



2 February 2021

Company Announcements Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY, NSW 2000

LNG Propulsion Systems – Orders Secured

Your board is pleased to announce that we have secured total orders worth S\$60m to design and supply LNG propulsion systems for several oil product tankers being built for a leading European oil tanker owner. These vessels are built to DNV GL (Det Norske Veritas - Germanischer Lloyd) classification. The delivery of these orders is scheduled for 2022/2023.

This order underscores the gathering momentum in the transformation of our marine sector. As our deck machinery products hit a downturn about 5 years ago, the Group recognised that a transformation of our marine sector was critically needed. In order to continue to leverage on the Group's network and knowledge of the industry, it took a decision 3 years ago to embark on developing technology for green energy propulsion systems for ocean-going vessels. This direction enables the Group to expand its footprint to cover the entire shipping industry and not just narrowly focused on offshore marine applications.

International shipping is regulated by the International Maritime Organisation (IMO), an organ of the UN agency. IMO 2020 rules mandate that all ocean-going vessels are required to reduce sulphur emission from engines from an original 4.5% and currently reduced 3.5% to 0.5% m/m with effect from 1 January 2020. This has made it mandatory for existing vessels to install scrubber filtration systems or to use high grade low sulphur fuel in place of diesel in order to comply. Each of these choices has proven to have its limitations. New vessels would install gas engines instead of diesel engines and use LNG propulsion to power the engines. The growth prospects for our technology are therefore expected to be strong.

Demand in the offshore marine sector appears to be showing some positive signs. However, immediate short-term resurgence in demand for our deck machinery is not apparent. Prospects in gas processing projects continue to remain strong.

With successful rollout of the vaccines, it is hoped that global travels and interactions can return to normalcy to enable us to further enhance and strengthen our growth prospects in the industry.

Yours faithfully
ZICOM GROUP LIMITED

Sim Kok Yew
Group CEO