020) to eight (8) Directors and the Board now comprises:

- Four (4) Independent and Non-Executive Directors;
- One (1) Non-Independent and Non-Executive Director, Chairman; and
- Three (3) Executive Directors.

<b>Name of Directors</b>	<b>Designation</b>	<b>Date of Initial Appointment</b>	<b>Date of Last Re-Appointment</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>
Masli Mulia	Chairman, Non-Independent and Non-Executive Director	01.04.2007	29.04.2019	–	Member	–
Bani Maulana Mulia	Executive Director and CEO	01.09.2020	–	–	–	–
Ridwan Hamid	Executive Director, CFO	01.11.2020	–	–	–	–
Tan Meng Toon	Executive Director, Commercial	01.08.2018	29.04.2019	–	–	–
Quah Ban Huat	Lead Independent Director and Non-Executive	31.10.2013	25.06.2020	Chairman	Member	Member
Nicholas Peter Ballas	Independent and Non-Executive Director	01.06.2010	29.04.2019	Member	Member	Chairman
Ng Chee Keong	Independent and Non-Executive Director	23.07.2014	25.06.2020	Member	Chairman	Member
Lee Lay Eng Juliana	Independent and Non-Executive Director	01.08.2018	29.04.2019	Member	Member	Member

# CORPORATE GOVERNANCE REPORT

## ***Provisions 2.1, 2.2 and 2.3: Board Independence***

The NC conducts annual review of the Board composition and for FY2020, the NC is satisfied that since (i) majority of the current Board composition is made up of Non-Executive Directors (62.5%) in line with Provision 2.3 of the 2018 Code; and (ii) at least half the Board composition is made up of Independent Non-Executive Directors (50%), no individual or small group of individuals dominate the Board's decision making process and there is no undue influence by Management over the Board.

Notwithstanding that majority of the Board members are not Independent and Non-Executive Directors in line with Provision 2.2 of the 2018 Code, the NC and Board are of the view that the Board members have an appropriate level of independence and are able to make decisions in the best interest of the Company.

The Board is cognizant of the recommendations as set out under Provision 2.2 of the Code and together with the NC will continue to review and recommend appropriate changes to the Board composition in order to comply with Provision 2.2 of the Code.

The profiles of the Directors, including information on their qualifications and experiences are set out on pages 14 to 21 of this Annual Report.

The independence of each Independent and Non-Executive Director is assessed annually by the NC. For FY2020, the NC has reviewed and determined the independence of the Independent and Non-Executive Directors based on the guidelines provided in SGX Listing Rule 210(5), Provision 2.1 and Practice Guidance 2 of the 2018 Code, including considering whether the Independent Directors have any business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationship could interfere or be reasonably perceived to interfere with the Independent Directors' ability to exercise independent judgment in the best interest of the Group. There were no business relationships between the Group and the respective Independent Directors for FY2020.

Each Independent and Non-Executive Director, existing or newly-appointed, is required to annually confirm his/her independence and that there are no existing conditions that would impair his/her independence by completing and signing the Confirmation of Independence declaration form, which is based on the guidelines as set out in the NC Terms of Reference and the 2018 Code. The NC will then review the declarations submitted by each Independent and Non-Executive Director to determine their independence.

For the year under review, the NC has reviewed the independence of Messrs Quah Ban Huat, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana, and is satisfied that there are no relationships which would impair their independent judgment or would deem any of them to be non-independent. In reviewing each Independent and Non-Executive Director's independence, the NC has considered the relationships identified by the 2018 Code and SGX Listing Rule 210(5), and is satisfied that the Independent and Non-Executive Directors are also independent of the substantial shareholders of the Company.

Each member of the NC had abstained from all discussions, deliberations and decisions in respect of assessment of their own independence.

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## Independence of Directors who has served on the Board beyond Nine Years

The NC takes the view that a director's independence cannot be determined solely and arbitrarily on the basis on the length of time. A director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management in the best interest of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board.

As at 31 December 2020, Mr Nicholas Peter Ballas ("**Mr Ballas**"), an Independent and Non-Executive Director of the Company, has served on the Board for more than nine years from the date of his first appointment (1 June 2010).

The annual rigorous review by the NC and Board under Guideline 2.4 of the Code of Corporate Governance 2012 continues to apply prior to SGX Listing Rule 210(5)(d)(iii) which comes into effect on 1 January 2022. With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "**Two-Tier Voting**"). Such resolutions approved by a Two-Tier Voting may remain in force until the earlier of the following: (i) the retirement or resignation of the director; or (ii) the conclusion of the third annual general meeting following the passing of the resolutions.

For FY2020, the NC had assessed the independence status of Mr Ballas taking into consideration the following factors:

- (i) his ability to continue exercising independent judgement in the best interests of the Company;
- (ii) the attendance and active participation in the proceedings and decision making process of the Board and Board Committees meetings; and
- (iii) the level of commitment, equity and integrity in discharging his responsibilities as an Independent Director of the Company.

Having considered the feedback and assessment made by each Director, the Board concurred with the NC's view that Mr Ballas have demonstrated strong independence in character and judgment over the years in discharging his duties and responsibilities as an Independent and Non-Executive Director of the Company. There were no circumstances which would likely affect or appear to affect his independent judgment and he has acted in the best interests of the Group and the non-controlling shareholders. Mr Ballas' contributions in Board deliberations, due to his length of service, in-depth knowledge of the Group's businesses and board representation on other companies are considered valuable by the Board. While recognising the benefits of the experience and stability brought by long-standing Directors, the NC is cognizant of the importance of Board renewal and refreshment and the Board remains committed to the progressive renewal of board membership. Additionally, Mr Ballas has fulfilled the definition of independent directors of the Listing Manual of the SGX-ST and 2018 Code. More importantly, the Board trusts that Mr Ballas is able to continue to discharge his duties independently with integrity and competency.

The Board, after taking into consideration the NC's evaluation and recommendation, resolved that notwithstanding Mr Ballas' has served on the Board for an aggregate period of more than nine years from the date of his first appointment:

- (i) Mr Nicholas Peter Ballas will continue to be considered independent along with Messrs Quah Ban Huat, Ng Chee Keong and Lee Lay Eng Juliana;
- (ii) In anticipation of SGX Listing Rule 210(5)(d)(iii), the requisite approval be sought from shareholders for the continued appointment of Mr Nicholas Peter Ballas as an Independent Director via the Two-Tier Voting process at the Company's forthcoming Annual General Meeting on 28 April 2021 ("**AGM**"); and

# CORPORATE GOVERNANCE REPORT

- (iii) Subject to the shareholders' approval via the Two-Tier Voting process at the AGM, Mr Ballas shall continue to serve on the Board as an Independent Director of the Company until the conclusion of (i) the third AGM following the passing of the resolutions, or (ii) his retirement or resignation as a Director of the Company, whichever is the earlier.

SGX Listing Rule 210(5)(c) and Provision 2.2 of the 2018 Code provides that the Independent Directors must comprise of at least one-third of the Board and the Independent Directors shall make up a majority of the Board where the Chairman is not independent respectively. In the event that any one of the resolution via the Two-Tier Voting process is not passed at the Company's forthcoming AGM, Mr Ballas' appointment as an Independent Director of the Company will cease and he will remain on the Board as a Non-Independent and Non-Executive Director at the conclusion of the AGM. Accordingly, the Company will not be in compliance with Provision 2.2 of the 2018 Code. Since at least one-third of the Board comprises of Independent Director and a majority of the Board members are Non-Executive Directors, the NC and Board are of the view that the Board members have an appropriate level of independence and are able to make decisions in the best interest of the Company.

Nevertheless, the Board has weighed the need for the Board to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. However, such Board renewal and refreshment process may require more time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such director who has, over time, gained valuable insights into the Group, its market and the industry. The Board and NC will continue to review and recommend appropriate changes to the Board composition in order to comply with Provision 2.2 of the 2018 Code.

Mr Nicholas Peter Ballas had abstained from all discussion, deliberations and decisions in respect of his own independence.

## ***Provision 2.4: Composition, Size, Competency and Diversity of the Board***

The NC, annually, reviews the size and composition of the Board and Board Committees, including the skills and core competencies of each Director to ensure an appropriate balance and diversity of skills and experience for effective decision-making. The Board, as a whole, consists of a good mix of individuals from the private sector with appropriate skills, expertise, industry knowledge, professional and commercial experience with core competencies in accounting, financial, tax advisory and capital market background, and gender diversity necessary to contribute, direct, manage and lead the Group effectively. The objective judgment of the Independent and Non-Executive Directors on corporate affairs and their collective experience and contributions are valued by the Company.

The Board is of the view that the current Board size, composition, competency and diversity is appropriate, taking into account the nature and scope of the Group's operations.

As the Board consists of four (4) Independent and Non-Executive Directors, objectivity on issues deliberated is assured and Management is able to benefit from their diverse external perspectives on issues brought before the Board. Objectivity and independence of the Board decisions are maintained through the professionalism of each Board member, who have demonstrated a high level of commitment in their roles as Directors of the Company.

Notwithstanding that there is no formal Board diversity policy in place, the NC and the Board are cognizant of the recommendations as set out under Provision 2.4 and Practice Guidance 2 of the 2018 Code. In considering potential Board candidates for the refreshment of Board, the NC and the Board not only take into account gender diversity but also diversity in respect of skills, experience and expertise as recommended by the 2018 Code. In particular, core competencies and expertise of the potential candidates would be paramount considerations.

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in achieving agreed goals and objectives of the Group's business, and monitor the reporting of performance. Management also has access to the Independent and Non-Executive Directors for guidance and informal discussions both within and outside the meetings of the Board and Board Committees.

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## ***Provision 2.5: Meeting of Non-Executive Directors and/or Independent Directors without Management***

During FY2020, the Independent and Non-Executive Directors led by the Lead Independent Director had met once amongst themselves without the presence of the Executive Directors and Management. The feedback and views expressed by the Independent and Non-Executive Directors had been communicated by the Lead Independent Director to the Executive Directors and Management after the meeting, as appropriate.

## **Chairman and Chief Executive Officer**

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

## ***Provisions 3.1 and 3.2: Separate Role and Responsibilities of Chairman and CEO***

There is a clear division of roles and responsibilities between the Board Chairman and the CEO of the Company to ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.

Mr Masli Mulia is the Chairman of the Board and following his re-designation from Executive Director to Non-Independent and Non-Executive Director with effect from 31 August 2020, he was given a formal letter of appointment setting out in writing his roles and responsibilities as the Non-Executive Chairman of the Company. Following Mr Bani Maulana Mulia's appointment as the Executive Director and the CEO of the Company with effect from 1 September 2020, he was given a service contract setting out in writing his duties and responsibilities as the CEO of the Company. The CEO, Mr Bani Maulana Mulia is the son of the Board Chairman, Mr Masli Mulia.

The Chairman, Mr Masli Mulia, provides leadership to the Board and the CEO. He is responsible for:

- (a) Ensuring that Board meetings are held when necessary and sets the agenda of the Board meetings in consultation with the other Directors and Management, including setting the pace for a constructive debate and an effective contribution from the Board members at the meetings;
- (b) Ensuring effective communication and constructive dialogue between shareholders, the Board and Management at the Company's AGM and other general meeting; and
- (c) Providing close oversight, guidance, advice and leadership to the CEO and Management.

The CEO, Mr Bani Maulana Mulia, manages and develops the Group's business and is responsible for:

- (a) The day-to-day operations of the Group's business which are carried out with the assistance of the other Executive Directors and key management personnel;
- (b) Steering the strategic direction and business growth of the Group, including formulating and implementing business plans, strategic policies for long-term growth of the Group's business. Strategic decisions are made in consultation with the Board;
- (c) Reviewing the Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information; and
- (d) Promoting high standards of corporate governance.

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## ***Provision 3.3: Role of Lead Independent Director***

In view that the Chairman is not independent, the Board had appointed Mr Quah Ban Huat as the Company's Lead Independent Director on 27 February 2017. The Lead Independent Director is responsible for leading and coordinating the activities of the Independent and Non-Executive Directors and serve as a principal liaison on Board issues between the Independent and Non-Executive Directors and the Chairman of the Board to provide a non-executive perspective and contribute to a balance of viewpoints on the Board.

The Lead Independent Director may call for meetings of Non-Executive Directors to meet or communicate amongst themselves, without the presence of the Executive Directors, as and when the need arises.

The Lead Independent Director is available to shareholders who have concerns for which contact through the normal channels of the Chairman, CEO or Executive Directors have failed to resolve or for which such contact is inappropriate. During FY2020, there were no query or request received from shareholders on any matters which required the Lead Independent Director's attention.

## **Board Membership**

**Principle 4: The Board has a formal and transparent process for the remuneration and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

## ***Provisions 4.1 and 4.2: Composition, Role and Duties of NC***

The NC comprises the following five (5) members, four (4) of whom are Independent and Non-Executive Directors. The NC Chairman is independent and not associated in any way with the substantial shareholders of the Company.

Ng Chee Keong	Chairman
Quah Ban Huat	Member
Nicholas Peter Ballas	Member
Masli Mulia	Member
Lee Lay Eng Juliana	Member

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process. In respect of re-nominations, the NC will consider the individual Director's contribution and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations.

The key functions of the NC include:

- To review board succession plans for Directors, in particular, the Chairman, the CEO, the CFO and key management personnel;
- To conduct a formal assessment on the effectiveness of the Board as a whole and to assess the contribution by each individual Director to the effectiveness of the Board, particularly when a Director serves on multiple Boards;
- To establish procedures for and make recommendations to the Board on the appointments of new Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board and re-appointments;
- To regularly review the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;
- To establish procedures for evaluation of the performance of the Board, its Board Committees and Directors, and propose objective performance criteria which shall be approved by the Board;

# CORPORATE GOVERNANCE REPORT

- To determine the independence of each Director, namely the Independent Directors;
- To ensure that all Board appointees undergo an appropriate induction programme;
- To review and determine that each Director carries out his duties as a Director of the Company adequately, taking into consideration each Director's number of public listed company board representations and other principal commitments; and
- To undertake such other duties or functions as may be delegated by the Board or required by regulatory authorities under the Listing Manual of the SGX-ST or the 2018 Code.

During FY2020, the NC had met twice and:

- (a) Assessed and evaluated the effectiveness of the Board and the Board's performance as a whole;
- (b) Reviewed the Board and Board Committees composition and assessed the independence of each Independent Director;
- (c) Recommended the re-appointment of Directors retiring pursuant to SGX Listing Rule 720(5) ("**LR 720(5)**") and the Company's Constitution; and
- (d) The various changes to the composition of the Board and Board Committees during FY2020, as explained in Principle 2 under the sub-header "Board Composition and Guidance" above.

## **Provision 4.3: Process for Selection, Appointment and Re-appointment of Directors**

### **Re-appointment of Directors**

The NC reviews the re-appointment of each Board member in accordance with the Company's Constitution. Pursuant to Article 91 of the Company's Constitution, one-third of the Directors (except Managing or Joint Managing Director) shall retire from office by rotation at the Company's AGM. There is no Managing or Joint Managing Director appointed in the Company. The CEO of the Company, Mr Bani Maulana Mulia will be subject to rotation pursuant to Article 91 in the subsequent years. Article 92 provides that the retiring Directors are eligible to offer themselves for re-appointment and Article 97 provides that all newly appointed Directors shall retire from office at the next AGM following their appointment.

In addition, the NC is cognizant that in accordance with LR 720(5), all Directors must submit themselves for re-nomination and re-appointment at least once every three years.

The Directors due for pursuant to LR 720(5) and the Company's Constitution at the forthcoming AGM are as follows:

<b>Name of Directors</b>	<b>Designation</b>	<b>Due for re-appointment pursuant to:</b>
Bani Maulana Mulia	Executive Director, CEO	Article 97
Ridwan Hamid	Executive Director, CFO	Article 97
Nicholas Peter Ballas*	Independent and Non-Executive Director	Article 91 and LR 720(5)
Lee Lay Eng Juliana	Independent and Non-Executive Director	Article 91 and LR 720(5)

\* In addition, the independence of Mr Nicholas Peter Ballas, who has served on the Board as an Independent Director for an aggregate period of more than 9 years from his date of appointment (1 June 2010), will also be tabled for shareholders' approval via the Two-Tier Voting process at the Company's forthcoming AGM pursuant to SGX Listing Rule 210(5)(d)(iii).



# CORPORATE GOVERNANCE REPORT

There are no relationships including immediate family relationships between each of the retiring Directors, namely Mr Ballas and Ms Juliana Lee and the other Directors, the Company or its substantial shareholders.

Mr Ridwan Hamid does not have any relationship including immediate family relationship between each of the retiring Directors named above and the rest of the Directors of the Company. He is the Finance Director of PT Samudera Indonesia Tbk ("**PTSI**"), being the controlling shareholder of the Company and PT Samudera Indonesia Tangguh ("**PTSIT**"), being the controlling shareholder of PTSI.

Mr Bani Maulana Mulia ("Mr Bani") is the son of the Board Chairman, Mr Masli Mulia and the brother of the Deputy Director, Finance, Mr Trisnadi Sukur Muslim Mulia. Mr Bani does not have any relationships including immediate family relationships between each of the retiring Directors named above and the rest of the Directors of the Company. Mr Bani is the President Directors of PTSI and PTSIT as well as Director of PT Ngrumat Bondo Utomo, being the ultimate holding company of the Company and PT NBU Indonesia Utama, a shareholder of PTSIT.

The NC has reviewed and recommended the nomination of each retiring Director to the Board after taking into consideration factors such as the individual Director's contribution, performance, attendance at the Board and/or Board Committee meetings, and adequate time devoted to the affairs of the Group to discharge their duties as Directors of the Company.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-appointment at the forthcoming AGM of the Company.

Details of each retiring Director's (i) date of first appointment, (ii) date of last re-appointment as Director of the Company and (iii) information as required in Appendix 7.4.1 pursuant to SGX Listing Rule 720(6) are set out on pages 14 to 28 of this Annual Report.

Each member of the NC had abstained from all discussions, deliberations and decisions in respect of their own performance assessment or re-appointment.

## **Board Appointment Process**

The NC recommends all appointments of Directors to the Board, after taking into account the following factors:

- (a) The Group's strategic and business plans, and operational requirements; and
- (b) The suitability of candidates for Board appointment, based on their skills, core competencies, experiences and expertise.

The Company has in place a process for selecting and appointing new Directors. Potential candidates who possess relevant experience and have the calibre to contribute to the Company are shortlisted for consideration. Curriculum vitae of the shortlisted candidates will be circulated to the NC for their review, taking into consideration the candidate's suitability, qualification, core competencies, experiences, expertise and knowledge. Thereafter, NC will conduct interview(s) with the potential candidates, before making its recommendation to the Board.

## ***Provision 4.4: Continuous Review of Directors' Independence***

The Board concurred with the NC's view that the four (4) Independent and Non-Executive Directors, namely, Messrs Quah Ban Huat, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana are independent, taking into account the circumstances set out in SGX Listing Rule 210(5), Provision 2.1 and Practice Guidance 2 of the 2018 Code and any other salient factors.

# CORPORATE GOVERNANCE REPORT

## **Alternate Directors**

The Board is of the view that alternate directors should only be appointed in extenuating circumstances. The Company currently does not have any alternate directors.

## **Provision 4.5: Directors' Time Commitments**

The NC assesses the effectiveness of the Board as a whole and takes into account each Director's contribution and devotion of time and attention to the Company.

As explained in Provision 1.5 under the sub-header "Multiple Board Representation" above, all Directors are required to declare their listed company board representations and principle commitments to the NC annually. In cases where a Director has multiple listed company board representations, the NC also assesses on an annual basis, whether such Director has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention, and adequately carry out his or her duties as a Director of the Company. Based on the Directors' annual confirmation, commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2020.

The NC also assesses potential candidates identified for appointment to the Board, on their individual credentials and their ability to devote appropriate time and attention to the Company and ensures that new Directors are aware of their duties and obligations.

Information in respect of each Director's academic and professional qualifications, directorships and/or chairmanships for both present and those held over the preceding three years in other public listed companies and other principal commitments is set out in the "Board of Directors" section on pages 14 to 21 of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Statement" section on pages 35 to 37 of the Annual Report (Financial).

## **Board Performance**

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

## **Provisions 5.1 and 5.2: Board Evaluation Process**

The NC has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. The evaluation of the Board's performance is carried out on an annual basis, and some of the areas of assessment covered under the evaluation includes: Board composition, Board conduct of affairs, procedures and information to Board, internal control and risk management, Board accountability, CEO performance and succession planning and standards of conduct of the Board.

Each Director assesses the effectiveness of the Board as a whole by providing feedback to the NC. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During FY2020, the NC had with the assistance of the Company Secretary conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, which were then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. No external facilitator had been engaged by the Board for this assessment.

The NC is of the view that the Board and Board Committees operate effectively and that each individual Director has contributed to the effectiveness of the Board as a whole. The results of the NC's assessment for FY2020 has been communicated to and accepted by the Board.

The Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.

# CORPORATE GOVERNANCE REPORT

## Board Performance Criteria

Most of the Company's industry peers are not listed entities in Singapore, comparative financial information/ratios would therefore not be easily obtained for comparison and benchmarking purposes.

The NC and the Board, having considered Management's rationale, concurred that it was not feasible for the Company to disclose the following details as recommended under Provision 5.1 and Practice Guidance 5 of the 2018 Code:

- performance criteria, which allow for comparison with industry peers;
- how the Board has enhanced long-term shareholder value; and
- justification by the Board on the circumstances that deem the changes on the performance criteria to be necessary.

The NC would continue to review, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

## Individual Evaluation for the Chairman, Each Director and Board Committees

There is no formal performance evaluations carried out on an annual basis for (i) the Chairman, (ii) each Director on an individual basis, and (iii) each Board Committee (AC, NC and RC respectively).

The NC and the Board is cognizant of the recommendations as set out under Provisions 5.1, 5.2 and Practice Guidance 5 of the 2018 Code and would continue to review the need of such evaluations, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

When nominating Directors who are retiring by rotation for re-appointment at the AGM, the NC reviews each retiring Director's contribution, performance, attendance and participation at the Board and/or Board Committee meetings, and adequate time devoted to the affairs of the Group to discharge their duties as Directors of the Company.

## 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 should be involved in deciding his or her own remuneration.**

### ***Provisions 6.1, 6.2 and 6.3: Composition, Role and Duties of RC***

The RC comprises the following four (4) members, all of whom are Independent and Non-Executive Directors.

Nicholas Peter Ballas*	Chairman
Quah Ban Huat	Member
Ng Chee Keong	Member
Lee Lay Eng Juliana	Member

\* Mr Nicholas Peter Ballas was appointed as the Chairman of the Remuneration Committee on 1 September 2020

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To review and recommend to the Board a framework of remuneration for each Director and key management personnel that are competitive and sufficient to attract, retain and motivate key management personnel of the required quality to run the Company successfully;

# CORPORATE GOVERNANCE REPORT

- To review and determine the specific remuneration packages and terms of employment for each Director and key management personnel, which cover all aspect of remuneration including Directors' fees, salaries, allowances, bonuses and benefits-in-kind;
- To determine the appropriateness of the remuneration of the Independent and Non-Executive Directors taking into consideration the level of their contribution; and
- To review and recommend to the Board the terms of renewal of the service contracts of Directors; and
- To undertake such other duties or functions as may be delegated by the Board or required by regulatory authorities under the Listing Manual of the SGX-ST or the 2018 Code.

During FY2020, the RC had met once and:

- (a) Reviewed and determined the remuneration packages and service contracts for the CEO, CFO, Executive Directors and key management personnel, to ensure that they are adequately but not excessively remunerated;
- (b) Reviewed and recommended additional Directors' fees payable to Mr Masli Mulia for FY2020 following his re-designation from "Executive Director, Chairman" to "Non-Independent and Non-Executive Director, Chairman" on 31 August 2020 (*being pro-rated Directors' fees payable in respect of the 4-month period from 1 September 2020 to 31 December 2020*), which will be tabled for the shareholders' approval at the Company's AGM on 28 April 2021; and
- (c) Reviewed and recommended the Directors' fees for the financial year ending 31 December 2021, to be paid quarterly in arrears to the 4 Independent and Non-Executive Directors and the 1 Non-Independent Director and Non-Executive Director, which will be tabled for the shareholders' approval at the Company's AGM on 28 April 2021.

In addition, the RC had reviewed and recommended the following by way of a circular resolution in writing by the RC, for the Board's consideration during FY2020:

- (i) The remuneration package and service contracts for Messrs Bani Maulana Mulia and Ridwan Hamid in respect of their new roles as "Executive Director, Chief Executive Officer" and "Executive Director, Chief Financial Officer", respectively;
- (ii) The remuneration package and service contracts for Mr Trisnadi Sukur Muslim Mulia following his re-designation from Deputy Director, Commercial to "Deputy Director, Finance"; and
- (iii) The quantum of Directors' fees payable to Mr Masli Mulia per annum following his re-designation from Executive Director to "Non-Independent and Non-Executive Director".

The RC also considered, in consultation with the CEO, amongst other things, the performance of the Group's key management personnel, including their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent. The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises.

No individual Director is involved in fixing his own remuneration. Independent and Non-Executive Directors are paid Directors' fees annually on a standard fee basis. Each member of the RC abstains from making any recommendation on or voting on any resolutions in respect of his own remuneration package, except for providing information and documents specifically requested by the RC.

# CORPORATE GOVERNANCE REPORT

The RC reviews the terms and conditions of service agreements of the Executive Directors before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Directors and key management personnel, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

There being no specific necessity, no external remuneration consultants had been engaged by the RC for the assessment of the remuneration of the Directors in FY2020.

## **Level and Mix of Remuneration**

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

### ***Provisions 7.1 and 7.3: Performance-related Remuneration for Executive Directors and Key Management Personnel***

The service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

The RC carries out an annual review to ensure that the remuneration of the CEO, Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. Elements of the Group's relative performance and the performance of the individual Directors form part of the Executive Directors' remuneration packages so as to align their interests with those of shareholders and to promote the success of the Company in the longer term. The RC ensures that the remuneration package is competitive and sufficient to attract, retain and motivate Executive Directors and key management personnel. On the other hand, the Company avoids paying more than is necessary for this purpose.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits. The variable component, including bonus payout for the Executive Directors, CEO and CFO is determined based on factors such as the Group's achievement in overall profitability, projected revenue growth, operating cash flow as well as return on operational assets, in particular:

1. The achievement of net profit of the Group and the Company compared to its budget;
2. Operational cash flow achievement compared to its budget/outlook;
3. Revenue Growth achievement compared to its budget; and
4. Return on operational assets, achievement compared to its budget.

The variable component, including bonus payout for the key management personnel is determined based on the Group's performance and the performance of each key management personnel.

The performance of each Executive Director, the CEO and the CFO is reviewed by the Chairman at the end of each financial year. A separate performance assessment is carried out for each Executive Director, the CEO and the CFO, respectively, some of the areas of assessment includes amongst other criteria, the following:

- Job knowledge and Expertise
- Commercial Sense
- Leadership

# CORPORATE GOVERNANCE REPORT

As explained in the earlier paragraphs, the RC takes into consideration the following factors, amongst other criteria, when determining the variable component of the Executive Directors, the CEO's and the CFO's remuneration:

1. The achievement of net profit of the Group and the Company compared to its budget;
2. Operational cash flow achievement compared to its budget/outlook;
3. Revenue growth achievement compared to its budget; and
4. Return on operational assets, achievement compared to its budget.

During the year under review, the RC had reviewed and confirmed that the Executive Directors and the CEO had met the performance criteria as identified above.

Currently, the Company does not have any share-based compensation scheme or long-term incentive schemes for the key management personnel, Executive Directors, and Independent and Non-Executive Directors.

## **Provision 7.2: Remuneration of Non-Executive Directors**

The Board comprises four (4) Independent and Non-Executive Directors and one (1) Non-Independent and Non-Executive Director. The Non-Executive Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. The Non-Executive Directors are not overly compensated and the amount of Directors' fees paid to Independent Non-Executive Directors does not compromise their independence. The Directors' fees for the Independent and Non-Executive Directors were last adjusted in FY2018.

The quantum of Directors' fees is reviewed annually and recommended by the RC for the Board's endorsement and recommendation for the shareholders' approval at the Company's AGM. To facilitate the payment of Directors' fees during the financial year in which they are incurred, the Company is seeking shareholders' approval for:

- (i) Directors' fees of S\$59,767.00 for the financial year ended 31 December 2020, being fees payable to Mr Masli Mulia, who was re-designed as Non-Independent and Non-Executive Director, Chairman of the Company on 31 August 2020; and
- (ii) Directors' fees of S\$408,300.00 to be paid for the financial year ending 31 December 2021 on a quarterly basis in arrears.

Each member of the RC had abstained from all discussions, deliberations and decisions in respect of their own remuneration.

The Company has not adopted or implemented any share incentive schemes for its Directors (to encourage the Non-Executive Directors to hold shares in the Company to align with shareholders' interests). The Board is of the view that, for the time being, such scheme would not be necessary since the Independent Directors had always been mindful of and given considerations to shareholders' interests.

The RC and the Board is cognizant of the recommendations as set out under Provision 7.2 and Practice Guidance 7 of the 2018 Code and would continue to review, on an on-going basis, the need to implement and adopt such schemes as and when deemed feasible and appropriate for the Company.

## **Contractual Provisions for Executive Directors**

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE REPORT

## Disclosure on Remuneration

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

### **Provisions 8.1 and 8.3: Remuneration of Directors, CEO and Top Five Key Management Personnel**

The Board has not included a separate remuneration report to shareholders in the Annual Report to fully disclose each individual Directors' remuneration or the top five key management personnel (who are not Directors or the CEO) as the Board is of the view that key remuneration information would have already been sufficiently disclosed in this report and in the financial statements of the Company.

As explained in Provisions 7.1 and 7.3 above, the variable component of the remuneration for the Executive Directors, the CEO and key management personnel is determined after taking into account, amongst other factors, the individual's performance and the performance of the Group in terms of specific key performance indicators (financial and non-financial) which are aligned to the Company's short and long term strategies focusing on enhancing shareholders' value and value creation for its stakeholders.

There are no termination, retirement and post-employment benefits that may be granted to Directors (including the CEO) and the top five key management personnel (who are not Directors or the CEO) of the Company and the Group.

A breakdown showing the level and mix of the remuneration payable to each individual Director and top five key management personnel (who are not Directors or the CEO) for FY2020 is set out as follows:

Remuneration Band	Name of Key Management Personnel / Directors	Salary	Bonus	Benefits	Directors' Fees
<b>Key Management Personnel</b>					
S\$250,000 to S\$500,000	Lee Thuan Aun, Thomas	59.6%	29.5%	10.9%	0%
	Trisnadi Sukur Muslim Mulia	46.0%	18.2%	35.8%	0%
Below S\$250,000	Choo Eng Chye Royce	57.8%	28.9%	13.3%	0%
	Oh Kian Beng	63.5%	18.8%	17.7%	0%
	Wong Pui Yee Agnes	60.5%	28.3%	11.2%	0%
<b>Independent and Non-Executive Directors</b>					
Below S\$250,000	Quah Ban Huat	0%	0%	0%	100%
	Chng Hee Kok	0%	0%	0%	100%
	Lee Lay Eng Juliana	0%	0%	0%	100%
	Ng Chee Keong	0%	0%	0%	100%
	Nicholas Peter Ballas	0%	0%	0%	100%
<b>Non-Independent and Non-Executive Director</b>					
Below S\$250,000	Masli Mulia <sup>(1)</sup>	0%	0%	0%	100%
	Lim Kee Hee	0%	0%	0%	100%
<b>Executive Directors</b>					
S\$250,000 to S\$500,000	Masli Mulia <sup>(1)</sup>	52.8%	34.5%	12.7%	0%
	Asmari Herry Prayitno	55.4%	36.9%	7.7%	0%
	Hermawan Fridiana Herman	61.7%	23.0%	15.3%	0%
	Tan Meng Toon	62.8%	22.4%	14.8%	0%
Below S\$250,000	Bani Maulana Mulia	100%	0%	0%	0%
	Ridwan Hamid	100%	0%	0%	0%

<sup>(1)</sup> Mr Masli Mulia was re-designated as Chairman, Non-Independent and Non-Executive Director with effect from 31 August 2020.

# CORPORATE GOVERNANCE REPORT

## Directors' Remuneration Disclosure

The RC and the Board, having considered Management's rationale, had collectively concurred that a Group-wide cross-section of the Directors' and key management personnel's remuneration and their names in bands of S\$250,000 provides sufficient overview and disclosure of their remuneration. The RC and the Board deem remuneration to be a highly sensitive and confidential matter and especially so for remuneration matters in a highly competitive human resource environment.

Hence it would not be in the best interest of the Company to disclose the exact remuneration amounts of the CEO, the CFO and each individual Director.

## Top 5 Key Management Personnel

The total aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) of the Company for FY2020 is S\$1,305,435.

As explained in the earlier paragraphs, the RC and Board had collectively concurred with Management's rationale and in view of the confidentiality and commercial sensitivities attached to remuneration matters, the Company would not be providing a full disclosure on the following items:

- all forms of remuneration and other payments and benefits paid by the Company and its subsidiaries to its Directors and key management personnel; and
- aggregate amount of termination, retirement and post-employment benefits (if any) that is granted to its Directors, the CEO and top five key management personnel.

## Details of Employee Share Schemes

As explained in Provision 7.2 above, no remuneration or compensation was paid or is to be paid in the form of share options, as the Company currently does not have any employee share schemes or long-term incentive schemes in place. The Board is of the view that, for the time being, such scheme would not be necessary, as it is difficult to determine how much such long-term incentive plan contributes to the retention of employees and to motivate their performance.

## ***Provision 8.2: Remuneration to Employees who are Substantial Shareholders of the Company, or are Immediate Family Members of a Director or the CEO or Substantial Shareholders of the Company***

Details of employees who are substantial shareholder of the Company, or are immediate family members of a director, the CEO or substantial shareholders of the Company and whose remuneration had exceeded S\$100,000 per annum in FY2020 is set out below:

Remuneration Band	Name of Employees	Employees' Relationship
S\$300,001 to S\$400,000	Trisnadi Sukur Muslim Mulia	Son of Mr Masli Mulia, the Non-Independent and Non-Executive Director, Chairman of the Company  Brother of Mr Bani Maulana Mulia, the Executive Director and CEO of the Company.

The RC would continue to review, on an on-going basis, the requirements under Provisions 8.1, 8.2, 8.3 and Practice Guidance 8 of the 2018 Code and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.



# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### **Risk Management and Internal Controls**

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

### ***Provision 9.1: Adequacy and Effectiveness of Risk Management and Internal Controls and the Company's Level of Risk Tolerance and Risk Policies***

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. In addition, the Company's approach to risk management is set out in the "Risk Management Policies and Processes" section on pages 33 to 34 of this Annual Report (Financial).

The Board is committed to maintain an adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls), and risk management systems to safeguard the interests of the shareholders and the Group's assets. To achieve this, regular internal reviews are constantly being undertaken to ensure that the systems of internal controls and risk management systems maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, transactions are properly authorised and proper financial records are being maintained.

The risk management team of the Group (the "RM team") oversees and assesses the Group's risk management framework and policies, and reports directly to the AC on a quarterly basis. The AC would report all material updates to the Board. Hence the Board is of the view that it would not be necessary to establish a separate board risk committee to oversee and monitor the Group's risk management framework and policies as recommended under Provision 9.1 of the 2018 Code.

The RM team had carried out an enterprise risk management exercise to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and identified the Group's risk profile which summarises the material risks faced by the Group and the control-measures put in place to manage such risk. The Group has documented an overview of its key risks, the risk tolerance level, the key personnel responsible for each identified risk type and the internal control mechanisms in place, which includes operational, financial, information technology and compliance. During the year under review, the RM team had worked together with the respective risk owners to monitor and implement proposed risk mitigation plans to lower the level of risk for each areas identified in the Group's risk profile, which had been reviewed and approved by the AC.

The AC has reviewed the Group's financial controls and risk management policies and processes, and based on its assessment and reports of the external auditors, internal auditor and the RM team, the AC is assured that adequate and effective internal controls are in place.

As for the operational and compliance controls, the Group has periodically reviewed these control areas through the various heads of department, and has continuously made improvements with the assistance of the internal auditor and the RM team.

The systems of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as the Group strives to achieve its' business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal control procedures established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, are adequate and effective as at 31 December 2020.

# CORPORATE GOVERNANCE REPORT

## **Provision 9.2: Assurance from the CEO and the CFO**

For FY2020, the Board has received assurance from the CEO and the CFO (being the key management personnel responsible for risk management and internal controls systems) that:

- (a) Nothing has come to their attention, which may render the Group's financial statements to be false and misleading in any material aspect pursuant to SGX Listing Rule 705(5);
- (b) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (c) the Group's risk management and internal control systems in place are adequate and effective in addressing the needs of the Group in its current business environment, including financial, operational, compliance and information technology risks.

The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems in place, including financial, operational, compliance and information technology controls. This is based on internal controls maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board.

## **AUDIT COMMITTEE**

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

### **Provisions 10.1, 10.2 and 10.3: Composition, Role and Duties of AC**

The AC comprises the following four (4) members, all of whom are Independent and Non-Executive Directors.

Quah Ban Huat	Chairman
Nicholas Peter Ballas	Member
Ng Chee Keong	Member
Lee Lay Eng Juliana	Member

None of the AC members is a former partner or director 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.

The Board is of the opinion that the AC members are appropriately qualified to discharge their responsibilities. Messrs Quah and Ballas have accounting or related financial management background, while Mr Ng's expertise is in terminal, marine and logistics and Ms Juliana Lee is specialised in tax advisory. All members are familiar with financial statements.

The AC is authorised by the Board to investigate any matters within its Terms of Reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly. The AC has full discretion to invite any Executive Director or key management personnel or any other person to attend its meetings.

# CORPORATE GOVERNANCE REPORT

The key responsibilities of the AC include the following:

- To review the external and internal audit plans/audit reports, including the nature and scope of the audit before the audit commences, the significant financial reporting issues and judgments addressed in the management letter issued by the external auditors (if any) and Management's response to the letter to ensure the integrity of the Company's financial statements;
- To review the adequacy and effectiveness of the internal audit function;
- To review the internal auditors' evaluation of the adequacy and effectiveness of the Company's and the Group's system of internal controls in terms of financial, operational, compliance, information technology and risk management;
- To review the assistance and cooperation given by Management to the external auditors and internal auditors and to discuss problems and concerns, if any, arising from the interim and final audits in consultation with the external auditors;
- To review the half-yearly and full-year results announcements and financial statements of the Company, the consolidated financial statements of the Group and any other announcements relating to the Company's financial performance, prior to submission to the Board for approval and release to the Singapore Exchange Securities Trading Limited ("**SGX-ST**");
- To review interested person transactions in accordance with the requirements of the SGX Listing Rules;
- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence and objective of the external auditors;
- To review and recommend the appointment or re-appointment of the external auditors, including their remuneration and terms of engagement for the ensuing year; and
- To review and take actions on the arrangements by which staff of the Group and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC has examined any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC met four (4) times during FY2020.

The AC activities during the year, amongst other things, included (i) the review on the Group's risk events identified by the RM team, including progress updates on the risk mitigation plans/remedial actions implemented during the year; (ii) the Company's sustainability policies and practices during the year, including identification of the Company's material ESG factors and the proposed measurements and targets in relation thereto; (iii) the review by the AC on investment and/or divestment proposals from an accounting, capital requirements and financing perspective; and (iv) the review by the AC on the Group's compliance with its loan covenants, including the maturity deadlines for the Group's bank loans.

The Executive Directors, external auditors, internal auditor, a representative of the RM team and the key finance personnel were invited to attend these meetings.

The AC also meets regularly with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions, including significant financial reporting issues.

The AC is kept abreast by the Management and the external auditors on changes to accounting standards, SGX Listing Rules and other regulations which could have a direct impact on the Group's business and financial statements.

# CORPORATE GOVERNANCE REPORT

## External Audit

For the year under review, the AC has also reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect their independence and objectivity. The total fees payable by the Group to the external auditors for audit and non-audit services are as disclosed:

<b>External Auditor Fees for FY2020</b>	<b>S\$</b>	<b>% of Total</b>
Total audit fees	214,928	93%
Total non-audit fees	16,875	7%
<b>Total Fees payable</b>	<b>231,803</b>	<b>100%</b>

The AC is satisfied that the appointment of external auditors is in compliance with the requirements of SGX Listing Rule 712 for FY2020.

In accordance with the requirements of SGX Listing Rule 716, the AC and the Board, having reviewed the appointment of different auditors for the Company's subsidiaries during FY2020, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The AC reviewed and discussed the following key audit matters impacting the financial statements with Management and the external auditor. These key audit matters have been addressed by the external auditors in their Independent Auditor's Report on pages 39 to 41 of the Annual Report (Financial).

<b>Key Audit Matters</b>	<b>How the AC reviewed these matters and what decisions were made</b>
Impairment Assessment of Vessels	<p>The AC reviewed management's impairment assessment of vessels, which included valuation by independent external specialists as well as management's value-in-use calculation.</p> <p>Detailed discussion with management was held taking into account industry trend and potential impact that the COVID-19 pandemic has on the vessels' operation.</p> <p>The AC also discussed and reviewed the findings of the external auditors with management and auditors, including their assessment on the appropriateness of the methodologies and the underlying key assumptions applied in both valuation and value-in-use assessment.</p> <p>The AC was satisfied with the valuation and value-in-use assessment along with the methodologies used for the vessels owned by the Group as disclosed in the financial statements.</p>
Impairment Assessment of Investments in subsidiaries	<p>The AC reviewed management's impairment assessment of investment in subsidiaries, which involve the preparation of discounted future cashflow, the assumptions made in determining such amounts and the evaluation of potential impact that the COVID-19 pandemic has on the operations of its subsidiaries.</p> <p>The AC discussed and reviewed the findings of the external auditors with management and auditors, including their assessment on the appropriateness of the methodologies and the underlying key assumptions applied in the impairment assessment.</p> <p>The AC was satisfied with the value-in-use assessment along with the methodologies used as disclosed in the financial statements.</p>

# CORPORATE GOVERNANCE REPORT

## WHISTLEBLOWING POLICY

The AC had reviewed and adopted a revised WhistleBlowing Policy in FY2017 which now provides a more elaborate and well-defined channel for the employees of the Group and other external parties such as customers, vendors, banks and other stakeholders to report their concerns (if any) in respect of the following matters within the Group:

- Theft/Fraud/Unethical Behaviour
- Workplace Safety Breaches
- Bullying, Harassment & Discrimination
- Misconduct and Malpractice
- Breach of Laws, Regulations, Policy/Procedures
- Acts which compromise the health and safety of customers and employees
- Abuse of Position or Conflicts of Interest
- Possible improprieties relating to accounting or auditing matters or internal controls or/and operational matters

Whistle-blowing concerns may be reported directly to the AC Chairman or the Head of Internal Audit via mail or email. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. The AC reviews the WhistleBlowing Policy periodically to ensure that arrangements are in place for independent investigation on such matters and for appropriate follow-up actions.

No whistle-blowing concerns were reported for FY2020.

### **Provision 10.4: Internal Audit Function**

The Board recognises the importance of maintaining a sound system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Company has appointed an in-house internal auditor to oversee the Group's internal audit function, who reports directly to the AC on the progress and adequacy of the internal audit function. The internal auditor has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor's primary line of reporting is to the AC Chairman. The appointment, evaluation and removal of internal auditor are solely subject to the approval of the AC.

The internal auditor plans its internal audit schedules in consultation with, but independent of, Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews the activities of the internal auditor on a regular basis to ensure that the internal audit resources are adequate, in particular the qualification and experience of the internal auditor.

The AC is satisfied that the internal auditor is qualified and experienced personnel. The internal auditor has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During FY2020, the internal auditor has also reviewed and assessed the internal controls established and maintained by the Group to ensure that they are adequate, sufficient and effective and reported the findings to AC, recommending improvements and additional controls where appropriate. A copy of the report was also circulated to relevant departments for follow up actions.

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that internal audits are conducted effectively and that the Management provides the necessary co-operation to enable the internal auditor to perform its function. The AC also reviews the internal auditor's reports and monitors the remedial actions implemented by Management to address internal control weaknesses identified.

Based on the reviews carried out, the AC was of the view that the internal audit function for FY2020 was independent, effective and adequately resourced.

# CORPORATE GOVERNANCE REPORT

## ***Provision 10.5: Meeting External Auditors and Internal Auditor without the presence of the Company's Management Annually***

The AC met with the external auditors and internal auditor without the presence of Management to review and discuss any issues or areas of audit concerns that they may have in respect of the FY2020 audit (including any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company and Group's operating results or financial position, and management's response thereof).

## **SHAREHOLDERS RIGHTS AND ENGAGEMENT**

### **Shareholder Rights And Conduct of General Meetings**

**Principle 11: The company treat 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.**

### **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.**

### **Conduct of General Meetings and Shareholders' Participation**

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. The Board is mindful of the obligation to provide timely and fair disclosure of information about the Group's business developments and financial performance which would have a material impact on the share price or value of the Company. The Board is accountable to the shareholders while Management is accountable to the Board.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders. Copies of the Annual Report, the Circular and the Notices for the AGM and/or Extraordinary General Meetings ("**EGM**"), where applicable, are sent to every shareholder of the Company, informing them of the rules and voting procedures that govern the general meetings. The notices of the general meetings are also advertised in the newspapers, released via SGXNet and made available on the Company's website at [www.samudera.id/ssl](http://www.samudera.id/ssl).

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and stay informed of the Group's strategies and visions. The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notices for the general meetings to all shareholders. The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

For greater transparency and fairness in the voting process, voting at shareholders' meetings were conducted by poll since 2013. This allows all shareholders present or represented at the general meetings to vote on a one-share-one-vote basis. The rules, including the voting process, are explained by the scrutineers. The voting results of all votes cast for or against each resolution (including the respective percentages) are disclosed during the general meetings and the same will be announced to the SGX-ST after the conclusion of the general meetings.

General meetings are principal forum for dialogue with shareholders. The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at the general meetings.

All Directors, including the Chairman of each Board Committee (AC, NC and RC, respectively), external auditors, key management personnel and legal advisors (where necessary), are present at the general meetings to address any questions that may be raised by the shareholders. Details of the Directors' attendance at the AGM and EGM held during FY2020 is disclosed in Provision 1.5 above.

# CORPORATE GOVERNANCE REPORT

During the general meetings, shareholders are given opportunities to speak and seek clarifications from the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address shareholders' concerns at general meetings.

Each distinct issue requiring shareholders' approval is proposed as a separate resolution at the general meetings. Detailed information on each resolution in the Notice of AGM or EGM will be set out in the explanatory notes to the AGM or EGM.

In line with Provision 11.5 of the 2018 Code, the minutes of the Company's AGM and EGM held last year on 25 June 2020 were announced via SGXNet on 21 July 2020 and made available publicly on the Company's website.

## **AGM for FY2020**

In view of the current COVID-19 situation in Singapore, similar to last year, the Company's forthcoming AGM in respect of FY2020 will be convened and 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. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the AGM to be held in April 2021.

## **Disclosure of Information**

The Company does not practice selective disclosure. Material and price sensitive information is publicly released in a comprehensive, accurate and timely manner via SGXNet.

The Board seeks to keep stakeholders updated on the Group's financial performance, position and prospects through half-yearly and annual financial results as well as timely announcements on developments in the Group's businesses. Half-yearly and full year financial results of the Company are reviewed by the Board before dissemination to shareholders via SGXNet. Half-yearly results will be released within 45 days of the reporting period from FY2020 onwards, while the full year results are released within 60 days of the financial year end via SGXNet. In presenting the financial reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance.

The Company's annual reports are announced and issued within the mandatory period and made available to shareholders on request. Financial results, annual reports and corporate announcements as disclosed by the Company on SGXNet are also accessible on the Company's website at [www.samudera.id/ssl](http://www.samudera.id/ssl).

Following the amendments to SGX Listing Rule 705, which took effect from 7 February 2020, the Company is only required to announce the Company's and the Group's unaudited financial statements on a half-yearly basis.

The Company and the Group's unaudited financial results in respect of the half-year ending 30 June 2021 will be released within 45 days from 30 June 2021. Notwithstanding the foregoing, the Company will comply with its continuing disclosure obligations to keep shareholders updated as and when appropriate, should there be any material developments (financial or otherwise) relating to the Company or the Group.

Other platforms used in the dissemination of relevant information include press releases, annual reports, shareholder circulars and general meetings. Presentations made at general meetings are announced via SGXNet and made available publicly on the Company's website.

## **Dividend Policy**

The Company will endeavour to maintain a dividend payout ratio of about 20%. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.



# CORPORATE GOVERNANCE REPORT

## **Investor Relations**

The Company, beside in-house investor relations (“IR”) personnel, also engages IR professionals to provide and facilitate communications with all stakeholders; shareholders, analysts and media, on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group’s corporate developments and financial performance.

To enable shareholders to contact the Company easily, investor relations access link is available at the Company’s website. Notwithstanding that there is no formal investor relations policy in place, the Board is cognizant of the recommendations as set out under Provisions 12.2, 12.3 and Practice Guidance 12 of the 2018 Code.

## **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.**

The stakeholders are those who are impacted by the Group’s business and operations and those who are similarly able to impact the Group’s business and operations. The Company has identified six material stakeholder groups through an assessment of their significance to the Group’s business operations. They are namely, investors and shareholders, employees, port authorities, customers, business partners and local community.

The Company regularly engages its stakeholders through various methods such as meetings, briefings, corporate website or intranet portal to understand the key concerns and factors that are important to our stakeholders. This allows us to be responsive and able to focus on efforts to improve our service quality.

The Company has undertaken a process to determine the various issues which are important to these stakeholders, including ESG factors. Details of our stakeholder engagement methods and the resulting areas of focus in relation to the management of stakeholders’ concerns during FY2020 is disclosed in the Company’s Sustainability Report, which is set out on pages 38 to 54 of the Annual Report.

The stakeholders can communicate and engage with the Company at the Company’s website at [www.samudera.id/ssl](http://www.samudera.id/ssl) or email to [sustainability@samudera.id](mailto:sustainability@samudera.id).

## **DEALINGS IN SECURITIES**

The Company has adopted an internal Code of Best Practices on dealings in securities (the “Code of Best Practices”), which has been disseminated and distributed to all officers and employees, to provide guidance to the officers, including Directors, of both the Company and its subsidiaries with regard to dealings in the Company’s securities. Directors and employees of the Company are regularly reminded not to deal (whether directly or indirectly) in the Company’s securities on short-term considerations and to be mindful of the law on insider trading as prescribed by the Securities and Futures Act.

The Code of Best Practices prohibits the officers of the Group from dealing in the Company’s securities during the period commencing one month before the announcement of the Company’s half-year and full year financial results and ending on the date of announcement of such results on the SGX-ST, and the Code of Best Practices also states that it is an offence to deal in the Company’s securities, while they are in possession of unpublished price-sensitive information of the Group.

The Company has complied with the Code of Best Practices.

## **MATERIAL CONTRACTS**

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire, stevedoring, container depot storage and repair and software development and system maintenance at the end of the financial year.

Save as disclosed in the Directors’ statement and financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interest of the CEO, any Director or the controlling shareholder subsisting at the end of FY2020.



## INTERESTED PERSON TRANSACTIONS

The Group has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC has reviewed the Interested Person Transactions ("IPTs") for FY2020 and are of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. The aggregate values of all IPTs conducted during the financial year are as follows:

Interested person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Rule		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Rule	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Expenses</b>				
<b>Immediate holding company</b>				
<u>PT Samudera Indonesia Tbk</u>				
Office rental	–	–	17	29
Vessel charter hire	–	–	2,124	2,591
<b>Related company</b>				
<u>PT Samudera Agencies Indonesia</u>				
Agency commission <sup>(1)</sup>	–	–	1,994	2,194
<u>PT Samudera Indonesia Ship Management</u>				
Ship management fees	–	–	579	622
<u>PT Perusahaan Pelayaran Nusantara Panurjwan</u>				
Vessel charter hire	–	–	3,467	2,799
Slot space purchase	38	57	–	–
<u>PT Praweda Sarana Informatika</u>				
Software development and system maintenance	408	437	–	–
<u>PT Samudera Sarana Logistik</u>				
Container depot storage / repair	–	–	134	121
<u>PT Tangguh Samudera Jaya</u>				
Stevedorage charges	–	–	4,743	5,295
<u>PT Ista Indonesia</u>				
Car rental	39	65	–	–
Website development	13	–	–	–

## INTERESTED PERSON TRANSACTIONS

Interested person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Rule		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Rule	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Sales</b>				
<b>Related company</b>				
<u>PT Perusahaan Pelayaran Nusantara Panurjwan</u>				
Vessel charter hire	483	949	-	-
Sale of vessel	709	-	-	-
 <u>PT Samudera Energi Tangguh</u>				
Vessel charter hire	6,365	5,112	-	-
	<b>8,055</b>	6,620	<b>13,058</b>	13,651

<sup>(1)</sup> No agency commission is payable for revenue collected or payments made on behalf of Samudera Shipping Line Ltd and the transaction has been accorded as a nil value.

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire, stevedoring, container depot storage and repair and software development and system maintenance at the end of the financial year.

# RISK MANAGEMENT POLICIES AND PROCESSES

The risk management policies and processes are set by the Board. These are regularly reviewed and updated.

The Group has setup a risk management team to oversee and assess the Group's risk management framework and policies, to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Group identifies, analyses and evaluates risks that affect the operations of the Group's business and realization of projects. This includes considering factors that trigger and give rise to such risks as well as its potential impact to the organization. Achieving these objectives will allow the Group to enhance shareholder value by focusing on the key risks, finding an appropriate balance between cost and risk control as well as a more effective capital allocation.

An overview of the key risks are identified in the following areas:

- Strategic
- Investment
- Operation
- Information Technology
- Compliance
- Financial

## STRATEGIC

1. A periodic strategy evaluation exercise is conducted with the view to build and enhance its long-term strategic direction and plans. The plan will be aligned with the broader Vision, Mission and Values of the Samudera Indonesia Group, the major shareholder of the Group. The main elements of the strategy will be to expand and enhance our network and connectivity, and to provide high-quality transportation services and logistics to our valued customers.
2. The Group is committed on providing the best quality service for its customers. Therefore, strong emphasis in organisational structure is geared toward continuous improvement in customer satisfaction as well as customer retention.
3. The Group adopts a portfolio approach in terms of its business lines. It participates in three business segments: container shipping, bulk and tanker shipping, and logistics and others, each having its own unique business cycles, characteristics, risk profiles and profitability patterns.

## INVESTMENT

1. Written approval from Board is necessary prior to implementation of any new investment. The approval process involves a rigorous review of various aspects of the investment proposal.
2. As good corporate governance practices, the Group adopts a prudent approach in managing the investments and, at the same time, maximizing available resources. In particular special attention is paid in managing the level of gearing on a consolidated basis. Although it covenants a gearing ratio of not higher than 2:1 (being the ratio of interest bearing debt over net worth) to its lenders, it consistently maintains a gearing level, which is lower than its covenants.
3. For external borrowings, it ensures that it works with a bank or a financial institution that is financially sound and understands the Group's business and its risk characteristics. The Group believes that by choosing its lenders properly, it can expect a continuing support from the financing community at attractive terms to support the Group's strategic plan.

# RISK MANAGEMENT POLICIES AND PROCESSES

## OPERATION

1. The Group relies on proper organizational structures and internal controls to ensure a smooth running of operations in relation to Group's goals and the industry environments and various geographical areas that it operates in. Periodical review is conducted by the Board to review and evaluate the effectiveness of the controls and appropriateness of the structure.
2. Being in the service industry, it places high emphasis on its quality of human resources through placement and empowerment of the right people and appropriate management control tools.
3. The Group takes necessary insurance covers for example Hull & Machinery, Protection & Indemnity, kidnap and ransom, Time Charterers' Liability and War Risk cover as and when necessary.
4. When entering into an entirely new market, the Group usually seeks assistance from suitable consultant(s) or agency who are knowledgeable about local market condition.
5. The Group maintain a balanced vessel portfolio of owned, long term chartered and short term chartered.

## INFORMATION TECHNOLOGY

The Group opines that information technology is one of the crucial tools to achieve business growth, better productivity and a greater competitive edge. Investment within this area mainly focuses on technology that will improve quality of service, productivity and security.

The Group has established policies in place to manage risks associated with information technology, covering various aspects including business continuity planning, user access management and change management. The Group has also implemented a robust security framework to ensure there are appropriate preventive, detective and recovery measures to minimize information technology and network security risks to its network and data systems.

## COMPLIANCE

1. To achieve optimum fleet maintenance, the Group engages various ship management companies to manage its fleet. The ship management company, being a specialized company in that industry, ensures that the Group's vessels are in compliance with various regulations e.g. IMO regulations including ISM Code, Classification Society's rules, Oil Major Terminal vetting inspections, CDI inspections etc.
2. To ensure compliance to legal and regulatory matter, the Group engaged a third-party professional advisory firm for corporate secretarial services to keep the Group apprised of matters necessary to comply with statutory requirements and listing rules. For advisory on specific matter, the Group may appoint professional advisor or legal firm.

## FINANCIAL

Please refer to Notes to financial statements of the Annual Report.

# DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Samudera Shipping Line Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

## OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS OF THE COMPANY

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

Masli Mulia  
Bani Maulana Mulia  
Ridwan Hamid  
Tan Meng Toon  
Quah Ban Huat  
Nicholas Peter Ballas  
Ng Chee Keong  
Lee Lay Eng Juliana

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

# DIRECTORS' STATEMENT

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Direct interest		
	At the beginning of financial year/At date of appointment	At the end of financial year	As at 21 January 2021
<b>Immediate holding company</b>			
<u>PT Samudera Indonesia Tbk</u>			
Ordinary shares of Indonesian rupiah ("IDR") 25 each (2019: IDR25 each)			
Masli Mulia	13,170,000	13,170,000	13,170,000
Bani Maulana Mulia	1,568,000	3,332,300	3,482,300
<b>The Company</b>			
<u>Samudera Shipping Line Ltd</u>			
Ordinary shares			
Bani Maulana Mulia	3,272,000	3,272,000	3,272,000

There were no deemed interest held by the directors in the shares of the Company and its related corporations as at 1 January 2020, 31 December 2020 and 21 January 2021.

## Share options

### (a) *Options to take up unissued shares*

During the financial year, there were no options granted to take up unissued shares of the Company or any corporation in the Group.

### (b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

### (c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

The Audit Committee ("AC") of the Company comprises four members, all of whom are Independent and Non-Executive Directors. The Chairman of the AC is Mr Quah Ban Huat and the other members are Mr Nicholas Peter Ballas, Mr Ng Chee Keong and Ms Lee Lay Eng Juliana.

The AC performs the functions specified in Section 201B of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX Listing Rule") and the Singapore Code of Corporate Governance which was issued on 6 August 2018 (the "2018 Code").

The AC has held four meetings during the financial year. In performing its functions, the AC met with the Company's external auditors and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The AC also reviewed the following:

- external and internal audit plans/audit reports, including the nature and scope of the audit before the audit commences and the significant financial reporting issues;
- adequacy and effectiveness of the internal audit function;
- internal auditors' evaluation of the adequacy and effectiveness of the Company's and the Group's system of internal controls in terms of financial, operational, compliance, information technology and risk management;
- assistance and cooperation given by Management to the external auditors and internal auditors and to discuss problems and concerns, if any, arising from the interim and final audits in consultation with the external auditors;
- half-yearly and full-year results announcements and financial statements of the Company and the consolidated financial statements of the Group prior to submission to the Board for adoption;
- interested person transactions in accordance with the requirements of the SGX Listing Rules;
- all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence and objective of the external auditors; and
- the appointment or re-appointment of the external auditors, including their remuneration and terms of engagement for the ensuing year.

The AC has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly. It also has full discretion to invite any Executive Director or key management personnel or any other person to attend its meetings.

## AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors

Ridwan Hamid  
Director

Tan Meng Toon  
Director

Singapore  
25 March 2021

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

## INDEPENDENT AUDITOR'S REPORT

To the Members of Samudera Shipping Line Ltd

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Samudera Shipping Line Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

## **Impairment assessment of non-financial assets**

The recoverable amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The assessment for impairment and the recoverable value is considered a key audit matter as management exercises significant judgement in making assumptions and estimates in the preparation of the discounted cash flow forecasts.

### **(a) Impairment assessment of vessels**

The Group has vessels recorded as fixed assets and right-of-use assets with total carrying amount of US\$44,719,000 and US\$56,313,000 respectively as at 31 December 2020. This approximates 29.5% of the Group's total assets. In addition, the Group has an associate which owns a vessel and the carrying amount of the vessel in the associate is US\$122,614,000 (Note 15). The Group's share of the carrying amount of the vessel in the associate as at 31 December 2020 is US\$30,654,000.

Based on management's assessment, the Group recognised impairment losses of US\$9,406,000 (Note 12(b)) during the financial year ended 31 December 2020.

Our audit procedures included evaluating the suitability of the impairment model and reasonableness of the key assumptions used by management. We obtained an understanding of management's impairment assessment process, including indicators of impairment and determination of cash generating units for the purpose of estimating the recoverable amounts.

For the owned vessels, in assessing whether there are indicators of impairment, management took into consideration the fair value less cost of disposal ("FVLCD") at 31 December 2020. The fair values were determined based on independent valuation performed by external valuers. In assessing the FVLCD, we involved our internal specialists to assist in the following:

- Held discussions with the external valuers to obtain an understanding on the performance;
  - Objectivity, competency and independence of the valuers;
  - Reasons for any significant change in the valuations from the previous financial year;
  - Methodology adopted in the valuation;
  - Key assumptions adopted by the valuers in the valuation;
- Identify any inconsistencies in the standard valuation process; and
- Performed research and comparative calculation to validate the valuations provided by the external valuers.

When assessing the recoverable value based on value-in-use, we performed the following procedures:

- Obtained an understanding from management on their assessment of the potential impact that COVID-19 pandemic has on the vessels' operation;
- Reviewed the key assumptions applied (including those relating to daily charter rates/lifted volumes/earnings, revenue growth rate, capital and operating expenditures) taking into consideration the current market condition by comparing them against the Group's historical performance and available market data;

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

- Involved our internal specialists to assess the reasonableness of the discount rate by performing comparative discount rate calculations using available market and industry comparables data sources;
- Performed sensitivity analysis on the key assumptions in the impairment model being discount rate and charter/freight rates; and
- Reviewed actual performance against previous forecast to assess the robustness of management's forecasting process, taking into consideration the impacts of COVID-19 pandemic.

For leased vessels, in assessing whether there are indicators of impairment, management took into consideration external and internal sources of information as at 31 December 2020, such as the trend of market charter rates and the headroom in comparison to the actual contracted rates as well as the economic performance of vessels utilised for freight operations. We performed the following procedures:

- Obtained an understanding of management's assessment of impairment indicators;
- Reviewed the appropriateness of the indicators and validated the key inputs used based on external sources of information such as charter rates;
- Reviewed the economic performance of vessels based on internal reporting information against historical trend, taking into consideration the impacts of COVID-19 pandemic.

We also assessed the adequacy of the disclosures on the impairment of vessels in Notes 12(b) and 3.1(b) to the financial statements.

## **(b) Impairment assessment of investment in subsidiaries**

The Company have significant investment in subsidiaries. The carrying amounts of these investments were included in Note 14 to the financial statements. The financial performance of the subsidiaries is dependent on the economic and market conditions in which they operate in. Management monitors the performance of these entities and an assessment for impairment is carried out when there are indicators of impairment, such as when the expected returns on the investments are lower than anticipated. The impairment assessments involve the preparation of discounted cash flow forecasts to determine the recoverable amounts of these investments. The assessment for impairment is considered a key audit matter as management exercises significant judgement in making assumptions and estimates for the preparation of the discounted cash flow forecasts. Based on management's assessment, the Company recognised impairment losses of US\$4,243,000 (Note 14) against investment in one of its subsidiaries in the current financial year.

We performed the following procedures, amongst others in assessing the impairment loss recognised during the year:

- Reviewed management's assessment on whether there are any impairment indicators for the investment in subsidiaries;
- For those entities with indicators of impairment, we reviewed the process by which management's discounted cash flow forecasts were prepared;
- We obtained an understanding from management on their assessment of the potential impact that COVID-19 has on the operations of those entities;

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

- Tested the robustness of management's discounted cash flow forecasts by comparing previous forecasts to actual results and validated key inputs used, such as the discount and growth rates, to historical and external market data in light of current market conditions to assess the reasonableness of the key inputs; and
- We assessed the sensitivity of the discounted cash flow forecasts based on reasonably possible changes to the key assumptions and checked the mathematical accuracy of the underlying calculations.

We also assessed the adequacy of the Company's disclosures relating to the impairment of investments in subsidiaries in Notes 14 and Note 3.1(a) to the financial statements.

## Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

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.
- 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# **INDEPENDENT AUDITOR'S REPORT**

For the financial year ended 31 December 2020

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yee Woon Yim.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants

Singapore  
25 March 2021

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2020

		Group	
	Note	2020 US\$'000	2019 US\$'000
<b>Revenue</b>	4	347,895	373,803
Cost of sales		(318,294)	(355,855)
<b>Gross profit</b>		29,601	17,948
Other income	5	893	2,611
Marketing expenses		(7,641)	(7,314)
Administrative expenses		(5,226)	(5,132)
Other expenses	6	(10,657)	(2,797)
<b>Profit from operations</b>		6,970	5,316
Finance income	7	676	994
Finance costs	8	(1,610)	(2,866)
<b>Operating profit</b>		6,036	3,444
Share of results of associate and joint venture	15	1,765	1,463
<b>Profit before tax</b>		7,801	4,907
Income tax expense	9	(528)	(722)
<b>Profit for the year</b>	10	7,273	4,185
<b>Attributable to:</b>			
Owners of the Company		7,230	3,911
Non-controlling interests ("NCI")		43	274
		7,273	4,185
<b>Earnings per share (US cents)</b>			
Basic and diluted	31	1.34	0.73

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For financial year ended 31 December 2020

	Group	
	2020	2019
	US\$'000	US\$'000
<b>Profit for the year</b>	7,273	4,185
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation (Note 26)	(6)	–
	(6)	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associate (Note 30b)	670	407
Net unrealised loss on revaluation of cash flow hedges (Note 30b)	(40)	–
Exchange differences on translation of foreign operations	1	46
	631	453
<b>Other comprehensive income for the year, net of tax</b>	625	453
<b>Total comprehensive income for the year</b>	7,898	4,638
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	7,842	4,339
Non-controlling interests	56	299
	7,898	4,638

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Non-current assets</b>					
Investment properties	11	1,004	1,191	555	580
Property, plant and equipment	12	85,604	115,609	64,254	85,895
Right-of-use assets	25	63,887	7,909	58,121	3,031
Intangible assets	13	1,136	103	1,136	103
Subsidiaries	14	–	–	34,389	38,632
Associate and joint venture	15	15,677	14,242	12,117	10,099
Deferred tax assets		63	63	–	–
Due from subsidiary (non-trade)	19	–	–	818	–
Total non-current assets		167,371	139,117	171,390	138,340
<b>Current assets</b>					
Cash and bank balances	16	80,827	56,519	58,443	37,646
Trade receivables – third parties	17	53,810	60,421	48,264	52,396
Prepaid operating expenses		9,040	11,714	5,660	7,283
Other receivables and deposits	18	2,069	2,923	781	1,568
Due from immediate holding company (non-trade)	33	261	261	–	–
Due from immediate holding company (trade)	17	3,981	3,959	3,972	3,955
Due from subsidiaries (trade)	17	–	–	3,337	3,357
Due from subsidiaries (non-trade)	19	–	–	990	2,020
Due from related companies (trade)	17	10,375	9,559	5,652	3,700
Due from non-controlling interest of subsidiary (trade)	17	229	75	–	–
Inventories	20	1,650	1,631	1,419	1,388
		162,242	147,062	128,518	113,313
Assets classified as held for sale	21	13,230	–	13,230	–
Total current assets		175,472	147,062	141,748	113,313
<b>Total assets</b>		<b>342,843</b>	<b>286,179</b>	<b>313,138</b>	<b>251,653</b>

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



# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Current liabilities</b>					
Bank term loans and borrowing	22	9,768	7,090	8,427	5,757
Trade payables	23	18,441	23,617	15,956	19,349
Other payables and liabilities	24	29,228	22,532	20,777	13,645
Due to subsidiary (trade)	33	–	–	–	34
Due to subsidiary (non-trade)	33	–	–	7,269	5,491
Due to related companies (trade)		114	265	48	7
Due to non-controlling interests of subsidiaries (non-trade)	27	59	585	–	–
Lease liabilities	25	11,153	2,687	10,504	2,395
Income tax payable		1,362	1,041	341	359
Total current liabilities		70,125	57,817	63,322	47,037
<b>Non-current liabilities</b>					
Bank term loans and borrowing	22	19,787	28,605	13,692	21,196
Lease liabilities	25	53,157	5,539	47,861	807
Retirement benefit obligations	26	–	1	–	–
Deferred tax liabilities		17	16	–	–
Due to non-controlling interests of subsidiaries (non-trade)	27	1,744	1,044	–	–
Total non-current liabilities		74,705	35,205	61,553	22,003
<b>Net current assets</b>		105,347	89,245	78,426	66,276
<b>Net assets</b>		198,013	193,157	188,263	182,613
<b>Capital, reserves and non-controlling interests</b>					
Share capital	28	68,761	68,761	68,761	68,761
Treasury shares	29	(174)	(174)	(174)	(174)
Retained earnings		127,105	122,757	119,688	114,026
Other reserves	30	(150)	(774)	(12)	–
Foreign currency translation reserve	30	(134)	(122)	–	–
Equity attributable to owners of the Company		195,408	190,448	188,263	182,613
Non-controlling interests		2,605	2,709	–	–
Total equity		198,013	193,157	188,263	182,613
<b>Total liabilities and equity</b>		342,843	286,179	313,138	251,653

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital US\$'000	Treasury shares US\$'000	Other reserves US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>Group</b>								
<b>2019</b>								
<b>At 1 January 2019</b>	68,761	(174)	(409)	(143)	121,041	189,076	4,279	193,355
<i>Total comprehensive income for the year:</i>								
Profit for the year	–	–	–	–	3,911	3,911	274	4,185
Other comprehensive income for the year	–	–	407	21	–	428	25	453
<b>Total</b>	–	–	407	21	3,911	4,339	299	4,638
<i>Transactions with owners, recognised directly in equity:</i>								
Additional investment in subsidiary by an NCI	–	–	–	–	–	–	89	89
Capital reduction in subsidiary held by an NCI	–	–	–	–	–	–	(1,826)	(1,826)
Extinguishment of employment benefits obligation	–	–	(772)	–	772	–	–	–
Dividends paid by subsidiaries to NCI	–	–	–	–	–	–	(132)	(132)
Dividends paid (Note 32)	–	–	–	–	(2,967)	(2,967)	–	(2,967)
<b>Total</b>	–	–	(772)	–	(2,195)	(2,967)	(1,869)	(4,836)
<b>At 31 December 2019</b>	68,761	(174)	(774)	(122)	122,757	190,448	2,709	193,157

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital US\$'000	Treasury shares US\$'000	Other reserves US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
<b>Group</b>								
<b>2020</b>								
<b>At 1 January 2020</b>	68,761	(174)	(774)	(122)	122,757	190,448	2,709	193,157
<i>Total comprehensive income for the year:</i>								
Profit for the year	–	–	–	–	7,230	7,230	43	7,273
Other comprehensive income for the year	–	–	624	(12)	–	612	13	625
<b>Total</b>	–	–	624	(12)	7,230	7,842	56	7,898
<i>Transactions with owners, recognised directly in equity:</i>								
Dividends paid by subsidiaries to NCI	–	–	–	–	–	–	(160)	(160)
Dividends paid (Note 32)	–	–	–	–	(2,882)	(2,882)	–	(2,882)
<b>Total</b>	–	–	–	–	(2,882)	(2,882)	(160)	(3,042)
<b>At 31 December 2020</b>	68,761	(174)	(150)	(134)	127,105	195,408	2,605	198,013

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020

Company	Share capital US\$'000	Treasury shares US\$'000	Other Reserves US\$'000	Retained earnings US\$'000	Total equity US\$'000
<b>2019</b>					
<b>At 1 January 2019</b>	68,761	(174)	–	145,521	214,108
Loss for the year, representing total comprehensive income for the year	–	–	–	(28,528)	(28,528)
Total	–	–	–	(28,528)	(28,528)
<i>Transactions with owners, recognised directly in equity:</i>					
Dividends paid (Note 32)	–	–	–	(2,967)	(2,967)
Total	–	–	–	(2,967)	(2,967)
<b>At 31 December 2019</b>	<b>68,761</b>	<b>(174)</b>	<b>–</b>	<b>114,026</b>	<b>182,613</b>
<b>2020</b>					
<b>At 1 January 2020</b>	68,761	(174)	–	114,026	182,613
Profit for the year, representing total comprehensive income for the year	–	–	–	8,544	8,544
Other comprehensive income for the year	–	–	(12)	–	(12)
Total	–	–	(12)	8,544	8,532
<i>Transactions with owners, recognised directly in equity:</i>					
Dividends paid (Note 32)	–	–	–	(2,882)	(2,882)
Total	–	–	–	(2,882)	(2,882)
<b>At 31 December 2020</b>	<b>68,761</b>	<b>(174)</b>	<b>(12)</b>	<b>119,688</b>	<b>188,263</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Group	
	2020	2019
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit before tax	7,801	4,907
Adjustments for:		
Depreciation of property, plant and equipment	8,046	9,222
Depreciation of right-of-use assets	5,864	8,567
Amortisation of intangible assets	242	53
Depreciation of investment properties	38	38
Gain on disposal of property, plant and equipment	(10)	(129)
Gain on disposal of assets held for sale (vessels)	–	(293)
Net gain on disposal of investments at fair value through profit or loss – investment securities	–	(3)
Finance costs	1,610	2,866
Finance income	(676)	(994)
Allowance for impairment on receivables	696	–
Write back of allowance for impairment on receivables	–	(38)
Share of results of associate and joint venture	(1,765)	(1,463)
Impairment of property, plant and equipment	9,458	2,665
Impairment of investment property	149	–
Property, plant and equipment written off	–	2
Net foreign exchange loss	385	225
<b>Operating cash flows before movements in working capital</b>	31,838	25,625
Trade receivables	6,309	10,816
Other receivables and deposits	854	225
Prepaid operating expenses	2,674	(1,917)
Due from immediate holding company	(6)	4,244
Due from related companies	(1,222)	(1,145)
Due from joint venture	(3)	72
Due from non-controlling interest of subsidiary	(154)	418
Inventories	(19)	377
Trade payables	(5,176)	(2,036)
Other payables and liabilities	7,057	(1,921)
Due to related companies	(151)	(8)
<b>Cash generated from operations</b>	42,001	34,750
Interest paid	(1,610)	(2,866)
Income tax paid	(206)	(904)
<b>Net cash from operating activities</b>	40,185	30,980

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Group	
	2020	2019
	US\$'000	US\$'000
<b>Investing activities</b>		
Interest income received	676	994
Proceeds from disposal of property, plant and equipment	684	54
Proceeds from disposal of assets held for sale	–	20,858
Proceeds from disposal of current investments at fair value through profit or loss – investment securities	–	293
Purchase of property, plant and equipment [Note 12(f)]	(1,792)	(3,978)
Addition to investment property	–	(26)
Purchase of intangible assets (Note 13)	(1,275)	(63)
Purchase of investment securities	–	(290)
Dividend received from an associate	1,000	–
Due from joint venture	–	(339)
<b>Net cash (used in) from investing activities</b>	<b>(707)</b>	<b>17,503</b>
<b>Financing activities</b>		
Proceeds from bank term loans and borrowing	–	19,175
Repayment of bank term loans and borrowing	(6,507)	(26,791)
Repayment of principal portion of lease liabilities	(5,773)	(8,350)
Dividends paid	(2,882)	(2,967)
Decrease (increase) in pledged deposits	4,957	(713)
Dividends paid to non-controlling shareholder of subsidiaries	(160)	(132)
Additional investment in a subsidiary by non-controlling interests	–	89
Capital reduction in subsidiary held by a non-controlling interest	–	(1,826)
Loans from non-controlling interest of subsidiaries	164	15
<b>Net cash used in financing activities</b>	<b>(10,201)</b>	<b>(21,500)</b>
Net increase in cash and cash equivalents	29,277	26,983
Cash and cash equivalents at beginning of the year	47,753	20,749
Effects of exchange rate changes on the balance of cash held in foreign currencies	(12)	21
<b>Cash and cash equivalents at end of the year (Note 16)</b>	<b>77,018</b>	<b>47,753</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 1. CORPORATE INFORMATION

The Company (Registration Number: 199308462C) is incorporated in Singapore with its principal place of business and registered office at 6 Raffles Quay, #25-01, Singapore 048580. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars ("USD").

The principal activities of the Company are the owning and operating of ocean-going ships and the provision of containerised feeder shipping services.

The principal activities of its subsidiaries, associate and joint venture are disclosed in Notes 14 and 15 respectively.

The Group operates in South East Asia, the Far East, the Indian Sub-continent and the Middle East.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US\$") and all values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

#### *Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions*

The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SFRS(I) 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group has early adopted these amendments and the amendments have no material impact on the consolidated financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<u>Description</u>	<u>Effective for financial year beginning on</u>
Amendments to SFRS(I) 9, SFRS(I) 7, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

### 2.4 Foreign currency

The consolidated financial statements are presented in United States Dollars (USD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to consolidated income statement on disposal of the foreign operation.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.4 Foreign currency (cont'd)

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### 2.5 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or other reserves, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

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

#### (b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or a liability are recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGU to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

#### (c) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

Details of the Group's significant subsidiaries are shown in Note 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

### 2.7 Associates and joint ventures

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

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of results of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using straight-line method, on the following bases:

Vessels	–	15 to 25 years
Vessel improvements	–	2.5 to 5 years
Deferred charges	–	2.5 to 5 years
Motor vehicles	–	3 to 10 years
Equipment	–	3 to 5 years
Furniture and fittings	–	3 to 10 years
Renovation	–	3 to 5 years
Properties	–	15 to 60 years
Containers	–	15 years
Warehouse	–	20 years

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

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified and the estimate of the cost to be incurred is determined. The cost of these components is to be depreciated over a period to the next estimated drydocking date.

Deferred charges represent drydocking expenditure incurred for major overhauls of vessels, which is deferred when incurred and depreciated over a period from the current drydocking date to the next estimate drydocking date. When significant drydocking expenditures recur prior to the expiry of the depreciation period, the remaining carrying value of the previous drydocking is expensed in the month of the subsequent drydocking.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.9 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over 15 to 50 years which is its estimated useful life, using straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on disposal of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is disposed.

### 2.10 Impairment of tangible assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

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

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

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

### 2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

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

Impairment losses of continuing operations are recognised in profit or loss as impairment loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Reversal of an impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.12 Inventories

Inventories, comprising bunker stocks, oil and spare parts on board of vessels for consumption purposes are stated at lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made of deteriorated, damaged, obsolete and slow-moving inventories.

### 2.13 Financial instruments

#### (a) *Financial assets*

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

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the financial instrument.

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.13 Financial instruments (cont'd)

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

##### Subsequent measurement

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories, applicable to the Group, for classification of debt instruments are

##### (i) *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### (ii) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

###### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

##### **Derecognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

#### (b) Financial liabilities

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

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

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

##### **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.13 Financial instruments (cont'd)

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

##### **De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

#### (c) *Derivative financial instruments and hedge accounting*

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

The Group uses interest rate swaps as derivative financial instruments to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.13 Financial instruments (cont'd)

#### (c) *Derivative financial instruments and hedge accounting (cont'd)*

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### 2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of any collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.15 Cash and short-term deposits

Cash and short-term deposits comprise cash at bank and on hand and unsecured fixed deposits with financial institutions that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.16 Borrowing costs

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

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

### 2.17 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.18 Employee benefits

#### (a) *Defined contribution plans*

The Group participates in the state pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period which the related service is performed.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. Accrual is made for the estimated liability for the unconsumed leave as a result of services rendered by employees up to balance sheet date.

#### (c) *Retirement benefit costs*

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out as at each reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.18 Employee benefits (cont'd)

#### (c) Retirement benefit costs (cont'd)

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

#### (d) Other long-term employee benefits

A subsidiary of the Company provides long service award for all qualified employees.

The cost of providing other long-term benefits is determined using the Projected Unit Credit Method. The provision for long-term employee benefits recognised in the statements of financial position represents the present value of the employee benefits obligation.

### 2.19 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Vessels	2 to 7 years
Motor vehicles	2 to 3 years
Equipments	1 to 5 years
Land	30 years
Offices	1 to 4 years
Containers	1 to 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.19 Leases (cont'd)

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

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable and variable lease payments. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Details of the the Group's lease liabilities are included in Note 25.

##### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### (b) *As lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

### 2.20 Revenue

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.20 Revenue (cont'd)

#### (a) *Rendering of services*

Revenue and operating costs on freight operations are recognised as income and expenses respectively, by reference to the voyage progress as at end of the reporting period. This has been assessed by management to be an appropriate measure of progress towards complete satisfaction of these performance obligations over time under SFRS(I) 15. Unearned revenue received is recognised as contract liabilities, recognised over the period in which the freight services are performed representing the entity's right to consideration for the services performed as at the end of the reporting period. Certain freight operation contracts include a separate performance obligation surrounding the provision of stevedoring service. Such revenue is recognised as the performance obligation to move the customer's specific cargo to and from the vessel is satisfied over time.

Revenue from rendering sea freight forwarding services is recognised at a point in time based on the completion of shipment.

Charter hire revenue comprise time and voyage charter. The performance obligations within a time-charter contract include the lease of the vessel to the charterer and the maintenance of the vessel. Time charter revenue is recognised as such services are rendered over the duration of the time charter agreements and is stated net of taxes and commission paid.

Voyage charter revenue is recognised evenly over the duration of each voyage as the performance obligation is satisfied. The transaction price is in the form of fixed fee at contract inception.

Pool revenue is recognised as the performance obligation is satisfied over time in accordance with the pooling agreement.

Ship management and operation services revenue are recognised over time upon services rendered.

#### (b) *Interest income*

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

#### (c) *Dividend income*

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

#### (d) *Rental income*

The Group's policy for recognition of revenue from operating leases is described above.

### 2.21 Taxes

#### (a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.21 Taxes (cont'd)

#### (b) *Deferred tax*

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.21 Taxes (cont'd)

#### (c) Sales tax

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

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

### 2.22 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

### 2.23 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at banks, call and fixed deposits less pledged deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 2.24 Segment reporting

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

### 2.25 Share capital

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

### 2.26 Treasury shares

When the Company purchased its own equity share capital, treasury shares are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.27 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 2.28 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### 2.29 Prepaid operating expenses

Prepaid operating expenses, comprising prepaid charter-hire and other expenses, are initially recognised as prepayments when payments are made. Prepaid charter hire expenses pertaining to short-term leases are subsequently charged to profit or loss on a straight-line basis over the charter-hire period.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 2.30 Government grant

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised in profit or loss by deducting against the related costs on a systematic basis over the periods for which it is intended to compensate.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. There are no significant judgements made in applying accounting policies.

### 3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) *Investments in subsidiaries, associate and joint venture*

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries, associate and joint venture within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model. An impairment loss of US\$4,243,000 (31 December 2019: US\$34,660,000) in the investment in a subsidiary was recognised for the Company in the financial year, further details are given in Note 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

### 3.1 Key sources of estimation uncertainty (cont'd)

#### (b) *Vessel useful life and impairment*

The cost of vessels and vessel improvements of the Group and the Company is depreciated on a straight-line basis over the useful life of the vessels. Management estimates the useful life of these vessels and vessel improvements to be within 15 to 25 years and 2.5 to 5 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Management also reviews the vessels for impairment whenever there is an indication that the carrying amount of the vessel may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost of disposal and value in use, which is the future cash flows that the vessel is expected to generate and the expected running cost thereof over its remaining useful life with a cash inflow in the final year equal to the expected residual value of the vessels. The future cash flows is discounted to their present value using a pre-tax discount rate that reflects the time value of money. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's and Company's vessels, deferred charges, vessel improvements and impairment at the end of the reporting period are disclosed in Note 12.

#### (c) *Residual values of vessels*

The Group reviews the residual values of vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. Significant judgement is required in determining the residual values of its vessels.

In determining the residual values of its vessels, the Group considers the net proceeds that would be obtained from the disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practice.

The effect of the changes in estimate by a 5% increase in the scrap steel price in the estimated residual value of the vessels would reduce the depreciation charge by US\$289,000 (2019: US\$179,000).

#### (d) *Estimation of loss allowance*

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

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 17 and 18 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

### 3.1 Key sources of estimation uncertainty (cont'd)

#### (e) Revenue recognition on an over time basis (freight operations)

Revenue on freight operations are recognised by reference to the voyage progress as at end of the reporting period. This has been assessed by management to be an appropriate measure of progress towards complete satisfaction of these performance obligations over time. This requires the exercise of judgement and have a degree of complexity when determining the progress of the voyage as at year-end.

The amount of revenue earned from freight operations recognised during the year is disclosed in Note 4.

#### (f) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 4. REVENUE

The Group derives its revenue from shipping activities. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 36).

A disaggregation of the Group's revenue for the year, is as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
Freight operations	317,118	336,669
Charter hire (time and voyage charter)	9,798	13,557
Pool revenue	-	22
Ship management and operation services	-	716
Sea freight forwarding services	5,991	7,711
Other services	14,988	15,128
	347,895	373,803

#### Timing of revenue recognition

Over time:

Freight operations	317,118	336,669
Charter hire (time and voyage charter)	9,798	13,557
Pool revenue	-	22
Ship management and operation services	-	716
Other services	14,988	15,128
	341,904	366,092

Point in time:

Sea freight forwarding services	5,991	7,711
	5,991	7,711
	347,895	373,803

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 5. OTHER INCOME

	Group	
	2020	2019
	US\$'000	US\$'000
Gain on disposal of property, plant and equipment, net	10	129
Gain on disposal of assets held for sale (vessels)	–	293
Rental income	347	344
Net foreign exchange gains	497	919
Gain on disposal of investment at fair value through profit or loss – investment securities	–	3
Insurance claims	–	827
Others	39	96
	<u>893</u>	<u>2,611</u>

## 6. OTHER EXPENSES

	Group	
	2020	2019
	US\$'000	US\$'000
Impairment of property, plant and equipment	9,458	2,665
Impairment of investment property	149	–
Property, plant & equipment written off	–	2
Insurance claims deemed unrecoverable	1,047	–
Others	3	130
	<u>10,657</u>	<u>2,797</u>

## 7. FINANCE INCOME

	Group	
	2020	2019
	US\$'000	US\$'000
Interest income from call deposits and bank balances	<u>676</u>	<u>994</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. FINANCE COSTS

	Group	
	2020	2019
	US\$'000	US\$'000
Interest on bank term loans and borrowing	1,053	2,015
Interest on lease liabilities	530	830
Interest on loan due to non-controlling interest of subsidiary	27	21
	<u>1,610</u>	<u>2,866</u>

## 9. INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	Group	
	2020	2019
	US\$'000	US\$'000
Current income tax:		
Current year	593	827
Overprovision in respect of prior years	(66)	(104)
Deferred tax:		
Current year	1	(1)
	<u>528</u>	<u>722</u>

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company has been granted an extension of the status of the Approved International Shipping Enterprise ("AIS") with effect from 15 September 2014 for a period of 10 years. The AIS incentive exempts certain income derived by the Company from Singapore Income Tax, subject to compliance with the relevant conditions under the scheme and those income not qualifying for incentive will be taxable at the existing corporate income tax rate.

For the financial year ended 31 December 2019, the income of Foremost Maritime Pte Ltd, a subsidiary, which arises from shipping activities, was exempted from income tax in accordance with section 13A of the Singapore Income Tax Act, Cap. 134.

Income arising from other activities do not enjoy the above-mentioned income tax incentives and exemption. The income of the other companies in the Group are subject to the relevant income tax laws and regulations in the respective countries in which they operate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 9. INCOME TAX EXPENSE (CONT'D)

The tax charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
Profit before tax	7,801	4,907
Income tax expense calculated at 17% (2019: 17%)	1,326	834
Effect of income that is not taxable in determining taxable profit	(666)	(612)
Effect of different tax rates for foreign subsidiaries	145	557
Share of results of an associate and joint venture	(300)	(249)
Effect of tax losses disallowed	–	544
Overprovision in respect of prior years	(66)	(104)
Others	89	(248)
	528	722

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$31.8 million (2019: US\$36.2 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Group has exposure to income taxes in various jurisdictions. Judgement is involved in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on assessment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets recognised by the Group arises from allowance of expected credit losses of trade receivables and related party balances.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Note	Group 2020 US\$'000	Group 2019 US\$'000
Short-term lease expenses (included in cost of sales)	25	45,420	50,108
Bunker expenses (included in cost of sales)		44,371	49,343
Stevedorage expenses (included in cost of sales)		122,250	131,846
Directors' fees		267	252
Audit fee:			
Auditors of the Company		130	146
Member firms of the auditors of the Company		26	30
Other auditors		34	33
Non-audit fee:			
Auditors of the Company		12	14
Other auditors		15	24
Depreciation of property, plant and equipment	12	8,046	9,222
Depreciation of right-of-use assets	25	5,864	8,567
Amortisation of intangible assets	13	242	53
Depreciation of investment properties	11	38	38
Allowance for (write back of) impairment on receivables		696	(38)
<u>Employee benefits:</u>			
Wages, salaries and benefits		10,321	10,874
Central Provident Fund and other pension costs		950	779
		<u>11,271</u>	<u>11,653</u>

Government grants recognised relating to Jobs Support Scheme ("JSS") amounts to US\$1,008,000 (2019: Nil) and is deducted against wages, salaries and benefits.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11. INVESTMENT PROPERTIES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Cost:</b>				
At 1 January	1,524	897	897	897
Reclassification from property, plant and equipment (Note 12)	–	601	–	–
Additions	–	26	–	–
Balance at 31 December	1,524	1,524	897	897
<b>Accumulated depreciation:</b>				
Balance at 1 January	333	291	317	291
Reclassification from property, plant and equipment (Note 12)	–	4	–	–
Depreciation for the year	38	38	25	26
Impairment loss recognised during the year	149	–	–	–
Balance at 31 December	520	333	342	317
<b>Carrying amount:</b>				
At 31 December	1,004	1,191	555	580

The Group and the Company have adopted the cost model under SFRS(I) 1-40 for its investment properties. The Group's investment properties consist of 3 properties located in Singapore and Dubai. The Company's investment properties consist of 2 residential properties in Singapore. All of them are leased out under operating leases.

The fair values of the Group's and the Company's investment properties at 31 December 2020 and 31 December 2019 have been determined on the basis of valuations carried out at the end of the respective reporting periods by independent appraisers having an appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In valuing the investment properties, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the investment properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11. INVESTMENT PROPERTIES (CONT'D)

The Group and the Company classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. The fair value measurement of the Group's and the Company's investment properties are as follows:

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Fair value of investment properties (Level 3 of the fair value hierarchy)	1,995	1,990	1,545	1,563

There were no transfers between different levels during the year.

The following information is relevant, in regards to the investment properties:

Valuation techniques	Significant unobservable inputs	Sensitivity
Market Comparable Approach	Recent transaction prices of the residential property in the vicinity, taking into account the length of tenure, floor area and condition of the units.	A decrease in the market conditions would result in a decrease in fair value and vice versa.

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Rental income derived from investment properties	66	66	39	39
Direct operating expenses (including repairs and maintenance)	49	54	29	35

The Group carried out a review of the recoverable amount of one property in Dubai, in consideration of the decrease in the property market over the near-to-medium terms. The review led to the recognition of an impairment loss of US\$149,000 (2019: Nil) that has been recognised in profit or loss, and included in other operating expenses (Note 6).

### Fair value less cost of disposal

The recoverable amount of the property in Dubai were determined based on fair value less cost of disposal calculations as above.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels US\$'000	Vessel improvement US\$'000	Deferred charges US\$'000	Containers US\$'000	Motor vehicles US\$'000
<b>Cost:</b>					
At 1 January 2019	160,399	1,768	10,195	–	704
Additions	–	–	1,800	958	12
Disposals	–	–	–	–	(272)
Written off	–	–	–	–	–
Reclassification	–	–	–	–	–
Reclassification to assets held for sale (Note 21)	(24,006)	–	(1,667)	–	–
Reclassification to investment properties (Note 11)	–	–	–	–	–
Write off of fully depreciated deferred charges component	–	–	(610)	–	–
Translation difference	–	–	–	–	(2)
At 31 December 2019	136,393	1,768	9,718	958	442
Additions	–	–	1,584	–	1
Disposals	(2,371)	(335)	(1,551)	–	(4)
Written off	–	(474)	(407)	–	–
Reclassification to assets held for sale (Note 21)	(15,939)	–	(1,317)	–	–
Write off of fully depreciated deferred charges component	–	–	(1,420)	–	–
Translation difference	–	–	–	–	(2)
At 31 December 2020	118,083	959	6,607	958	437

<b>Equipment</b>	<b>Furniture and fittings</b>	<b>Renovation</b>	<b>Freehold land</b>	<b>Properties</b>	<b>Warehouse</b>	<b>Warehouse under construction</b>	<b>Total</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
6,951	994	775	29,169	8,122	–	2,037	221,114
190	57	86	–	849	26	–	3,978
(6)	–	–	–	–	–	–	(278)
(35)	(2)	(11)	–	–	–	–	(48)
–	–	–	–	–	2,041	(2,041)	–
–	–	–	–	–	–	–	(25,673)
–	–	–	–	(601)	–	–	(601)
–	–	–	–	–	–	–	(610)
4	–	5	–	38	28	4	77
7,104	1,049	855	29,169	8,408	2,095	–	197,959
178	12	3	–	–	14	–	1,792
–	–	–	–	–	–	–	(4,261)
–	(9)	–	–	–	–	–	(890)
–	–	–	–	–	–	–	(17,256)
–	–	–	–	–	–	–	(1,420)
(3)	(3)	3	–	(7)	36	–	24
7,279	1,049	861	29,169	8,401	2,145	–	175,948

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels US\$'000	Vessel improvement US\$'000	Deferred charges US\$'000	Containers US\$'000	Motor vehicles US\$'000
<b>Accumulated depreciation and impairment:</b>					
At 1 January 2019	57,335	1,768	7,718	–	488
Depreciation for the year	6,340	–	2,185	91	46
Impairment loss recognised during the year	2,665	–	–	–	–
Disposals	–	–	–	–	(262)
Written off	–	–	–	–	–
Reclassification to assets held for sale (Note 21)	(3,440)	–	(1,667)	–	–
Reclassification to investment properties (Note 11)	–	–	–	–	–
Write off of fully depreciated deferred charges component	–	–	(610)	–	–
Translation difference	–	–	–	–	(1)
At 31 December 2019	62,900	1,768	7,626	91	271
Depreciation for the year	5,636	–	1,613	137	42
Impairment loss recognised during the year	9,406	–	–	–	–
Disposals	(1,806)	(335)	(1,442)	–	(4)
Written off	–	(474)	–	–	–
Reclassification to assets held for sale (Note 21)	(2,772)	–	(1,254)	–	–
Write off of fully depreciated deferred charges component	–	–	(1,420)	–	–
Translation difference	–	–	–	–	–
At 31 December 2020	73,364	959	5,123	228	309
<b>Carrying amount:</b>					
At 31 December 2020	44,719	–	1,484	730	128
At 31 December 2019	73,493	–	2,092	867	171

Equipment US\$'000	Furniture and fittings US\$'000	Renovation US\$'000	Freehold land US\$'000	Properties US\$'000	Warehouse US\$'000	Warehouse under construction US\$'000	Total US\$'000
6,614	882	765	–	913	–	–	76,483
186	58	13	–	242	61	–	9,222
–	–	–	–	–	–	–	2,665
(6)	–	–	–	–	–	–	(268)
(35)	(1)	(10)	–	–	–	–	(46)
–	–	–	–	–	–	–	(5,107)
–	–	–	–	(4)	–	–	(4)
–	–	–	–	–	–	–	(610)
5	–	3	–	7	1	–	15
6,764	939	771	–	1,158	62	–	82,350
215	35	15	–	247	106	–	8,046
–	–	–	–	52	–	–	9,458
–	–	–	–	–	–	–	(3,587)
–	(9)	–	–	–	–	–	(483)
–	–	–	–	–	–	–	(4,026)
–	–	–	–	–	–	–	(1,420)
(1)	(2)	2	–	1	6	–	6
6,978	963	788	–	1,458	174	–	90,344
301	86	73	29,169	6,943	1,971	–	85,604
340	110	84	29,169	7,250	2,033	–	115,609

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Company	Vessels US\$'000	Vessel improvement US\$'000	Deferred charges US\$'000	Containers US\$'000
<b>Cost:</b>				
At 1 January 2019	85,054	1,284	4,009	–
Additions	–	–	700	958
Disposals	–	–	–	–
Written off	–	–	–	–
Write off of fully depreciated deferred charges component	–	–	(610)	–
At 31 December 2019	85,054	1,284	4,099	958
Additions	–	–	1,442	–
Written off	–	(474)	–	–
Reclassification to assets held for sale (Note 21)	(15,939)	–	(1,317)	–
Write off of fully depreciated deferred charges component	–	–	(1,420)	–
At 31 December 2020	69,115	810	2,804	958
<b>Accumulated depreciation:</b>				
At 1 January 2019	29,976	1,284	1,844	–
Depreciation for the year	3,884	–	1,693	91
Disposals	–	–	–	–
Written off	–	–	–	–
Write off of fully depreciated deferred charges component	–	–	(610)	–
At 31 December 2019	33,860	1,284	2,927	91
Depreciation for the year	3,884	–	1,303	137
Impairment loss recognised during the year	4,335	–	–	–
Written off	–	(474)	–	–
Reclassification to assets held for sale (Note 21)	(2,772)	–	(1,254)	–
Write off of fully depreciated deferred charges component	–	–	(1,420)	–
At 31 December 2020	39,307	810	1,556	228
<b>Carrying amount:</b>				
At 31 December 2020	29,808	–	1,248	730
At 31 December 2019	51,194	–	1,172	867

Motor vehicles US\$'000	Equipment US\$'000	Furniture and fittings US\$'000	Renovation US\$'000	Freehold land US\$'000	Properties US\$'000	Total US\$'000
376	5,174	191	667	28,431	4,525	129,711
-	140	-	-	-	-	1,798
(153)	-	-	-	-	-	(153)
-	(35)	-	-	-	-	(35)
-	-	-	-	-	-	(610)
223	5,279	191	667	28,431	4,525	130,711
-	132	-	-	-	-	1,574
-	-	-	-	-	-	(474)
-	-	-	-	-	-	(17,256)
-	-	-	-	-	-	(1,420)
223	5,411	191	667	28,431	4,525	113,135
220	4,968	187	667	-	500	39,646
33	135	2	-	-	130	5,968
(153)	-	-	-	-	-	(153)
-	(35)	-	-	-	-	(35)
-	-	-	-	-	-	(610)
100	5,068	189	667	-	630	44,816
33	162	1	-	-	130	5,650
-	-	-	-	-	-	4,335
-	-	-	-	-	-	(474)
-	-	-	-	-	-	(4,026)
-	-	-	-	-	-	(1,420)
133	5,230	190	667	-	760	48,881
90	181	1	-	28,431	3,765	64,254
123	211	2	-	28,431	3,895	85,895

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

- (a) During the year, the Group had designated some vessels as assets held for sale. Accordingly, an impairment loss of US\$731,000 (2019: US\$708,000) was recognised on the vessels before the reclassification as assets held for sale.
- (b) The Group carried out a review of the recoverable amount of its chemical tankers, in consideration of the declining trend in the charter rates over the near-to-medium terms. On its container vessels, the Group similarly performs an impairment assessment on vessels where there are indicators of impairment. The review led to the recognition of an impairment loss of US\$4,626,000 (2019: US\$1,957,000) for its chemical tankers and US\$4,049,000 (2019: Nil) for its container vessels that has been recognised in profit or loss, and included in other operating expenses (Note 6).

### Value-in-use

The recoverable amount of the chemical tankers and container vessels were determined based on value-in-use calculations. Cash flow projections used in these calculations are based on financial budget approved by management which is based on the remaining useful life of the vessels.

### **Chemical tankers**

Management determined the budgeted cash flows based on past performance and their expectations of market development. Cash inflows are based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends. The cash flows was discounted at 8.00% (2019: 7.00%).

### Sensitivity analysis

Based on the value in use calculations for vessels as determined by management, possible increase or decrease by 1.0% to the following estimates used in management's assessment will affect the value in use increase/(decrease) as follows:

### **Chemical tankers**

	Discount rate		Charter rate	
	Increase US\$'000	(Decrease) US\$'000	Increase US\$'000	(Decrease) US\$'000
31 December 2020	(615)	661	424	(424)
31 December 2019	(1,110)	1,209	510	(510)

### **Container vessels**

Management determined the budgeted cash flows based on past performance and their expectations on vessel performance and market development. Cash inflows are based on existing freight rate, projected lifted volume and capital and operational expenditure and management's estimate of the average freight rates over the recent observable shipping industry cycle. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends. The cash flows was discounted at 7.50%.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### (b) Sensitivity analysis

Based on the value in use calculations for vessels as determined by management, possible increase or decrease by 1.0% to the following estimates used in management's assessment will affect the value in use increase/(decrease) as follows:

#### Container vessels

	Discount rate		Freight rate	
	Increase	(Decrease)	Increase	(Decrease)
	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2020	(626)	685	918	(918)

(c) The carrying amount of motor vehicles of the Group under lease liabilities as at 31 December 2020 amounted to US\$90,000 (2019: US\$124,000).

(d) The Group's and the Company's vessels, freehold land and properties with carrying amount of US\$60,363,000 and US\$58,897,000 (2019: US\$72,972,000 and US\$71,453,000) respectively have also been placed under legal mortgage to secure the Company's and subsidiaries' bank term loans (Note 22).

(e) The following shows the carrying amount of the vessels of the Group being chartered out on time charter basis under operating leases:

	Group	
	2020	2019
	US\$'000	US\$'000
Cost	45,182	62,709
Accumulated depreciation	(30,036)	(32,133)
Carrying amount	15,146	30,576

The depreciation charge for vessels chartered out on time charter basis under operating leases in the year is US\$2,611,000 (2019: US\$3,564,000).

The charter hire income for the year amounted to US\$9,363,000 (2019: US\$12,081,000).

(f) During the financial year, the Group acquired property, plant and equipment with aggregate cost of US\$1,792,000 (2019: US\$3,978,000) by means of cash payments.

(g) The Group carried out a review of the recoverable amount of one property in Dubai, in consideration of the decrease in the property market over the near-to-medium terms. The review led to the recognition of an impairment loss of US\$52,000 (2019: Nil) that has been recognised in profit or loss, and included in other operating expenses (Note 6).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. INTANGIBLE ASSETS

	<b>Computer software US\$'000</b>
<b>Group and Company</b>	
<b>Cost:</b>	
At 1 January 2019	133
Additions	63
At 31 December 2019	196
Additions	1,275
At 31 December 2020	1,471
<b>Amortisation:</b>	
At 1 January 2019	40
Amortisation for the year	53
At 31 December 2019	93
Amortisation for the year	242
At 31 December 2020	335
<b>Carrying amount:</b>	
At 31 December 2020	1,136
At 31 December 2019	103

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for computer software incurred is three years.

The amortisation expense has been included in the line item "marketing expenses and administrative expenses" in profit or loss.

## 14. SUBSIDIARIES

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Unquoted equity shares at cost	73,334	73,246
Addition during the year	–	88
Less: Allowance for impairment	(38,945)	(34,702)
	<u>34,389</u>	<u>38,632</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SUBSIDIARIES (CONT'D)

### Addition

During the financial year ended 31 December 2019, the Company has made capital contributions of US\$88,000 in a subsidiary, PT Samudera Shipping Indonesia and the non-controlling interests has made the corresponding contribution of US\$89,000.

Movement in allowance for impairment:

	Company	
	2020	2019
	US\$'000	US\$'000
Balance at beginning of the year	(34,702)	(42)
Impairment during the year	(4,243)	(34,660)
Balance at end of the year	<u>(38,945)</u>	<u>(34,702)</u>

At end of reporting period, the Company carried out a review of the recoverable amount of its investments in subsidiaries and impairment amounting to US\$4.2 million (2019: US\$34.7 million) was recognised in profit or loss in respect of the investment in subsidiaries to reduce the carrying value of the investment to its recoverable amount. The recoverable amount was determined based on its value-in-use and a pre-tax discount rate of 7.5% (2019: 7.0%) was applied.

### Sensitivity analysis

Based on the value in use calculations for investment in subsidiary as determined by management, possible increase or decrease by 1.0% to the following estimates used in management's assessment will affect the value in use increase/(decrease) as follows:

	Discount rate	
	Increase	(Decrease)
	US\$'000	US\$'000
31 December 2020	(582)	625
31 December 2019	<u>(1,124)</u>	<u>1,226</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest		Cost of investment held by the Company	
			2020	2019	2020	2019
			%	%	US\$'000	US\$'000
Foremost Maritime Pte Ltd ("Foremost") <sup>(1)</sup>	Owning and chartering of vessels	Singapore	100	100	72,021	72,021
SILkargo Logistics (Singapore) Pte Ltd ("SILkargo") <sup>(1)</sup>	Sea freight forwarding, shipping agency and container freight station services	Singapore	100	100	712	712
Samudera Logistics DWC LLC ("SL DWC")	Sea freight forwarding and shipping agency	United Arab Emirates	40	40	109	109
Prime Maritime DWC LLC ("PM DWC") <sup>(3)</sup>	Owning and Operating of ocean-going vessel	United Arab Emirates	51	51	42	42
Samudera Property Limited ("SPL")	Owning of office property	United Arab Emirates	100	100	3	3

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest		Cost of investment held by the Company	
			2020 %	2019 %	2020 US\$'000	2019 US\$'000
Samudera Intermodal Sdn Bhd ("SISB")	Shipping agency	Malaysia	65	65	217	217
Samudera Shipping Line (India) Pvt Ltd	Shipping agency	India	100	100	28	28
Samudera Traffic Co. Ltd ("STC") <sup>(3)</sup>	Shipping agency	Thailand	49	49	114	114
PT Samudera Shipping Indonesia ("SSI") <sup>(3)</sup>	Owning of vessels	Indonesia	49	49	88	88
<u>Held by subsidiaries</u>						
PT. Samudera Shipping Services ("PT SSS") <sup>(2)(4)</sup>	Owning and chartering of vessels	Indonesia	95	95	–	–
Samudera Logistics DWC LLC ("SL DWC")	Sea freight forwarding and shipping agency	United Arab Emirates	60	60	–	–
Shal Hawk Silkargo Sdn Bhd ("SHS")	Warehousing activity	Malaysia	51	51	–	–
Samudera Cargo Services LLC ("SCS") <sup>(3)</sup>	Sea freight forwarding, shipping agency and custom broker	United Arab Emirates	49	49	–	–
					73,334	73,334

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by overseas practice of Ernst & Young LLP

<sup>(3)</sup> Based on the contractual arrangements between the Group and the other investors, the Group has the practical ability to direct the relevant activities of the entities unilaterally and hence the Group has control over the entities.

<sup>(4)</sup> During the financial year ended 31 December 2019, there were a series of capital reductions by way of reducing the nominal value per share in the subsidiary. This resulted in a repayment of US\$1,826,000 to the non-controlling interest party.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SUBSIDIARIES (CONT'D)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interest		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
		%	%	US\$'000	US\$'000	US\$'000	US\$'000
PT. Samudera Shipping Services	Indonesia	5	5	(213)	(26)	2,422	2,635
Individually immaterial subsidiaries with non-controlling interests				256	300	183	74
Total				43	274	2,605	2,709

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

	PT Samudera Shipping Services	
	2020 US\$'000	2019 US\$'000
Current assets	34,959	33,273
Non-current assets	16,268	24,363
Current liabilities	(2,791)	(4,942)
Non-current liabilities	–	(1)
Net assets	48,436	52,693
Equity attributable to owners of the subsidiary	46,014	50,058
Non-controlling interests	2,422	2,635
Total equity	48,436	52,693
Total revenue	7,389	10,320
Total expenses	(11,647)	(10,831)
Loss for the year	(4,258)	(511)
Attributable to:		
Owners of the subsidiary	(4,045)	(485)
Non-controlling interests	(213)	(26)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. SUBSIDIARIES (CONT'D)

	PT Samudera Shipping Services	
	2020	2019
	US\$'000	US\$'000
<b>Other comprehensive income for the year</b>	(6)	–
Attributable to:		
Owners of the subsidiary	(6)	–
Non-controlling interests	–	–
<b>Total comprehensive profit for the year</b>	(4,264)	(511)
Attributable to:		
Owners of the subsidiary	(4,051)	(485)
Non-controlling interests	(213)	(26)
Net cash inflow/(outflow) from operating activities	5,218	(6,014)
Net cash inflow from investing activities	4,183	303
Net cash outflow from financing activities	–	(365)
Net cash inflow/(outflow)	9,401	(6,076)

## 15. ASSOCIATE AND JOINT VENTURE

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Associate</b>				
Unquoted equity shares, at cost	11,358	11,358	12,117	12,117
Share of post-acquisition profits	4,448	3,683	–	–
Share of hedging reserve	(129)	(799)	–	–
Less: Allowance for impairment	–	–	–	(2,018)
	15,677	14,242	12,117	10,099

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15. ASSOCIATE AND JOINT VENTURE (CONT'D)

	Group	
	2020	2019
	US\$'000	US\$'000
<b><u>Joint venture</u></b>		
Unquoted equity shares, at cost	198	198
Amount due from joint venture (non-trade)	1,251	1,278
Share of post-acquisition losses	(1,544)	(1,544)
Translation difference	95	68
	–	–

There is an unrecognised share of losses of the joint venture when applying the equity method.

### Movement in unrecognised share of losses

	Group	
	2020	2019
	US\$'000	US\$'000
At 1 January	450	10
Unrecognised share of (profit) losses during the year	(192)	440
At 31 December	258	450

During the year, the Company carried out a review of recoverable amount of its investments in associate and joint venture and a reversal of impairment amounting to US\$2.0 million (2019: Nil) was recognised in profit or loss in respect of the investment in associate as the recoverable amount is higher than the carrying value of the investments. The recoverable amount was determined based on its value-in-use and a pre-tax discount rate of 4.9% (2019: Nil) was applied.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15. ASSOCIATE AND JOINT VENTURE (CONT'D)

Details of the associate and joint venture are as follows:

Name	Principal activities	Country of incorporation	Proportion of ownership interest	
			2020 %	2019 %
<b>Associate</b>				
LNG East-West Shipping Company (Singapore) Pte. Limited <sup>(1)</sup>	Owning, managing and chartering of vessels and ship brokering	Singapore	25	25
<b>Joint venture</b>				
Samudera Bharat Feeder Pvt Ltd	Owning and operating of vessel	India	49	49

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

Summarised financial information in respect of the Group's material associate, not adjusted for the proportion of interest held by the Group is set out below:

	Group	
	2020 US\$'000	2019 US\$'000
<b>Associate</b>		
Current assets	18,339	30,226
Non-current assets <sup>(1)</sup>	123,157	129,070
Total assets	141,496	159,296
Current liabilities	10,775	113,311
Non-current liabilities	78,995	–
Total liabilities	89,770	113,311
<b>Net assets</b>	<b>51,726</b>	<b>45,985</b>
Revenue	24,234	24,167
Profit for the year	7,061	7,080
Other comprehensive income for the year	2,680	1,630
Total comprehensive income for the year	9,741	8,710

<sup>(1)</sup> Non-current assets comprise mainly of an Liquefied Natural Gas ("LNG") vessel (including unamortised deferred charges) for which the useful life has been determined to be 35 years (2019 : 35 years).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15. ASSOCIATE AND JOINT VENTURE (CONT'D)

Reconciliation of the above financial information to the carrying amount of the interest in the Group's associate recognised in the consolidated financial statements:

	Group	
	2020	2019
	US\$'000	US\$'000
<hr/>		
<b>Associate</b>		
Net assets	51,726	45,985
Proportion of the Group's ownership interest	25%	25%
	<hr/>	
Share of net assets	12,931	11,496
Goodwill (included in cost of investment of associate)	2,724	2,724
Other costs (included in cost of investment of associate)	22	22
Carrying amount of the Group's interest in associate	15,677	14,242

Aggregate information of joint venture that are not individually material:

	Group	
	2020	2019
	US\$'000	US\$'000
<hr/>		
<b>Joint venture</b>		
The Group's share of the loss for the year	–	(354)
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	–	(354)
	<hr/>	
Aggregate carrying amount of the Group's interests	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 16. CASH AND BANK BALANCES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Call and fixed deposits	29,393	40,727	24,459	27,760
Cash at bank and on hand	51,434	15,792	33,984	9,886
	<u>80,827</u>	<u>56,519</u>	<u>58,443</u>	<u>37,646</u>

Cash and cash equivalents in the consolidated statement of cash flows comprise:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Cash and bank balances (as above)	80,827	56,519	58,443	37,646
Less: Pledged deposits (Note A)	(3,809)	(8,766)	(3,693)	(1,053)
	<u>77,018</u>	<u>47,753</u>	<u>54,750</u>	<u>36,593</u>

### Note A:

The Group's and Company's fixed deposits totaling US\$1,112,000 (2019: US\$1,110,000) and US\$996,000 (2019: US\$995,000) respectively have been pledged to certain banks to secure bankers' guarantee facilities of US\$4,060,000 (2019: US\$4,021,000) and US\$3,285,000 (2019: US\$3,203,000) given to suppliers of goods and services in the ordinary course of business.

Included in the cash at bank of the Group and Company are amounts of US\$2,697,000 (2019: US\$7,656,000) and US\$2,697,000 (2019: US\$58,000) respectively pledged to certain banks to secure loans and other banking facility of the Group amounting to US\$2,494,000 (2019: US\$5,693,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 17. TRADE RECEIVABLES

	Group			Company		
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000	1 Jan 2019 US\$'000	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000	1 Jan 2019 US\$'000
Trade receivables –						
third parties	58,271	64,915	75,732	51,712	56,459	65,388
Due from immediate holding company	4,017	4,010	6,428	4,008	4,006	6,423
Due from subsidiaries	–	–	–	3,403	3,417	2,401
Due from related companies	11,827	10,605	9,665	5,702	3,746	5,390
Due from non-controlling interest of a subsidiary	229	75	493	–	–	–
Due from joint venture	169	167	33	128	128	–
	74,513	79,772	92,351	64,953	67,756	79,602
Less: Allowance for expected credit loss	(6,118)	(5,758)	(5,796)	(3,728)	(4,348)	(5,052)
	68,395	74,014	86,555	61,225	63,408	74,550

Trade receivables are non-interest bearing and the average credit period given to customers are 30 to 60 days (2019: 30 to 60 days). For terms and conditions relating to related parties, refer to Note 33.

### Expected credit losses

The movement in allowance for expected credit losses of trade receivables and related party balances computed based on lifetime ECL are as follows:-

	Lifetime ECL – not credit- impaired US\$'000	Lifetime ECL – credit- impaired US\$'000	Total US\$'000
<b>Group</b>			
Balance as at 1 January 2019	2,390	3,406	5,796
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(38)	–	(38)
Balance as at 31 December 2019	2,352	3,406	5,758
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	451	245	696
Foreign exchange gain or losses	3	–	3
Write off	–	(339)	(339)
Balance as at 31 December 2020	2,806	3,312	6,118

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 17. TRADE RECEIVABLES (CONT'D)

	Lifetime ECL – not credit- impaired US\$'000	Lifetime ECL – credit- impaired US\$'000	Total US\$'000
<b>Company</b>			
Balance as at 1 January 2019	1,745	3,307	5,052
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(647)	(57)	(704)
Balance as at 31 December 2019	1,098	3,250	4,348
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(418)	3	(415)
Write off	–	(205)	(205)
Balance as at 31 December 2020	680	3,048	3,728

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities. Refer to Note 37(b)(iii) for information about credit exposures on trade receivables due from third party, immediate holding company, subsidiaries and related companies.

## 18. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Other receivables	519	356	389	349
Deposits	1,127	1,211	52	56
Loans to employees	88	210	5	17
Insurance claims receivable	335	1,146	335	1,146
	2,069	2,923	781	1,568

The insurance claim receivable represents the best estimate of losses or damages incurred which are recoverable from insurance companies. Refer to Note 37(b)(iii) for information about credit exposures on other receivables and deposits.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 19. DUE FROM SUBSIDIARIES (NON-TRADE)

	Company	
	2020	2019
	US\$'000	US\$'000
Due from subsidiaries	3,235	3,080
Less: Loss allowance	(1,427)	(1,060)
	1,808	2,020
Less: Current portion	(990)	(2,020)
Non-current portion	818	–

The non-trade balances due from subsidiaries are unsecured and interest-free except for:

- An amount of US\$1,195,000 (2019: US\$1,060,000) which was interest-bearing at 1.5% per annum. The loss allowance has been provided for as at 31 December 2020.
- An amount of US\$909,000 (2019: US\$889,000) which was interest-bearing at 1.65% (2019: 1.0%) per annum which is extended for 10 years after the expiry of the loan during the financial year.

Movement in loss allowance

	Company	
	2020	2019
	US\$'000	US\$'000
Balance at beginning of the year	1,060	1,113
Increase/(decrease) in loss allowance during the year	367	(53)
Balance at end of the year	1,427	1,060

## 20. INVENTORIES

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Lubricant oil	352	291	267	219
Bunker	1,298	1,340	1,152	1,169
	1,650	1,631	1,419	1,388

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. ASSETS CLASSIFIED AS HELD FOR SALE

The vessels which are expected to be sold within twelve months have been classified as assets held for sale and presented separately in the statement of financial position. The revenue generated are included in the Group's Container Shipping (2019: Group's Bulk and Tanker and Container Shipping) activities for segment reporting purposes (Note 36).

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at beginning of the year	–	–	–	–
Reclassified from property, plant and equipment (Note 12)	13,230	20,566	13,230	–
Disposal during the year (Note A)	–	(20,566)	–	–
Balance at end of the year	13,230	–	13,230	–

### Note A:

During the year ended 31 December 2019, the Group had disposed the vessels, MV Sinar Jepara owned by PT Samudera Shipping Services ("PT SSS") and Sinar Kutai and Sinar Kapuas owned by Foremost Maritime Pte Ltd ("FMPL") to third parties.

## 22. BANK TERM LOANS AND BORROWING

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Current - secured at amortised cost</u>				
<i>Amounts due not later than one year</i>				
Bank term loans	9,401	6,748	8,060	5,415
Borrowing	367	342	367	342
	9,768	7,090	8,427	5,757
<u>Non-current - secured at amortised cost</u>				
Amounts due:				
<i>Later than one year but not later than five years</i>				
Bank term loans	10,642	18,726	4,721	13,421
Borrowing	14	381	14	381
<i>Later than five years</i>				
Bank term loans	9,131	9,498	8,957	7,394
	19,787	28,605	13,692	21,196
<b>Total</b>	<b>29,555</b>	<b>35,695</b>	<b>22,119</b>	<b>26,953</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 22. BANK TERM LOANS AND BORROWING (CONT'D)

### **Bank term loans**

#### **(a) The Company**

	2020	2019
	US\$'000	US\$'000
(i) SGD13,794,000 repayable in 179 monthly instalments commencing April 2019 with a certain remaining amount to be paid at the end of the term. Interest is payable at certain margin above SIBOR per annum.	9,889	9,924
(ii) SGD5,170,000 repayable in 70 monthly instalments commencing May 2019. Interest is payable at certain margin above SIBOR per annum.	3,112	3,470
(iii) SGD5,000,000 revolving credit facility. Interest is payable at certain margin above SIBOR per annum. The tenure is subject to an annual review at the bank's discretion.	3,757	3,669
(iv) USD2,000,000 repayable in 16 equal quarterly instalments commencing September 2018. Interest is payable at certain margin above LIBOR per annum. The entire outstanding loan amount was hedged for interest rate fluctuation (Note 24).	747	1,242
(v) USD3,000,000 repayable in 24 quarterly instalments commencing September 2018. Interest is payable at certain margin above LIBOR per annum. The entire outstanding loan amount was hedged for interest rate fluctuation (Note 24).	1,739	2,232
(vi) USD5,683,000 payable in September 2021. Interest is payable at certain margin above LIBOR per annum.	2,494	5,693
	21,738	26,230



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 22. BANK TERM LOANS AND BORROWING (CONT'D)

### **Bank term loans (cont'd)**

#### **(b) Subsidiaries**

	2020 US\$'000	2019 US\$'000
(i) Thai Baht ("THB") 20,000,000 repayable in 96 monthly instalments commencing May 2016. Interest is payable at Minimum Loan Rate ("MLR") less certain percentage per annum.	308	392
(ii) USD19,500,000 repayable in 27 equal quarterly instalments commencing September 2018 with a certain remaining amount to be paid at the end of the term. Interest is payable at certain margin above LIBOR per annum. One tranche of the loan was fully paid in 2019. A portion of the loan amounting to US\$4,387,500 was hedged for interest rate fluctuation (Note 24).	6,703	7,884
(iii) Malaysia Ringgit ("MYR") 1,960,000 repayable in 120 monthly instalments commencing November 2019. Interest is payable at certain margin above Cost of Fund per annum.	425	466
	<u>7,436</u>	<u>8,742</u>
Total	<u>29,174</u>	<u>34,972</u>

The bank term loans are secured as follows:

1. Bank term loans (a)(i) to (a)(iii) and (b)(i)
  - legal mortgage over freehold land and properties of the Company and subsidiary (Note 12);
  - assignment of insurance; and
  - assignment of income or proceeds of sale if any.
2. Bank term loans (a)(iv) to (a)(v) and (b)(ii)
  - legal mortgages over certain vessels of the Group (Note 12);
  - assignment of income from charter hire contracts; and
  - assignment of insurance of the vessels.
3. Bank term loan (a)(vi)
  - pledges over certain bank accounts of the Company (Note 16)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 22. BANK TERM LOANS AND BORROWING (CONT'D)

### **Bank term loans (cont'd)**

#### 4. Bank term loan (b)(iii)

- corporate guarantee from the Company;
- legal mortgage over the property of the subsidiary (Note 12);
- assignment of insurance; and
- assignment of income or proceeds of sale if any.

The weighted average effective interest rate for variable interest rate term loans is 1.83% (2019: 3.49%).

#### Borrowing

On 15 January 2019, the Group entered into a sale and lease transaction with external parties for certain containers. The lease-back is for a period of 3 years with a bargain purchase option to repurchase the containers at the end of the lease term. The transaction in substance is a means whereby the lessor provides financing to the lessee, with the asset as security and is accounted for as borrowings.

The Group's and Company's borrowing is denominated in USD and bear interest at 7.6% (2019: 7.6%).

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

The cash flows represent the repayment of bank term loans and borrowing, loans from NCI of subsidiaries and lease liabilities in the statement of cash flows.

	1 January 2020 US\$'000	Financing cash flows US\$'000	Non-cash movement			31 December 2020 US\$'000
			New leases US\$'000	Foreign exchange movement US\$'000	Others US\$'000	
<b>Group</b>						
Bank term loans and borrowing (Note 22)	35,695	(6,507)	–	367	–	29,555
Loans from NCI of subsidiaries (Note 27)	1,629	164	–	10	–	1,803
Lease liabilities (Note 25)	8,226	(5,773)	61,840	28	(11)	64,310
<b>Total</b>	<b>45,550</b>	<b>(12,116)</b>	<b>61,840</b>	<b>405</b>	<b>(11)</b>	<b>95,668</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 22. BANK TERM LOANS AND BORROWING (CONT'D)

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

The 'Other' Column includes the effect of adjustments for lease payments relating to off hire periods of vessel charters.

	1 January 2019	Financing cash flows	Non-cash movement			31 December 2019
			New leases	Foreign exchange movement	Others	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>						
Bank term loans and borrowing (Note 22)	43,043	(7,616)	–	268	–	35,695
Loans from NCI of subsidiaries (Note 27)	1,605	15	–	9	–	1,629
Lease liabilities (Note 25)	16,276	(8,350)	572	7	(279)	8,226
Total	60,924	(15,951)	572	284	(279)	45,550

### 23. TRADE PAYABLES

The average credit period granted by suppliers ranged from 30 to 60 days (2019: 30 to 60 days). No interest is charged on the outstanding balances.

### 24. OTHER PAYABLES AND LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Accrued operating expenses	25,481	19,119	18,943	11,860
Other payables (Note (i))	1,985	1,666	270	308
Contract liabilities	1,762	1,747	1,564	1,477
	29,228	22,532	20,777	13,645

The contract liabilities balance pertain to revenue earned in advance for the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. OTHER PAYABLES AND LIABILITIES (CONT'D)

Set out below is the amount of revenue recognised from:

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts included in contract liabilities at the beginning of the year	1,747	1,394	1,477	1,328

### (i) Derivatives

Included in other payables are derivative liabilities of the Group and Company amounted to US\$73,000 and US\$12,000 (2019: Nil) respectively.

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Interest rate swaps (Note A)	40	–	12	–
Foreign currency forward contracts (Note B)	33	–	–	–
	73	–	12	–

#### *Note A: Interest rate swap (cash flow hedge)*

As at 30 June 2020, the Group and the Company entered into an interest rate swap agreement for its bank term loans with a notional amount of US\$7,778,000 (2019: Nil) and US\$3,000,000 (2019: Nil) respectively whereby the Group and the Company received a variable rate of interest LIBOR + 2.2% and pays interest at a fixed rate 2.725% on the notional amount. The swap is being used to hedge to the variability in cash flow of the debt due to changes in LIBOR which is the current benchmark interest rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the floating rate loan (i.e. notional amount, maturity, payment term). The Group and the Company have established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. As at 31 December 2020, the Group and the Company's variable debt designated as hedged item are US\$6,888,000 (2019: Nil) and US\$2,500,000 (2019: Nil) respectively.

The impact of the hedging instrument on the statement of financial position as at 31 December 2020 is, as follows:

	Group		Company	
	Notional amount	Carrying amount	Notional amount	Carrying amount
	US\$000	US\$000	US\$000	US\$000
Interest rate swap	6,888	40	2,500	12

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. OTHER PAYABLES AND LIABILITIES (CONT'D)

### (i) Derivatives (cont'd)

#### *Note A: Interest rate swap (cash flow hedge) (cont'd)*

The total hedging loss recognised in OCI of the Group and Company amounted to US\$40,000 and US\$12,000 (2019: Nil) respectively. The ineffectiveness recognised in the statement of profit or loss during the year was immaterial.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 37(b).

#### *Note B: Foreign currency forward contracts (not designated as hedging instruments)*

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign currency forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for non USD denominated balances. The foreign currency forward contracts are not designated as hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 4 months.

The loss on derivative instruments at fair value through profit or loss were recognised in profit or loss (Note 5).

## 25. LEASES

### Group as lessee

The Group has lease contracts for various items such as vessels, land, offices, containers, motor vehicles and other equipment used in its operations. Leases of vessels, containers, office, motor vehicles and equipments generally have lease terms between 1 and 7 years, while land lease terms is around 30 years.

There are several lease contracts that include extension and termination options and variable lease payments.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 25. LEASES (CONT'D)

### Group as lessee (cont'd)

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period:

#### Group

	Motor vehicles	Equipment	Vessels	Containers	Properties	Land	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2020	27	62	1,495	1,973	106	4,246	7,909
Additions	–	134	58,877	1,961	–	868	61,840
Written off	(9)	–	–	–	(2)	–	(11)
Depreciation expense	(15)	(58)	(4,059)	(1,469)	(53)	(210)	(5,864)
Translation difference	–	–	–	13	–	–	13
As at 31 December 2020	3	138	56,313	2,478	51	4,904	63,887

#### Group

	Motor vehicles	Equipment	Vessels	Containers	Properties	Land	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2019							
(Adoption of SFRS(I) 16)	44	150	6,486	4,963	134	4,399	16,176
Additions	–	8	–	519	45	–	572
Written off	–	–	(276)	–	–	(3)	(279)
Depreciation expense	(17)	(96)	(4,715)	(3,516)	(73)	(150)	(8,567)
Translation difference	–	–	–	7	–	–	7
As at 31 December 2019	27	62	1,495	1,973	106	4,246	7,909

#### Company

	Equipment	Vessels	Containers	Total
	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2020	33	1,495	1,503	3,031
Additions	126	58,877	1,337	60,340
Depreciation expense	(41)	(4,059)	(1,150)	(5,250)
As at 31 December 2020	118	56,313	1,690	58,121

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 25. LEASES (CONT'D)

Group as lessee (cont'd)

#### Company

	Equipment US\$'000	Vessels US\$'000	Containers US\$'000	Total US\$'000
As at 1 January 2019	110	6,486	4,963	11,559
Additions	–	(276)	–	(276)
Depreciation expense	(77)	(4,715)	(3,460)	(8,252)
As at 31 December 2019	33	1,495	1,503	3,031

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

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
As at 1 January	8,226	16,276	3,202	11,653
Additions	61,840	572	60,340	–
Written off	(11)	(279)	–	(276)
Payments	(6,303)	(9,180)	(5,561)	(8,725)
Interest expense	530	830	384	550
Translation difference	28	7	–	–
As at 31 December	64,310	8,226	58,365	3,202
Current	11,153	2,687	10,504	2,395
Non-current	53,157	5,539	47,861	807
	64,310	8,226	58,365	3,202

For the financial year ending 31 December 2019, a carrying amount of US\$100,000 pertains to leases previously classified as finance lease and relates to motor vehicles of the Group which are classified as property, plant & equipment (Note 12(d))

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 25. LEASES (CONT'D)

### Group as lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group	
	2020	2019
	US\$'000	US\$'000
Depreciation expense on right-of-use assets	5,864	8,567
Interest expense on lease liabilities	530	830
Expense relating to short-term leases (included in cost of sales)	45,420	50,108
Expense relating to short-term leases (included in administrative and marketing expense)	144	161

The maturity analysis of lease liabilities are disclosed in Note 37(b)(vi). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35.

## 26. RETIREMENT BENEFIT OBLIGATIONS

### **Defined contribution plans**

#### Singapore (the Company and its subsidiaries)

The employees of the Company and its subsidiaries that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Fund Board, operated by the Government of Singapore. The Company and its subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### **Defined benefit plan**

#### Indonesia (PT SSS)

PT SSS provides a defined benefit pension plan, covering substantially all their permanent employees, which is funded through monthly contributions to a separately administered fund in Indonesia. The benefits under such pension plan have been adjusted to cover minimum benefit under Labor Law No. 13/2003 of Indonesia. The additional benefits under the Law are unfunded. In addition, PT SSS also provides their employees with other unfunded long-term benefit in the form of vacation leave based on the number of years of service.

The pension plan is managed by Dana Pensiun Samudera Indonesia ("DPSI"), a related party. The deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his decision letter reference: KEP-042/KM.12/2006 dated July 28, 2006.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### Defined benefit plan (cont'd)

The plan in Indonesia typically exposes PT SSS to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**      The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and deposits. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.

**Interest risk**      A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's assets.

**Longevity risk**      The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**      The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

PT SSS also provides other long-term benefits in the form of long service leave to qualifying employees which are determined based on years of service.

The number of employees entitled to the benefits is 0 and 2 as of 31 December 2020 and 2019, respectively.

As at 31 December 2020, the defined benefit plan was settled as all the employees under the plan has been transferred out of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### Defined benefit plan (cont'd)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2020	2019
Mortality rate	IMT 4 <sup>(1)</sup>	IMT 3 <sup>(2)</sup>
Normal pension age	55 years	55 years
Salary incremental rate	7.0% per annum	7.0% per annum
Discount rate	7.3% per annum	7.3% per annum
Expected return on investment rate	10.0% per annum	10.0% per annum
Resignation rate	10.0% up to age 25 and reducing linearly to 0% at age 55	10.0% up to age 25 and reducing linearly to 0% at age 55

<sup>(1)</sup> The mortality rate was derived from observation of Indonesian life insurance policyholders (IMT IV) released in 2019 and load 10% to allow for morbidity or disability.

<sup>(2)</sup> The mortality rate was derived from observation of Indonesian life insurance policyholders (IMT III) released in 2011 and load 10% to allow for morbidity or disability.

Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
Current service cost	–	3
Interest cost	–	9
Interest income	–	(9)
Past service cost	–	4
Remeasurement on the net defined benefit liability	–	7

The charge for the year is included in the administrative expenses in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### Defined benefit plan (cont'd)

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding interest income)	–	2
Actuarial losses arising from changes in financial assumptions	–	(5)
Actuarial gains arising from changes in experience adjustments	–	3
Adjustments arising from settlement of defined benefit plan	(6)	–
Components of defined benefit costs recognised in other comprehensive income	(6)	–

The amount recognised in the statement of financial position in respect of the Group's defined benefit retirement benefit plan is as follow:

	Group	
	2020	2019
	US\$'000	US\$'000
Present value of unfunded obligations	–	96
Fair value of plan assets	–	(95)
Net liability recognised	–	1

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

	Group	
	2020	2019
	US\$'000	US\$'000
Opening defined benefit obligation	96	315
Retirement benefit obligations adjustment	(96)	(222)
Current service cost	–	4
Past service cost	–	4
Interest cost	–	9
Remeasurement (losses) gains:		
From changes in financial assumptions	–	5
From experience adjustments	–	(3)
Benefit paid	–	(25)
Exchange difference	–	9
Closing defined benefit obligation	–	96

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### Defined benefit plan (cont'd)

Changes in the fair value of the plan assets are as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
Opening fair value of plan assets	95	289
Assets adjustment	(95)	(193)
Interest income	–	9
Remeasurement loss:		
Return on plan assets (excluding interest income)	–	2
Contributions by plan participants	–	1
Benefit paid	–	(25)
Exchange difference	–	12
Closing fair value of plan assets	–	95

The fair value of plan assets at the end of the reporting period is analysed as follows:

	Group	
	2020	2019
	US\$'000	US\$'000
Deposit	–	21
Equity instruments	–	15
Debt instruments	–	43
Other assets	–	16
Total	–	95

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The Group had assessed that any reasonably possible change to the key assumptions applied is not likely to cause the retirement benefit obligations to increase or decrease significantly. Accordingly, no sensitivity analysis is performed.

PT SSS funds the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed 4% of pensionable salary. The residual contribution (including back service payments) is paid by PT SSS. Apart from paying the costs of the entitlements, PT SSS is not liable to pay additional contributions in case the fund does not hold sufficient assets.

The average duration of the benefit obligation at 31 December 2020 is 8 years (2019: 8 years).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

These balances are unsecured and include the following terms:

- An amount of US\$1,207,000 (2019: US\$1,044,000) which is interest-bearing at 1.5% per annum and expected to be settled within 3 years from the end of the reporting period.
- An amount of US\$596,000 (2019: US\$585,000) which is interest-bearing at 3.5% (2019: 1.0%) per annum which is extended for 10 years after the expiry of the loan during the financial year.

## 28. SHARE CAPITAL

	Group and Company 2020 and 2019	
	No. of shares	US\$'000
<b>Issued and paid up:</b>		
At the beginning and end of the year	539,131,199	68,761

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 29. TREASURY SHARES

	Group and Company 2020 and 2019	
	No. of shares	US\$'000
<b>Issued and paid up:</b>		
At the beginning and end of the year	(1,093,000)	(174)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

## 30. OTHER RESERVES AND FOREIGN CURRENCY TRANSLATION RESERVE

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Other reserves – Statutory reserve (a)	15	15	–	–
Other reserves – Hedging reserve (b)	(169)	(799)	(12)	–
Other reserves – Employee benefits obligation reserve (c)	4	10	–	–
	(150)	(774)	(12)	–
Foreign currency translation reserve (d)	(134)	(122)	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 30. OTHER RESERVES (CONT'D)

### (a) Other reserves – Statutory reserve

A subsidiary in Thailand is required to set aside a statutory reserve equal to the least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of the subsidiary's registered share capital. The statutory reserve cannot be used to offset any deficit and dividend payment.

### (b) Other reserves – Hedging reserve

The hedging reserve represent the Group's interest portion of the fair value changes on derivative financial instruments held by the Company, a subsidiary and the associate which is designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Balance at beginning of the year	(799)	(1,206)	–	–
Net change in hedging reserve	(40)	–	(12)	–
Share of net change in associate's hedging reserve	670	407	–	–
<b>Balance at end of the year</b>	<b>(169)</b>	<b>(799)</b>	<b>(12)</b>	<b>–</b>

### (c) Other reserves - Employee benefits obligation reserve

The employee benefits obligation reserve represents the effects of the remeasurement of defined benefit obligation (Note 26).

### (d) Foreign currency translation reserve

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

## 31. EARNINGS PER SHARE

The earnings per share for respective years has been computed based on the profit attributable to owners of the Company of US\$7,230,000 (2019: US\$3,911,000) and the weighted average number of shares in issue during the financial year is 538,038,199 (2019: 538,038,199).

	Group	
	2020	2019
Basic and diluted earnings per share (cents)	1.34	0.73

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 32. DIVIDENDS

	Group and Company	
	2020	2019
	US\$'000	US\$'000
<b>Declared and paid during the year:</b>		
<i>Dividends on ordinary shares:</i>		
Final dividend paid: 0.75 Singapore cents per ordinary share (tax exempt) in respect of previous financial year (2019: 0.75 Singapore cents per ordinary share (tax exempt) in respect of previous financial year)	2,882	2,967
<b>Proposed and not recognised as a liability as at the end of the reporting period:</b>		
<i>Dividends on ordinary shares subject to shareholders' approval at the Annual General Meeting:</i>		
Final one-tier tax exempt dividend for financial year ended 31 December 2020 of 0.75 Singapore cents per share, total dividend payable amounting to SGD4,035,000 (Final one-tier tax exempt dividend for financial year ended 31 December 2019 of 0.75 Singapore cents per share, total dividend payable amounting to SGD4,035,000)	3,057	2,989
Special tax exempt dividend for financial year ended 31 December 2020 of 0.30 Singapore cents per share, total dividend payable amounting to SGD1,614,000 (Special tax exempt dividend for financial year ended 31 December 2019 of Nil Singapore cents per share)	1,223	–

## 33. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of PT Samudera Indonesia Tbk, incorporated in Indonesia, which is a public limited company listed on the Jakarta Stock Exchange. The ultimate holding company is PT Samudera Indonesia Tangguh, also incorporated in Indonesia. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. Except for outstanding balances due to a subsidiary of US\$6,750,000, the outstanding balances due from/(to) immediate holding company, subsidiaries and related companies are unsecured, interest-free and expected to be settled within 12 months from the end of the reporting period unless otherwise stated. Refer to Note 37(b)(iii) for information about credit exposures on amounts due from immediate holding company, subsidiaries and related companies.

During the year, the Company had converted a portion of non-trade balance due to subsidiary into an unsecured, repayable on demand, interest-bearing loan. The interest is based on prevailing LIBOR with a certain margin. As at year end, the outstanding loan amounted to US\$6,750,000.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 33. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (CONT'D)

During the year, Group entities entered into the following transactions:

	Group	
	2020	2019
	US\$'000	US\$'000
<b>Expenses</b>		
<u>Immediate holding company:</u>		
Vessel charter hire	2,124	2,591
Office rental	17	29
<u>Related companies:</u>		
Agency commissions	1,994	2,194
Ship management fees	579	622
Vessel charter hire	3,467	2,799
Container depot storage/repair	134	121
Slot space purchase	38	57
Stevedorage	4,743	5,295
System development and maintenance	408	437
Car rental	39	65
Website development	13	-
<b>Income</b>		
<u>Related companies:</u>		
Sale of vessels	709	-
Vessel charter hire	6,848	6,061



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the year, Group entities entered into the following transactions with related parties:

	Group	
	2020	2019
	US\$'000	US\$'000
<hr/>		
<b>Expenses</b>		
Fees paid to a director of the immediate holding company	144	145
	<hr/>	<hr/>
<b>Compensation of directors and key management personnel</b>		
Short-term employee benefits	3,785	3,185
Pension contributions	230	227
Total	4,015	3,412
	<hr/>	<hr/>
Comprise:		
Directors of the Company	1,889	1,509
Key management personnel	2,126	1,903
	<hr/>	<hr/>
	4,015	3,412
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 35. OPERATING LEASE ARRANGEMENTS

### (a) *Operating lease commitments – Group as lessor*

The Group has various operating lease agreements with third parties relating to the rental of office, residential premises and charter hire of vessels. These non-cancellable leases have remaining non-cancellable lease terms of between one and three years. Some leases include a clause to enable the charterer to extend the charter hire contract at the charterer's option for a specified period.

At the end of the reporting period, the Group has contracted with lessees for the following future minimum lease payments:

	Group	
	2020	2019
	US\$'000	US\$'000
Within one year	3,920	3,424
In the second to third years inclusive	191	603
	<u>4,111</u>	<u>4,027</u>

## 36. SEGMENT INFORMATION

For management purposes, the Group is organised into three main operating divisions, namely:

– Container Shipping

Providing feeder services for the transportation of containerised cargo between Singapore as a "hub" port and other outgoing "spoke" ports in Asia, as well as inter-region and intra-region container shipping services to end users.

– Bulk and Tanker

Providing transportation of special dry bulk, liquid and gas cargo in the international as well as Indonesian domestic market.

– Logistics and Others

Include forwarding, agency and other services.

The Group's risks and rates of return are affected predominantly by differences in the services rendered.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 36. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of its operating divisions separately for the purpose of making decisions about resource allocation and performance assessment.

	<b>Container Shipping US\$'000</b>	<b>Bulk and Tanker US\$'000</b>	<b>Logistics and Others US\$'000</b>	<b>Eliminations US\$'000</b>	<b>Group US\$'000</b>
<u>31 December 2020</u>					
Revenue:					
- External customers	331,566	6,829	9,500	-	347,895
- Inter-segment	360	-	1,907	(2,267)	-
	<u>331,926</u>	<u>6,829</u>	<u>11,407</u>	<u>(2,267)</u>	<u>347,895</u>
Segment results	10,927	(3,311)	325	(971)	6,970
Finance income	196	471	131	(122)	676
Finance costs	(1,161)	(353)	(125)	29	(1,610)
Share of results of associate and joint venture	-	1,765	-	-	1,765
Profit (loss) before tax	9,962	(1,428)	331	(1,064)	7,801
Income tax expense					(528)
Profit after tax					<u>7,273</u>
Segment assets	279,997	36,145	26,638	-	342,780
Unallocated assets					63
					<u>342,843</u>
Segment liabilities	(116,403)	(12,643)	(14,405)	-	(143,451)
Unallocated liabilities					(1,379)
					<u>(144,830)</u>
Capital expenditure	2,849	142	76	-	3,067
Depreciation of property, plant and equipment	5,801	1,932	313	-	8,046
Depreciation of right-of-use assets	5,249	-	615	-	5,864
Amortisation of intangible assets	242	-	-	-	242
Depreciation of investment properties	26	-	12	-	38
Impairment of property, plant and equipment	4,781	4,625	52	-	9,458
Impairment of investment property	-	-	149	-	149
(Write back) allowance for impairment on receivables	70	(202)	835	(7)	696

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 36. SEGMENT INFORMATION (CONT'D)

	Container Shipping US\$'000	Bulk and Tanker US\$'000	Logistics and Others US\$'000	Eliminations US\$'000	Group US\$'000
<u>31 December 2019</u>					
Revenue:					
– External customers	353,514	9,172	11,117	–	373,803
– Inter-segment	148	12	2,460	(2,620)	–
	<u>353,662</u>	<u>9,184</u>	<u>13,577</u>	<u>(2,620)</u>	<u>373,803</u>
Segment results	6,832	(2,517)	1,607	(606)	5,316
Finance income	394	521	79	–	994
Finance costs	(1,729)	(828)	(309)	–	(2,866)
Share of results of associate and joint venture	(354)	1,817	–	–	1,463
Profit (loss) before tax	5,143	(1,007)	1,377	(606)	4,907
Income tax expense					(722)
Profit after tax					<u>4,185</u>
Segment assets	217,446	41,988	26,682	–	286,116
Unallocated assets					63
					<u>286,179</u>
Segment liabilities	(66,758)	(12,662)	(12,545)	–	(91,965)
Unallocated liabilities					(1,057)
					<u>(93,022)</u>
Capital expenditure	1,862	1,100	1,105	–	4,067
Depreciation of property, plant and equipment	6,307	2,655	260	–	9,222
Depreciation of right-of-use assets	8,253	–	314	–	8,567
Amortisation of intangible assets	53	–	–	–	53
Depreciation of investment properties	26	–	12	–	38
Impairment of property, plant and equipment	306	2,359	–	–	2,665
(Write back) allowance for impairment on receivables	(668)	571	16	43	(38)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 36. SEGMENT INFORMATION (CONT'D)

### Geographical information

The revenue of Container Shipping and Logistics and Others segments (see (i) below) based on geographical location is as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Indonesia	89,632	96,503
South East Asia (excluding Indonesia)	161,482	165,045
Middle East and Indian Sub-continent	72,941	86,503
Far East	6,523	7,161
Others	10,488	9,419
Total revenue for Container Shipping and Logistics and Others	341,066	364,631

- (i) Revenue is allocated to each geographical segment based on the destination of the service routes. The directors believe it could be inaccurate to analyse assets and capital expenditure by geographical segment because these cannot be meaningfully allocated to the different routes as the vessels do not operate on fixed routes.

For Bulk and Tanker, charterers of the Group's vessels have the discretion to operate within a wide trading area and are not constrained by a specific sea-route. As such, no geographical segment information is presented.

### Other information

The Group has two customers in 2020 (2019: 2) that contribute greater than 10% of the total revenue of the Group.

	Revenue	
	2020 US\$'000	2019 US\$'000
Customer A	81,186	49,837
Customer B	44,228	44,207

### Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (a) *Categories of financial instruments*

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

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Financial assets</b>				
Financial assets at amortised cost	151,552	133,717	122,257	104,642
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	141,616	90,217	122,958	67,204
Derivative financial liabilities	73	–	12	–
	141,689	90,217	122,970	67,204

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

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit and counterparty risk, liquidity risk, interest rate risk, foreign currency risk and bunker price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

The Board is responsible for setting the objective and underlying principles of financial risk management for the Group and the Company.

#### (i) *Foreign exchange risk management*

The Group transacts business in various foreign currencies, including Singapore dollar ("SGD") and Indonesian rupiah ("IDR") and therefore is exposed to foreign exchange risk.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances approximately amount to US\$14,195,000 (2019: US\$19,180,000) and US\$6,382,000 (2019: US\$3,475,000) for the Group and the Company respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### (i) Foreign exchange risk management (cont'd)

The Company is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, India and United Arab Emirates.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of foreign currencies are converted, as soon as possible, to SGD or USD.

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

	Group			
	Liabilities		Assets	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
SGD	27,179	30,999	20,149	16,854
IDR	1,362	2,413	3,570	13,187
Others	12	12	2,629	2,198

	Company			
	Liabilities		Assets	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
SGD	26,987	30,843	20,114	16,816
IDR	991	876	-	-
Others	12	12	2,620	2,190

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### (i) Foreign exchange risk management (cont'd)

##### Foreign currency sensitivity

The following table details the sensitivity to a 10% (2019: 10%) increase and decrease in the exchange rate of SGD and IDR against USD. It is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in SGD and IDR and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis of monetary items denominated in currencies other than SGD and IDR is not significant.

	Group		Company	
	Strengthen/ (weaken) in exchange %	Effect on profit before tax US\$'000	Strengthen/ (weaken) in exchange %	Effect on profit before tax US\$'000
<b>2020</b>				
Singapore dollar	10	(702)	10	(687)
	(10)	702	(10)	687
Indonesian rupiah	10	1,055	10	(99)
	(10)	(1,055)	(10)	99
<b>2019</b>				
Singapore dollar	10	(1,414)	10	(1,403)
	(10)	1,414	(10)	1,403
Indonesian rupiah	10	1,080	10	(88)
	(10)	(1,080)	(10)	88

#### (ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and fixed deposits.

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks and financial institutions which generate interest income for the Group.

Information relating to the Group's and the Company's financial instrument balances which are interest bearing are disclosed in Notes 16, 19, 22, 25 and 27.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### (ii) Interest rate risk management (cont'd)

##### Interest rate sensitivity

The following table demonstrates the sensitivity to a 25 basis points (2019: 25 basis points) increase and decrease in the SGD and USD interest rates, with all other variables held constant, of the Group's and the Company's profit or loss (through the net impact of interest expense on floating loans and borrowings excluding hedged portion and interest income on fixed deposits). It is the sensitivity rate used when reporting interest rate risks internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit or loss US\$'000	Increase/ (decrease) in basis points	Effect on profit or loss US\$'000
<b>2020</b>				
Singapore dollar	25 (25)	(33) 33	25 (25)	(33) 33
United States dollar	25 (25)	43 (43)	25 (25)	44 (44)
	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit or loss US\$'000	Increase/ (decrease) in basis points	Effect on profit or loss US\$'000
<b>2019</b>				
Singapore dollar	25 (25)	(34) 34	25 (25)	(34) 34
United States dollar	25 (25)	24 (24)	25 (25)	37 (37)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) *Financial risk management policies and objectives (cont'd)*

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

<b>Category</b>	<b>Description</b>	<b>Basis for recognising expected credit losses (ECL)</b>
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

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

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
<b>Group</b>						
<u>31 December 2020</u>						
Trade receivables	17	(i)	Lifetime ECL	58,271	(4,461)	53,810
Other receivables and deposit	18	Performing, (ii)	12 month	2,069	–	2,069
Due from immediate holding company (non-trade)	33	Performing, (ii)	12 month	261	–	261
Due from immediate holding company (trade)	17	(i)	Lifetime ECL	4,017	(36)	3,981
Due from related companies (trade)	17	(i)	Lifetime ECL	11,827	(1,452)	10,375
Due from non-controlling interest of subsidiary (trade)	17	(i)	Lifetime ECL	229	–	229
Due from joint venture (trade)	17	(i)	Lifetime ECL	169	(169)	–
				<u>76,843</u>	<u>(6,118)</u>	<u>70,725</u>
<u>31 December 2019</u>						
Trade receivables	17	(i)	Lifetime ECL	64,915	(4,494)	60,421
Other receivables and deposit	18	Performing, (ii)	12 month	2,923	–	2,923
Due from immediate holding company (non-trade)	33	Performing, (ii)	12 month	261	–	261
Due from immediate holding company (trade)	17	(i)	Lifetime ECL	4,010	(51)	3,959
Due from related companies (trade)	17	(i)	Lifetime ECL	10,605	(1,046)	9,559
Due from non-controlling interest of subsidiary (trade)	17	(i)	Lifetime ECL	75	–	75
Due from joint venture (trade)	17	(i)	Lifetime ECL	167	(167)	–
				<u>82,956</u>	<u>(5,758)</u>	<u>77,198</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
<b>Company</b>						
<u>31 December 2020</u>						
Trade receivables	17	(i)	Lifetime ECL	51,712	(3,448)	48,264
Other receivables and deposit	18	Performing, (ii)	12 month	781	–	781
Due from immediate holding company (trade)	17	(i)	Lifetime ECL	4,008	(36)	3,972
Due from subsidiaries (trade)	17	(i)	Lifetime ECL	3,403	(66)	3,337
Due from subsidiaries (non-trade)	19	Performing, (iii)	12 month	1,808	–	1,808
Due from related companies (trade)	17	(i)	Lifetime ECL	5,702	(50)	5,652
Due from joint venture (trade)	17	(i)	Lifetime ECL	128	(128)	–
				<u>67,542</u>	<u>(3,728)</u>	<u>63,814</u>
<u>31 December 2019</u>						
Trade receivables	17	(i)	Lifetime ECL	56,459	(4,063)	52,396
Other receivables and deposit	18	Performing, (ii)	12 month	1,568	–	1,568
Due from immediate holding company (trade)	17	(i)	Lifetime ECL	4,006	(51)	3,955
Due from subsidiaries (trade)	17	(i)	Lifetime ECL	3,417	(60)	3,357
Due from subsidiaries (non-trade)	19	Performing, (iii)	12 month	3,080	(1,060)	2,020
Due from related companies (trade)	17	(i)	Lifetime ECL	3,746	(46)	3,700
Due from joint venture (trade)	17	(i)	Lifetime ECL	128	(128)	–
				<u>72,404</u>	<u>(5,408)</u>	<u>66,996</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

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

- (i) For trade receivables, the Group and Company has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and Company determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.
- (ii) For amounts due from immediate holding company (non-trade) and other receivables and deposits, the Group assesses low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).
- (iii) For amounts due from subsidiaries (non-trade), the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL), as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in risk of default on the balances since initial recognition. Management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default as well as the loss upon default.

#### (iv) Credit risk management

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company may request bankers' guarantee from its customers if it is necessary. In addition, debtor balances are monitored on an ongoing basis.

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the reporting period is as follows:

	Group			
	2020		2019	
	US\$'000	% of total	US\$'000	% of total
<b>By customers:</b>				
Main line operators	31,202	58.0	37,137	61.5
Agents	2,648	4.9	4,039	6.7
Others	19,960	37.1	19,245	31.8
	53,810	100.0	60,421	100.0

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### (iv) Credit risk management (cont'd)

	Company			
	2020		2019	
	US\$'000	% of total	US\$'000	% of total
<b>By customers:</b>				
Main line operators	28,146	58.3	33,997	64.9
Agents	3,082	6.4	4,775	9.1
Others	17,036	35.3	13,624	26.0
	48,264	100.0	52,396	100.0

At the end of the reporting period, approximately 39.0% (2019: 40.2%) of the Group's and Company's trade receivables were due from 5 (2019: 5) major customers who are main line operators located in Singapore.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

#### 31 December 2020

	Current	Days past due				Total
		<30 days	30-60 days	60-90 days	>91 days	
Estimated total gross carrying amount at default	47,669	4,794	1,297	468	4,043	58,271
Expected credit loss	(449)	(167)	(121)	(75)	(3,649)	(4,461)

#### 31 December 2019

	Current	Days past due				Total
		<30 days	30-60 days	60-90 days	>91 days	
Estimated total gross carrying amount at default	52,307	7,480	940	504	3,684	64,915
Expected credit loss	(566)	(385)	(44)	(5)	(3,494)	(4,494)

#### Financial assets that were neither past due nor impaired

Trade and other receivables that were neither past due nor impaired were with creditworthy debtors with good payment record with the Group. Cash and short-term deposits, cash in holding accounts and derivatives that were neither past due nor impaired were placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) *Financial risk management policies and objectives (cont'd)*

#### (v) *Bunker price risk management*

The Group's earnings are affected by changes in bunker prices. The Group manages this risk by monitoring the bunker prices and entering into forward contracts to hedge against fluctuations in bunker price if considered appropriate. As the group expects to settle these contracts by taking deliveries, these are accounted for as executory contracts.

As at 31 December 2020 and 31 December 2019, the Group has no outstanding bunker price hedging contracts.

#### (vi) *Liquidity risk management*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### (vi) Liquidity risk management (cont'd)

#### Liquidity and interest risk analyses

##### Non-derivative financial instruments

The following tables detail the remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on the discounted cash flows of financial liabilities that include both interest and principal cash flows based on the earliest date on which the Group and Company can be required to pay and on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and liabilities on the statement of financial position.

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Group</b>						
<b>31 December 2020</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other receivables and deposits		55,879	–	–	–	55,879
Due from related companies		14,617	–	–	–	14,617
Due from NCI of subsidiary		229	–	–	–	229
<b>Variable interest rate instruments:</b>						
Cash and bank balances	0.10-4.90	80,854	–	–	(27)	80,827
<b>Total financial assets</b>		<b>151,579</b>	<b>–</b>	<b>–</b>	<b>(27)</b>	<b>151,552</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

#### Liquidity and interest risk analyses (cont'd)

Non-derivative financial instruments (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Group</b>						
<b>31 December 2020</b>						
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		18,441	–	–	–	18,441
Other payables and liabilities		27,466	–	–	–	27,466
Due to related companies		114	–	–	–	114
<b>Fixed interest rate instruments:</b>						
Lease liabilities	2.57 – 10.67	12,817	36,899	22,376	(7,782)	64,310
Borrowings	7.60	367	14	–	–	381
Bank term loans	2.73	1,829	4,746	501	(188)	6,888
Due to NCI of subsidiaries	2.16	59	1,744	–	–	1,803
<b>Variable interest rate instruments:</b>						
Bank term loans	1.83	7,948	6,429	9,867	(1,958)	22,286
<b>Total financial liabilities</b>		<b>69,041</b>	<b>49,832</b>	<b>32,744</b>	<b>(9,928)</b>	<b>141,689</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

#### Liquidity and interest risk analyses (cont'd)

Non-derivative financial instruments (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Group</b>						
<b>31 December 2019</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other receivables and deposits		63,344	–	–	–	63,344
Due from related companies		13,779	–	–	–	13,779
Due from NCI of subsidiary		75	–	–	–	75
<b>Variable interest rate instruments:</b>						
Cash and bank balances	0.65-6.50	56,623	–	–	(104)	56,519
<b>Total financial assets</b>		<b>133,821</b>	<b>–</b>	<b>–</b>	<b>(104)</b>	<b>133,717</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		23,617	–	–	–	23,617
Other payables and liabilities		20,785	–	–	–	20,785
Due to related companies		265	–	–	–	265
<b>Fixed interest rate instruments:</b>						
Lease liabilities	2.48 – 10.67	3,124	2,394	6,532	(3,824)	8,226
Borrowings	7.60	342	381	–	–	723
Due to NCI of subsidiaries	1.27	585	1,044	–	–	1,629
<b>Variable interest rate instruments:</b>						
Bank term loans	3.49	7,829	21,161	10,920	(4,938)	34,972
<b>Total financial liabilities</b>		<b>56,547</b>	<b>24,980</b>	<b>17,452</b>	<b>(8,762)</b>	<b>90,217</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

#### Liquidity and interest risk analyses (cont'd)

Non-derivative financial instruments (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Company</b>						
<b>31 December 2020</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other						
receivables and deposits		49,045	–	–	–	49,045
Due from related companies		13,860	–	–	–	13,860
<b>Fixed interest rate instruments:</b>						
Due from subsidiary	1.65	909	–	–	–	909
<b>Variable interest rate instruments:</b>						
Cash and bank balances	0.10-1.70	58,460	–	–	(17)	58,443
<b>Total financial assets</b>		<b>122,274</b>	<b>–</b>	<b>–</b>	<b>(17)</b>	<b>122,257</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		15,956	–	–	–	15,956
Other payables and liabilities		19,213	–	–	–	19,213
Due to related companies		7,317	–	–	–	7,317
<b>Fixed interest rate instruments:</b>						
Lease liabilities	2.57-9.75	11,956	35,394	16,162	(5,147)	58,365
Borrowings	7.60	367	14	–	–	381
Bank term loans	2.73	1,053	1,545	–	(98)	2,500
<b>Variable interest rate instruments:</b>						
Bank term loans	1.62	7,299	3,933	9,677	(1,671)	19,238
<b>Total financial liabilities</b>		<b>63,161</b>	<b>40,886</b>	<b>25,839</b>	<b>(6,916)</b>	<b>122,970</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

#### Liquidity and interest risk analyses (cont'd)

Non-derivative financial instruments (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Company</b>						
<b>31 December 2019</b>						
<b>Financial assets</b>						
<b>Non-interest bearing:</b>						
Trade and other						
receivables and deposits		53,964	–	–	–	53,964
Due from related companies		12,144	–	–	–	12,144
<b>Variable interest rate instruments:</b>						
Due from subsidiary	1.00	888	–	–	–	888
Cash and bank balances	0.70-2.35	37,665	–	–	(19)	37,646
<b>Total financial assets</b>		<b>104,661</b>	<b>–</b>	<b>–</b>	<b>(19)</b>	<b>104,642</b>
<b>Financial liabilities</b>						
<b>Non-interest bearing:</b>						
Trade payables		19,349	–	–	–	19,349
Other payables and liabilities		12,168	–	–	–	12,168
Due to related companies		5,532	–	–	–	5,532
<b>Fixed interest rate instruments:</b>						
Lease liabilities	2.48-9.75	2,533	873	14	(218)	3,202
Borrowings	7.60	342	381	–	–	723
<b>Variable interest rate instruments:</b>						
Bank term loans	3.24	6,140	15,007	8,752	(3,669)	26,230
<b>Total financial liabilities</b>		<b>46,064</b>	<b>16,261</b>	<b>8,766</b>	<b>(3,887)</b>	<b>67,204</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 38. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3– Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable input (Level 3)
	US\$'000	US\$'000	US\$'000	US\$'000

### Liabilities measured at fair value:

Derivative financial liabilities:

Interest rate swaps	31 December 2020	40	–	40	–
Foreign currency forward contracts	31 December 2020	33	–	33	–

There are no outstanding derivative financial instruments as at 31 December 2019.

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable input (Level 3)
	US\$'000	US\$'000	US\$'000	US\$'000

### Liabilities for which fair values are disclosed:

Amounts due to NCI	31 December 2020	1,710	–	1,710	–
Amounts due to NCI	31 December 2019	1,616	–	1,616	–

#### Amounts due to NCI

The carrying amounts due to NCI of subsidiaries is US\$1,803,000 (2019: US\$1,629,000). The fair value is determined using a discounted cash flow model with a discount rate that reflects the borrowing rate as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 38. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

### *Derivative liabilities*

The carrying amount of derivative financial liabilities is US\$73,000 (2019: Nil). The Group enters into derivative financial instruments with reputable financial institutions. Interest rate swaps and foreign currency forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at 31 December 2020, the mark-to market value of derivative liabilities positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

### *Financial instruments whose carrying amounts are reasonable approximation of fair value*

Management considers that the carrying amount of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values.

- a) Trade and other receivable, trade payables and other liabilities amounts due from/(to) related companies, cash and bank balances and pledged deposits.

The carrying amounts of these balances approximate fair values due to their short-term nature.

- b) Bank loans at floating rates.

The carrying value of the bank loans approximate fair value as these balances are of variable interest rate.

As at 31 December 2020, there is no financial assets at fair value through profit or loss.

## 39. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group is required to maintain certain financial ratios within a given range to comply with loan covenants imposed by its lenders. The Group monitors the financial covenants on bank borrowings to ensure there is no breach of covenants.

## 40. SUBSEQUENT EVENT AFTER REPORTING DATE

The sale for one of the vessel as classified under asset held for sale was completed on 25 March 2021.

## 41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 25 March 2021.

# SHAREHOLDINGS STATISTICS

as at 17 March 2021

Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share (no vote for treasury shares)
No. of Issued Shares	:	539,131,199
No. of Issued Shares (excluding Treasury Shares)	:	538,038,199
No. and Percentage of Treasury Shares Held	:	1,093,000 (0.20%)*
No. and Percentage of Subsidiary Holdings**	:	Nil

\* Percentage is calculated based on the Company's total number of 538,038,199 issued shares (i.e. excluding 1,093,000 treasury shares).

\*\* "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital*
1 – 99	10	0.24	184	0.00
100 – 1,000	141	3.43	72,699	0.01
1,001 – 10,000	2,349	57.08	10,125,933	1.88
10,001 – 1,000,000	1,587	38.57	76,288,808	14.18
1,000,001 and above	28	0.68	451,550,575	83.93
	<b>4,115</b>	<b>100.00</b>	<b>538,038,199</b>	<b>100.00</b>

## PERCENTAGE OF SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 March 2021, approximately 34.12% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

## TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	PT SAMUDERA INDONESIA TBK	351,180,000	65.27
2	ANG AH BENG	16,612,900	3.09
3	DBS NOMINEES (PRIVATE) LIMITED	13,967,900	2.60
4	DB NOMINEES (SINGAPORE) PTE LTD	11,941,300	2.22
5	CITIBANK NOMINEES SINGAPORE PTE LTD	5,349,000	0.99
6	NG HWEE KOON	4,371,400	0.81
7	ABN AMRO CLEARING BANK N.V.	4,203,600	0.78
8	PHILLIP SECURITIES PTE LTD	3,563,300	0.66
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,455,900	0.64
10	LIM & TAN SECURITIES PTE LTD	3,379,800	0.63
11	BANI MAULANA MULIA	3,272,000	0.61
12	TEO CHENG TUAN DONALD	3,000,000	0.56
13	RAFFLES NOMINEES (PTE.) LIMITED	2,815,700	0.52
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,680,100	0.50
15	GU JIAN LIN	2,036,100	0.38
16	ANG HAO YAO (HONG HAOYAO)	1,930,100	0.36
17	PEH KOK KAH	1,902,100	0.35
18	IFAST FINANCIAL PTE. LTD.	1,734,100	0.32
19	YEO SENG CHONG	1,650,000	0.31
20	HEXACON CONSTRUCTION PTE LTD	1,550,000	0.29
		<b>440,595,300</b>	<b>81.89</b>

\* The percentage of shareholdings is calculated based on the Company's total number of 538,038,199 issued shares as at 17 March 2021 (i.e. excluding 1,093,000 treasury shares) and there is no subsidiary holdings as at 17 March 2021.

# SHAREHOLDINGS STATISTICS

as at 17 March 2021

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 17 March 2021)

Name	Direct Interest	%	Deemed Interest	%
PT Samudera Indonesia Tbk <sup>(1)</sup>	351,180,000	65.27	–	–
PT Samudera Indonesia Tangguh <sup>(2)</sup>	–	–	351,180,000	65.27
PT Ngrumat Bondo Utomo <sup>(3)</sup>	–	–	351,180,000	65.27

### Notes:

- <sup>(1)</sup> The percentage of shareholdings is calculated based on the Company's total number of 538,038,199 issued shares as at 17 March 2021 (i.e. excluding 1,093,000 treasury shares) and there is no subsidiary holdings as at 17 March 2021.
- <sup>(2)</sup> PT Samudera Indonesia Tangguh's deemed interest arises from its direct interest of 57.98% in PT Samudera Indonesia Tbk.
- <sup>(3)</sup> PT Ngrumat Bondo Utomo's deemed interest arises from its direct interest of 14.21% and 27.40% in PT Samudera Indonesia Tbk and PT Samudera Indonesia Tangguh respectively.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Samudera Shipping Line Ltd (the “Company”) will be convened and held by way of electronic means on Wednesday, 28 April 2021, at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 0.75 Singapore cents per ordinary share for the financial year ended 31 December 2020. *(FY2019: a first and final one-tier tax exempt dividend of 0.75 Singapore cents per ordinary share)* **(Resolution 2)**
3. To declare a special one-tier tax exempt dividend of 0.30 Singapore cents per ordinary share for the financial year ended 31 December 2020. *(FY2019: Nil)* **(Resolution 3)**
4. To re-appoint the following Directors of the Company retiring by rotation pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and Article 91 of the Constitution of the Company:  
  
Mr Nicholas Peter Ballas *[See Explanatory Note (i)]* **(Resolution 4)**  
Ms Lee Lay Eng Juliana *[See Explanatory Note (i)]* **(Resolution 5)**
5. To re-appoint the following Directors of the Company retiring pursuant to Article 97 of the Constitution of the Company:  
  
Mr Bani Maulana Mulia *[See Explanatory Note (i)]* **(Resolution 6)**  
Mr Ridwan Hamid *[See Explanatory Note (i)]* **(Resolution 7)**
6. To approve the payment of additional Directors’ fees of S\$59,767 for the financial year ended 31 December 2020. *(being payable to Mr Masli Mulia in respect of the 4-month period from the date of his re-designation from “Chairman, Executive Director” to “Chairman, Non-Executive Director” i.e. 1 September 2020 to 31 December 2020)* **(Resolution 8)**
7. To approve the payment of Directors’ fees of S\$408,300 for the financial year ending 31 December 2021 to be paid quarterly in arrears. *(FY2020: S\$379,000)* **(Resolution 9)**
8. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 10)**
9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

10. **Continued Appointment of Mr Nicholas Peter Ballas as an Independent Director pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST**

That, subject to and contingent upon the passing of Ordinary Resolution 4 above and Ordinary Resolution 12 below by the shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM, the continued appointment of Mr Nicholas Peter Ballas ("**Mr Ballas**") as an Independent Director be approved by all shareholders pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) and the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ballas as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

*[See Explanatory Note (ii)]*

**(Resolution 11)**

11. **Continued Appointment of Mr Nicholas Peter Ballas as an Independent Director pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST**

That, subject to and contingent upon the passing of Ordinary Resolutions 4 and 11 above by the shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM, the continued appointment of Mr Nicholas Peter Ballas as an Independent Director be approved by shareholders, excluding the Directors and the Chief Executive Officer ("**CEO**") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST) pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) and the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Ballas as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

*[See Explanatory Note (ii)]*

**(Resolution 12)**

12. **Authority to Issue Shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.  
*[See Explanatory Note (iii)]*

**(Resolution 13)**

# NOTICE OF ANNUAL GENERAL MEETING

## 13. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on page 4 of the Appendix to the Annual Report to Shareholders dated 13 April 2021 (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.  
*[See Explanatory Note (iv)]*

**(Resolution 14)**

By Order of the Board

Leong Chang Hong  
Company Secretary  
13 April 2021

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

- (i) The Ordinary Resolutions 4 to 7 above, relates to the re-appointment of the following Directors retiring by rotation pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, Article 91 and Article 97 of the Company's Constitution:
- (a) Mr Nicholas Peter Ballas will, upon re-appointment, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent.
  - (b) Ms Lee Lay Eng Juliana will, upon re-appointment, remain as a member of the Audit, Nominating and Remuneration Committees and will be considered independent.
  - (c) Mr Bani Maulana Mulia will, upon re-appointment, remain as an Executive Director and Chief Executive Officer of the Company.
  - (d) Mr Ridwan Hamid will, upon re-appointment, remain as an Executive Director and Chief Financial Officer of the Company.

Additional information as required under Listing Rule 720(6) of the Listing Manual of the SGX-ST (in the form as set out in Appendix 7.4.1) on the above-mentioned Directors, who are subject to retirement and re-appointment at the Annual General Meeting, can be found in the FY2020 Annual Report under "Board of Directors" section.

- (ii) The Ordinary Resolutions 11 and 12 are proposed in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022.

With effect from 1 January 2022, Rule 210(5)(d)(iii) Listing Manual of the SGX-ST provides that a director will not be independent if he has served on the Board as an independent director for an aggregated period of more than 9 years (whether before or after listing) and his continued appointment as an independent director must be sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the Directors and the CEO of the Company, and associates of such Directors and CEO ("**Two-Tier Voting**"), and such resolutions approved at the Annual General Meeting by way of a Two-Tier Voting process shall remain in force until the earlier of the following: (i) retirement or resignation of the director; or (ii) the conclusion of the third Annual General Meeting following the passing of the resolutions.

Mr Nicholas Peter Ballas ("**Mr Ballas**") is an Independent and Non-Executive Director of the Company and he has served on the Board for an aggregate period of more than 9 years from his date of appointment, 1 June 2010.

Subject to and contingent upon the passing of the Ordinary Resolution 4 relating to Mr Ballas' re-appointment as a Director of the Company, the Company is proposing to seek, at the same time, the requisite approval from shareholders for his continued appointment as an Independent Director via the Two-Tier Voting process. Mr Ballas will, upon the passing of Ordinary Resolutions 11 and 12 via the Two-Tier Voting Process, continue to serve on the Board as an Independent Director of the Company until the conclusion of (i) the third Annual General Meeting following the passing of this Resolution, or (ii) his retirement or resignation as a Director of the Company, whichever is the earlier. Mr Ballas will also remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Subject to and contingent upon the passing of the Ordinary Resolution 11 by all shareholders of the Company, in compliance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST, the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST) shall abstain from voting on Ordinary Resolution 12. The Company will disregard any votes cast by the directors and the CEO of the Company, and their respective associates, in respect of their holdings of shares (if any) on Ordinary Resolution 12.

## NOTICE OF ANNUAL GENERAL MEETING

The Nominating Committee (“NC”) and the Board have assessed the independence status of Mr Ballas and determined that Mr Ballas have demonstrated strong independence in character and judgment over the years in discharging his duties and responsibilities as an Independent and Non-Executive Director of the Company. There were no circumstances which would likely affect or appear to affect his independent judgment and he has acted in the best interests of the Group and the non-controlling shareholders. Mr Ballas’ contributions in Board deliberations, due to his length of service, in-depth knowledge of the Group’s businesses and board representation on other listed companies are considered valuable by the Board. While recognising the benefits of the experience and stability brought by long-standing Directors, the NC is cognizant of the importance of Board renewal and refreshment and the Board remains committed to the progressive renewal of board membership. Additionally, Mr Ballas has fulfilled the definition of independent directors of the Listing Manual of the SGX-ST and the Code of Corporate Governance 2018 (“2018 Code”). More importantly, the Board trusts that Mr Ballas is able to continue to discharge his duties independently with integrity and competency.

Rule 210(5)(c) of the of the Listing Manual of the SGX-ST and Provision 2.2 of the 2018 Code provides that the Independent Directors must comprise of at least one-third of the Board and the Independent Directors shall make up a majority of the Board where the Chairman is not independent respectively. In the event that either Ordinary Resolutions 11 or 12 is not passed at the forthcoming Annual General Meeting, Mr Ballas’ appointment as an Independent Director of the Company will cease and he will remain on the Board as a Non-Independent and Non-Executive Director at the conclusion of the Annual General Meeting. Accordingly, the Company will not be in compliance with Provision 2.2 of the 2018 Code. Since at least one-third of the Board comprises of Independent Director and a majority of the Board members are Non-Executive Directors, the NC and Board are of the view that the Board members have an appropriate level of independence and are able to make decisions in the best interest of the Company.

Nevertheless, the Board has weighed the need for the Board and seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. However, such Board renewal and refreshment process may require more time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such director who has, over time, gained valuable insights into the Group, its market and the industry. The Board and NC will continue to review and recommend appropriate changes to the Board composition in order to comply with Provision 2.2 of the 2018 Code.

- (iii) The Ordinary Resolution 13 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 14 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders’ Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTES:

1. The Company's annual general meeting ("**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Printed copies of this Notice of AGM dated 13 April 2021 ("**AGM Notice**") and the Proxy Form **will** be mailed to shareholders, and these documents will also be sent to shareholders by way of electronic means via publication on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm>.
3. **In light of the current Covid-19 measures in Singapore and the Company's effort to minimise physical interactions and risk of community spread of COVID-19, shareholders will not be able to attend the Company's AGM in person. Any shareholder seeking to attend the AGM physically in person will be declined.** The Company has made alternative arrangements relating to the (i) attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement released on the SGXNet on 12 April 2021. This announcement may be accessed at the Company's website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm> and will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
4. Shareholders will be able to watch and/or listen to the AGM proceedings via a "live" audio-visual webcast and "live" audio-only stream via their mobile phones, tablets or computers. In order to do so, Shareholders must pre-register at the Company's pre-registration website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm> from now **till 10.30 a.m. on Sunday, 25 April 2021** to enable the Company to verify their status as shareholders.
5. There will be no "live" voting and shareholders **will not** be able to vote or ask any questions during the AGM. Therefore, it is important for Shareholders to submit their questions related to the resolutions to be tabled for approval at the AGM, to the Chairman of the AGM in advance of the AGM. Please refer to the Company's announcement dated 12 April 2021 for more details.
6. **Shareholders (whether individual or corporate) who wish to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM by completing and submitting the Proxy Form to the Company.** The accompanying Proxy Form for the AGM is available at the Company's website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm> and will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

In addition, where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting (whether to vote in favour of or against or abstain 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.

7. The Proxy Form appointing the Chairman of the AGM as proxy must be submitted in the following manner:
  - (a) If submitted by post, be submitted to the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580; or
  - (b) If submitted electronically, be submitted via email to the Company at [gmp.ssl@samudera.id](mailto:gmp.ssl@samudera.id).

in either case, by **10.00 a.m. on Monday, 26 April 2021**, being not less than forty-eight (48) hours before the time appointed for holding the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the Covid-19 situation in Singapore and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

8. Shareholders who hold shares in the Company through a relevant intermediary (as defined below), including CPF or SRS investors who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) to appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Operators) through which they hold such Shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

In addition, CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on Friday, 16 April 2021**.

“**Relevant Intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services license to provide custodial services under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
9. The Chairman of the AGM, as proxy, need not be a member of the Company.
10. If the appointor is a corporation, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.
11. Printed copies of the Company’s FY2020 Annual Report and the Appendix to the Annual Report to Shareholders dated 13 April 2021 (in relation to the proposed renewal of the Shareholders’ Mandate for Interested Person Transactions under Ordinary Resolution 14 above) have been despatched to shareholders and have also been published on the SGX website at the URL <https://www.sgx.com/securities/annual-reports-related-documents> and the Company’s website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm>.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.



## NOTICE OF RECORD DATE AND PAYMENT DATE FOR FINAL DIVIDEND AND SPECIAL DIVIDEND

**NOTICE IS HEREBY GIVEN** that, subject to the approval by the shareholders of the proposed final one-tier tax exempt dividend of 0.75 Singapore cents per ordinary share and the proposed special one-tier tax exempt dividend of 0.30 Singapore cents per ordinary shares in respect of the financial year ended 31 December 2020 ("**Proposed Final Dividend and Special Dividend**") at the Company's Annual General Meeting to be held by way of electronic means on 28 April 2021 ("**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed on Tuesday, 11 May 2021 at 5.00 p.m. ("**Record Date**") for the purpose of determining shareholders' entitlements and preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to the Record Date will be registered to determine shareholders' entitlements to the Proposed Final Dividend and Special Dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at the Record Date will be entitled to the Proposed Final Dividend and Special Dividend.

The Proposed Final Dividend and Special Dividend, if approved by the shareholders at the AGM, will be paid on Thursday, 20 May 2021.

By Order of the Board

Leong Chang Hong  
Company Secretary  
13 April 2021

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# SAMUDERA SHIPPING LINE LTD

(Company Registration No. 199308462C)  
(Incorporated in Singapore with limited liability)  
(the "Company")

## IMPORTANT:

- The Annual General Meeting ("AGM") of Samudera Shipping Line Ltd (the "Company") is being convened, and will be held by way of electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will be mailed to Members, and copies of these documents will also be sent to members by way of electronic means via publication on the Company's website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- In light of the current Covid-19 measures in Singapore and the Company's effort to minimise physical interactions and risk of community spread, members will not be able to attend the AGM in person. Members (whether individual or corporate) who wish to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.
- Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are as set out in the Notice of AGM and the accompanying Company's announcement released on the SGX website on 12 April 2021.
- For CPF/SRS investors who have used their CPF/SRS monies to buy Samudera Shipping Line Ltd's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should contact their respective Agent Bank/SRS Operators to submit their votes by 5.00 p.m. on 16 April 2021.
- Prior to the AGM, members are encouraged to email their questions together with their full names, addresses and manner in which they hold shares in the Company via the Company's pre-registration website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm> when they pre-register for the AGM.
- Please read the notes to the Proxy Form which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a shareholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.

## PROXY FORM

### ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_  
(Name(s) and NRIC/Passport/Company Registration Number(s))

of \_\_\_\_\_  
(Address)

being a member/members of Samudera Shipping Line Ltd (the "Company"), hereby **appoint the Chairman of the Annual General Meeting** as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on **Wednesday, 28 April 2021 at 10.00 a.m.** ("AGM") and at any adjournment thereof. I/We direct my/our proxy to vote for or against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder:

No.	Resolutions relating to:	Number of Votes For <sup>(1)</sup>	Number of Votes Against <sup>(1)</sup>	Number of Votes Abstain <sup>(1)</sup>
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Payment of proposed final one-tier tax exempt dividend for the financial year ended 31 December 2020			
3	Payment of proposed special one-tier tax exempt dividend for the financial year ended 31 December 2020			
4	Re-appointment of Mr Nicholas Peter Ballas as a Director			
5	Re-appointment of Ms Lee Lay Eng Juliana as a Director			
6	Re-appointment of Mr Bani Maulana Mulia as a Director			
7	Re-appointment of Mr Ridwan Hamid as a Director			
8	Approval of payment of additional Directors' fees amounting to S\$59,767 for the financial year ended 31 December 2020			
9	Approval of payment of Directors' fees amounting to S\$408,300 for the financial year ending 31 December 2021			
10	Re-appointment of Messrs Ernst & Young LLP as Auditors and authorising the Directors to fix their remuneration			
11	Approval from the shareholders for the continued appointment of Mr Nicholas Peter Ballas as an independent director pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
12	Approval from the shareholders (excluding the Directors, and Chief Executive Officer of the Company, and associates of such Directors and CEO) for the continued appointment of Mr Nicholas Peter Ballas as an independent director pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022)			
13	Authority to Issue Shares			
14	Renewal of Shareholders' Mandate for Interested Person Transactions			

<sup>(1)</sup> If you wish to exercise all your votes "For" or "Against" or "Abstain" the relevant resolution, please indicate your vote with a tick (✓) within the relevant boxes provided. Alternatively, please indicate the number of shares "For" or "Against" or "Abstain", as appropriate, in the respective boxes provided above in respect of that resolution. **In the absence of specified directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholders(s)  
or, Common Seal of Corporate Shareholder

## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### NOTES:

1. A printed copy of this Proxy Form **will** be mailed to members. This Proxy Form will also be sent to shareholders by electronic means via publication on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://ssl.samudera.id/ssl/shareholder-meetings.htm>.
2. **In light of the current Covid-19 measures in Singapore and the Company's efforts to minimise physical interactions and risk of community spread of COVID-19, members will not be able to attend the Company's AGM in person. Any members seeking to attend the AGM physically in person will be declined.** Any member (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM by completing and submitting this Proxy Form. Where a member appoints the Chairman of the AGM as proxy, the member must give specific instructions as to voting (whether to vote in favour of or against, or abstain 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. 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 the Securities and Futures Act, Chapter 289), 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 Shares registered in your name in 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.
4. Person who hold shares of the Company through a relevant intermediary (as defined in Section 181 of the Companies Act), including CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 16 April 2021**, being 7 working days before the date of the AGM.

Pursuant to Section 181 of the Companies Act, Chapter 50, a "relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity; or
  - (b) a person holding a capital markets services licensed to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Shares in that capacity; or
  - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
  6. The Proxy Form appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  7. This Proxy Form appointing the Chairman of AGM as proxy, duly executed, together with the power of attorney (if any) under which it is signed or a certified copy thereof, must be submitted to the Company in the following manner **by 10.00 a.m. on 26 April 2021**, being not less than forty-eight (48) hours before the time appointed for holding the AGM:
    - (i) **if submitted by post**, be deposited at the Registered Office of the Company at 6 Raffles Quay #25-01, Singapore 048580; or
    - (ii) **if submitted electronically**, be submitted via email to [gmp.ssl@samudera.id](mailto:gmp.ssl@samudera.id) by enclosing a signed PDF copy of the Proxy Form.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current Covid-19 situation in Singapore and the related safe distancing measures which may make it difficult for members to submit the completed Proxy Forms by post, members are strongly encouraged to submit the completed Proxy Forms electronically via email.**

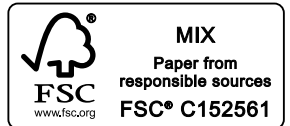
8. All members will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
9. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
10. SRS Approved Nominees acting on the request of the SRS investors who wish to appoint the Chairman of the AGM as their proxy are requested to submit in writing, a list with details of the SRS investors' names, NRIC/Passport numbers, addresses and number of shares held. The list (to be signed by an authorised signatory of the SRS Approved Nominee) shall if submitted by post, reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or if submitted electronically, must be submitted via email to the Company's Share Registrar at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com) in either case not later than **10.00 a.m. on Monday, 26 April 2021**, being not less than forty-eight (48) hours before the time appointed for holding the AGM.

### PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2021.

### GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.





**SAMUDERA SHIPPING LINE LTD**

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