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PERFORMANCE UPDATE OF THE GROUP FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Mun Siong Engineering Limited (the "**Company**"), together with its subsidiaries and associate companies (the "**Group**"), wishes to provide guidance on its third quarter financial performance ended 30 September 2021.

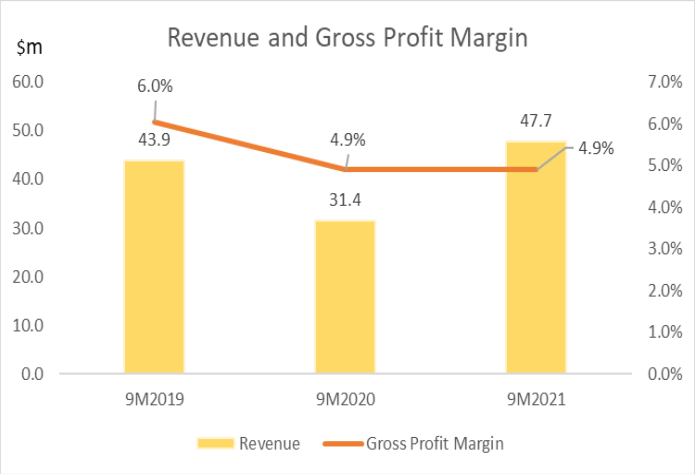
The Group had on 20 February 2020 announced that it will discontinue the quarterly reporting of the Company and Group financial statements. The Company will now announce the financial statements of the Company and the Group on a half-yearly basis, as in compliance to the amended listing rules, announced by the SGX-ST on 7 February 2020.

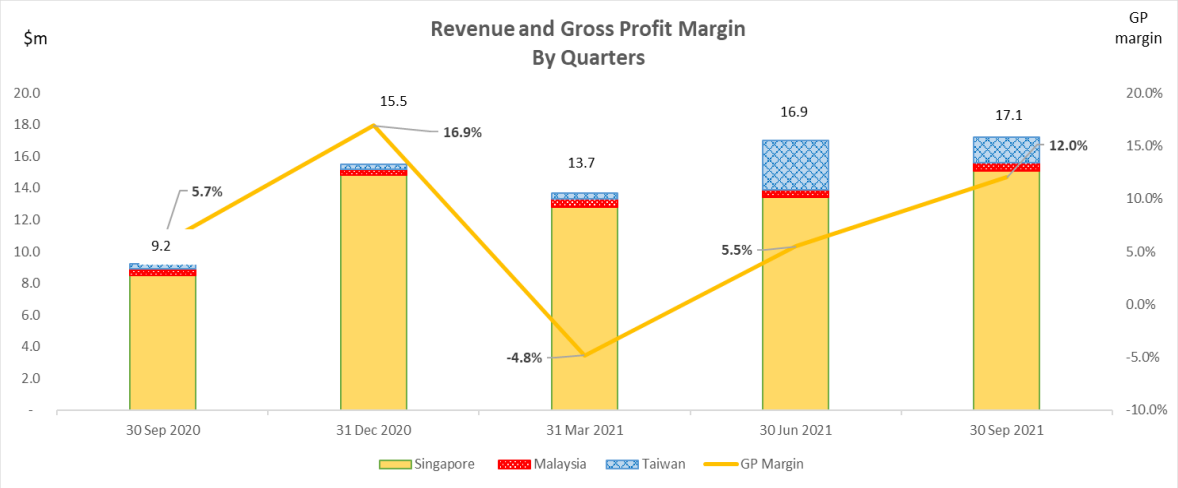
However, in view of the current pandemic and volatile economic environment, the Board of Directors would like to continue keeping our stakeholders and business partners updated with the financial performance of the Group.

It should be noted that the information below is based on the Group's management accounts and they are prepared on the basis of accounting principles described and consistent with the Group's Annual Report FY2020. The Group's auditors, Messrs KPMG LLP, have not reviewed these management accounts and the guidance statement given below. The statement contained in the paragraph "Operating Environment" should not be construed as forward looking statement relating to the Group's future performance. In the event that there are material changes in our business or the operating environment that we are working in, we will make the necessary announcement on the SGX-ST.

Shareholders and investors should consult their stockbrokers, bank managers, solicitors and other professional advisers if they have any doubt about the actions that they should take.

Review of Financial Performance





Revenue and Gross Profit

For the period ended 30 September 2021 ("9M2021"), the Group achieved a revenue of $47.7 million, an increase of $16.3 million or 52.0% against the corresponding period ended 30 September 2020 ("9M2020").

Cost of sales also increased by $15.5 million or 52.0% to $45.4 million in the current period. The increase in cost of sales is in line with the increase in revenue.

Gross profit for 9M2021 was $2.3 million (9M2020: $1.5 million). Singapore and Malaysia operations continue to generate positive gross profit in the first nine months of FY2021. For 9M2021, Taiwan operations generated a small gross loss as compared to a small positive gross profit in 9M2020.

For the current quarter ended 30 September 2021 ("Q32021"), the Group recorded a revenue of $17.1 million, an increase of $7.9 million or 84.9% against the corresponding quarter ended 30 September 2020 ("Q32020").

The Group generated a gross profit of $2.1 million (Q32020: gross profit $0.5 million) and gross profit margin of 12.0% (Q32020: gross profit margin of 5.7%) in the current quarter.

The higher gross profit margin of 12.0% in the current quarter was due to more jobs been executed and higher labour productivity arising from job scheduling and work management. In the first 9 months of FY2020, Singapore was in Phase 1 of the circuit breaker and the outbreak of Covid-19 cases in the dormitories resulted in a large portion of our direct employed workforce been confined to the dormitories. On an overall basis, the Group maintained a gross profit margin of 4.9% for 9M2021 (9M2020:4.9%).

Singapore Operations:

For the current quarter, the Singapore operations registered an increase in revenue of $6.6 million or 77.8% to $15.1 million. The Group continues to receive good volume of work orders from its business partners. However, the profit margin continues to be eroded by the use of subcontractors.

The Ministry of Manpower lifted the debarment on the Company on 30 June 2021. However, due to the closure of the Singapore's border, to countries like India and Bangladesh, we were unable to increase our workforce. Inevitably, we have to continue relying on subcontractors to supplement deficiencies in our manpower needs.

Although the Group undertook changes to its work processes, leaning towards mechanization and working with our business partners to maximize the utilization of direct work force within the same site, these efforts are somewhat muted. To supplement the deficiencies in manpower, the Group has to continuously engage subcontractors which are costly and low in productivity. This has negatively impacted our overall gross profit margin for the first nine months of FY2021.

Despite erosion to profit margins caused by utilization of subcontractors, the Singapore operations registered positive gross profit in Q32021.

Malaysia Operations:

The Malaysia operations registered a 7.9% revenue growth in the current quarter, achieving a revenue of $0.5 million (Q32020: $0.4 million). The imposition of Movement Control Order as well as high Covid-19 infection rates within the Pengerang Plant worked against the Malaysia operations in the current quarter.

It continues to register positive gross profit in Q32021 and Q32020.

Taiwan Operations:

Revenue increased by $1.2 million, from $0.4 million to $1.6 million, an increase of 355.5%, in the current quarter.

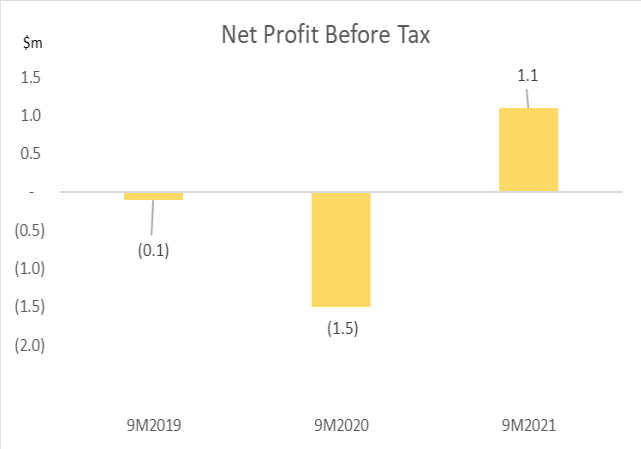
The Taiwan operations completed a Turnaround project at CPC Taoyuan in the current quarter. This

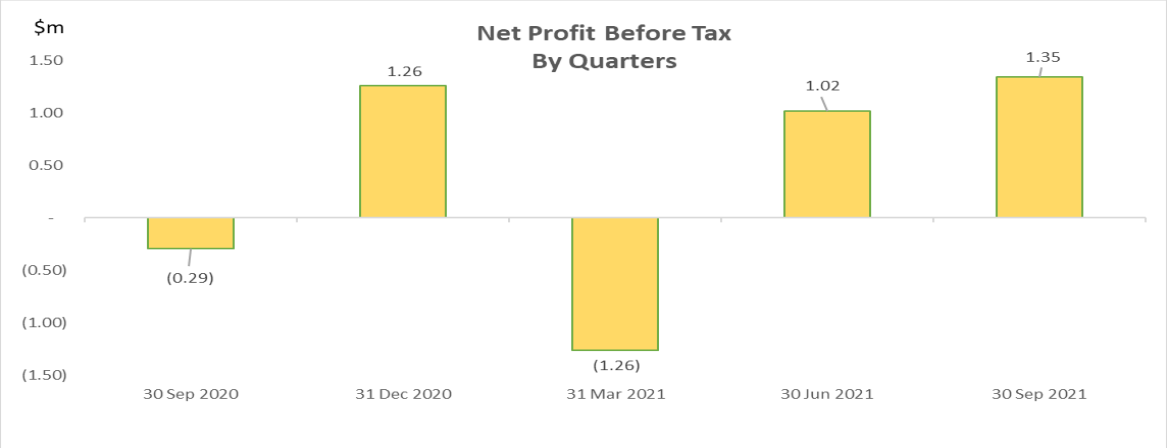
is the second Turnaround project awarded from CPC to the Group.

The awarded Taoyuan Turnaround Project value was $4.2 million. However, due to a much reduced job scope, the revenue contribution from this contract was reduced by 20%. The contract award allows the plant and facilities owner (CPC) to have the discretion to vary the work scope during the execution phase. Reduction in job scope and the utilization of subcontractors (due to inability to increase our direct employed workforce caused by the pandemic), caused a significant lower profit than anticipated.

Due to the above reasons, our much anticipated turnaround performance, could not be materialized. We incurred a negative gross loss of $151,000 for the current quarter. For the 9M2021, the gross loss was $29,000.

Net profit /(loss) before tax:





Comparing Q32021 and Q32020, other income decreased by $0.2 million or 39.3% to $0.3 million. The decrease was mainly due to lower sale of scraps.

Administration costs increased marginally by $50,000 or 4.6% to $1.1 million in the current quarter as compared to the corresponding quarter.

We recorded an exchange gain of $0.1 million in the current quarter as compared to an exchange loss of $0.3 million in the corresponding quarter. The exchange gain was due to weakening of SGD dollars against the USD dollars.

Comparing Q32021 and Q32020, finance income decreased by $25,000 or 67.6% due to both lower interest rates and availability of excess funds placed on fixed deposits. Deployment of working capital to support the recent acquisition of land and building in Johor (Malaysia) and to meet the increase in jobs (both local and overseas operations) have significantly reduced the availability of excess funds.

We incurred $40,000 finance costs in the current quarter which is similar to the corresponding quarter. This is in relation to the Temporary Bridging Loan offered by the government in FY2020 to local enterprises.

The Group achieved a net profit before tax of $1.35 million in the current quarter as compared to a net loss before tax of $0.29 million in the corresponding quarter.

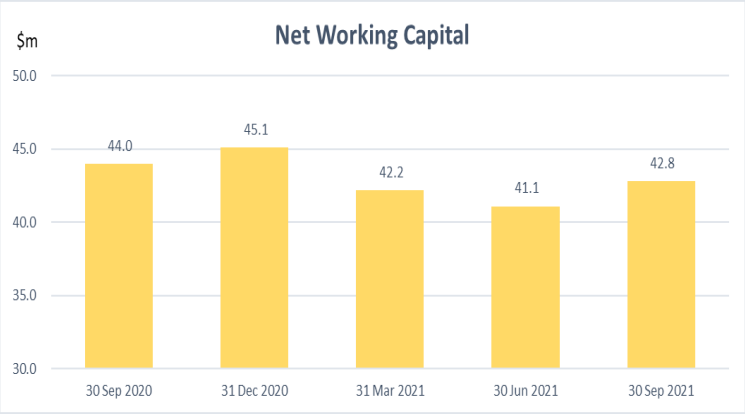
For the 9M2021, we achieved a net profit before tax of $1.1 million as compared to a net loss before tax of $1.5 million in the corresponding period. Net profit margin for the current period was 2.3% (9M2020: negative 4.8%).

It should be noted that the various financial support (job support scheme, foreign workers levy waivers and rebates) provided by the government tapered during 9M2021.

As mentioned in our results announcement for the period ended 30 June 2021 dated 5 August 2021, we recovered $1.1 million of decanting costs. On an operating basis, deducting this non-recurring and non-operating contribution, the Group's net profit before tax for 9M2021 would have been $0.2 million.

Review of financial position of the Group as at 30 September 2021

As at 30 September 2021, the Group's shareholders' funds stood at $55.3 million (31 December 2020: $54.6 million and 30 September 2020: $53.5 million). The net tangible assets per share as at 30 September 2021 is 9.5 cents (31 December 2020: 9.4 cents).



Net working capital (current assets less current liabilities) as at 30 September 2021 was $42.8 million. Comparing 30 September 2021 and 31 December 2020, the decline in net working capital of $2.3 million was due to the following:

1. Decline in cash balances of $4.9 million

a) Purchase of land and building in Malaysia of $2.2 million;

b) Purchase of fixed assets of $0.8 million;

c) Repayment of loan and borrowings $0.5 million; and

d) Usage of $1.4 million to support the working capital of the Group.

2. Increase in current portion of loans and borrowings of $0.8 million. This is due mainly to the classification from non-current liabilities to current liabilities.

3. Increase in contract assets (net of contract liabilities) $2.5 million due to more job activities in the current quarter.

4. Decrease in trade payables and provision for tax of $1.0 million due to timing of payments.



Trade receivables as at 30 September 2021 was $12.2 million (31 December 2020: $11.7 million and 30 September 2020: $6.4million). The increase by $0.5 million (compared to 31 December 2020) was mainly due to increase in billings to customers. As at 29 October 2021, the Group realized $6.6 million or approximately 55.0% of its outstanding trade receivables as at 30 September 2021. No provision for doubtful debts was deemed necessary for the first nine months of FY2021.

The bank and cash balances as at 30 September 2021 stood at $32.8 million (31 December 2020: $37.7 million and 30 September 2020: $40.5 million). The decline in cash balances of $4.9 million

between 30 September 2021 and 31 December 2020 was due to the above reasons as explained in the net working capital paragraph.

The Group did not take on additional borrowings in the first nine months of FY2021. Total Borrowings including lease liabilities as at 30 September 2021 was at $5.9 million (31 December 2020: $6.4 million and 30 September 2021: $6.5 million). The Group has commenced repaying the Temporary Bridging Loan from September 2021 onwards. The decline of $0.5 million between 30 September 2021 and 31 December 2020 was due to monthly repayments of loans and borrowings (including lease liabilities).

As at 30 September 2021, our gross debt ratio was at 10.7% (31 December 2020: 11.8% and 30 September 2021: 12.1%).

Operating Environment

Singapore

As the government has adopted an endemic stance, "living with Covid-19", a number of sectors in the economy is working cautiously towards pre Covid-19 activities level. The Group is witnessing this as the flow of jobs are gradually and steadily increasing. The recent completion of a turnaround project for a business partner in Q32021, a new business relationship that the Group has courted in recent times, may see this relationship been furthered.

The Singapore Government has announced, effective from 27 October 2021, the country would reopen its border to India, Bangladesh and other South Asian countries. It's a positive development towards addressing our shortfall in manpower needs. Besides, allowing many of our direct employed to return from home leave, we would be able to increase the strength of our direct employed workforce and replace those that opt to go on home leave. This impact (opening of Singapore's borders) may not be immediately felt as incoming workers are likely to be subjected to quarantine and an extended recruitment processes in a pandemic setting.

In the first half of October 2021, there were high positive Covid-19 cases amongst the dormitories. Approximately 25% of our direct employed workers living in the dormitories could not be deployed and were confined to the dormitories under the various quarantine orders specified by the Ministry of Health. Changes to the quarantine orders protocol subsequently has allowed a greater portion of our direct employed workforce to be deployed. Since early 2021, we have reduced the number of our direct employed housed at each dormitory. This would avert interruptions cause by lockdowns in the event of an outbreak.

The lease at existing land and building (35 Tuas Road) will end in August 2023 and no further lease extension will be allowed by Jurong Town Corporation. We have identified a suitable site and are in the early stage of negotiation.

The Company's internal auditors - Messrs MS Risk Management Pte Ltd has completed its review on the Company's worker permit applications processes. The review was commissioned by the Board on its own accord as per announcement dated 6 April 2021. In addition, the Internal Auditors have also performed a review of our current Human Resources policies and procedures. The Company agrees with the internal audit findings on both reviews and have accepted the

recommendations made in the internal audit report. A subsequent review at a later date will be undertaken to ensure that the recommendations are implemented.

Malaysia

As the Malaysia Government gradually eased its Movement Control Orders ("MCO"), the Malaysia operations have intensified its efforts to secure more work orders at the Pengerang's facilities.

As announced on 12 September 2021, Pegasus Advanced Engineering Sdn Bhd ("PAE M") has completed the purchase of the land and building in Johor, Malaysia. Investments will be made to upgrade the existing structures and construction of the fabrication facilities.

The Company has subscribed for RM8.0 million Redeemable Convertible Preference shares ("RCPS") issued by PAE M in the month of October 2021. The proceeds from the RCPS will be used for both working capital and upgrading and construction of fabrication facilities. Refer to announcements dated 5 March 2021 and 8 July 2021 for more details.

Taiwan

The Taiwan operations is currently executing a Turnaround project awarded CPC Corporation, their third awarded Turnaround project. The value of the award is $20.0 million. It is expected that this project will be completed, based on the contract award, within this financial year. Like the CPC Taoyuan turnaround project work completed in the current quarter, the plant and facilities owner – CPC, has the discretion to vary the scope of work during the execution phase.

Further to our announcements dated 14 April 2021 and 5 August 2021 - Assistance in an Investigation involving a former employee of the Taiwan Branch – there were no further contacts from the Ministry of Justice. The said former employee, a non-management staff, had on his own accord resigned in April 2020. Messrs Chen and Lin Attorneys-at-Law has been retained by the Company to provide assistance to the Branch office in the event that Ministry of Justice requires our further assistance.

By order of the Board

Cheng Woei Fen
Executive Chairlady

11 November 2021