



Mun Siong Engineering Limited

Condensed Interim Financial Statements for the six months and
full year ended 31 December 2021

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income	4
B. Condensed interim statements of financial position	5
C. Condensed interim statements of changes in equity.....	6
D. Condensed interim consolidated statement of cash flows	7
E. Notes to the condensed interim consolidated financial statements	8
1. Corporate Information	8
2. Basis of Preparation	8
2.1. New and Amended Standards Adopted by the Group	8
2.2. Use of judgements and estimates	9
3. Seasonal operations	9
4. Revenue	9
5. Segment and revenue information.....	9
6. Financial Assets and Financial Liabilities	12
7. Profit/(Loss) Before Income Tax.....	13
7.1. Significant Items	13
7.2. Related Party Transactions.....	13
8. Taxation	14
9. Dividends Paid	14
10. Net Asset Value	15
11. Property, Plant and Equipment	15
12. Investment Properties	15
12.1. Valuation	16
13. Loans and Borrowings	16
14. Share Capital	17
15. Subsequent Event.....	17
F. Other Information Required by Listing Rule Appendix 7.2	18



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

1. Whether the figures have been audited or reviewed	18
2. Review of performance of the Group.....	18
3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.....	29
4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months	29
5. Dividend Information	31
5a. Current Financial Period Reported on.....	31
5b. Corresponding Period of the Immediate Preceding Financial Year	31
5c. Date Payable.....	31
5d. Books Closure Date	31
6. Interested person transactions	31
7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).....	31
8. Disclosure of persons occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, CEO or substantial shareholder of the Company pursuant to Rule 704(13).	32



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group			Group		
	Dec		Incr / (Decr)	Year ended 31 Dec		Incr / (Decr)
	2H 2021	2H 2020		2021	2020	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	44,057	24,807	77.6	74,646	46,929	59.1
Cost of sales	(38,728)	(21,655)	78.8	(69,038)	(42,771)	61.4
Gross profit	5,329	3,152	69.1	5,608	4,158	34.9
Other income and recoveries	434	1,048	(58.6)	1,938	1,368	41.7
Administrative expenses	(4,620)	(2,676)	72.6	(6,721)	(5,746)	17.0
Other operating income /(expenses)	153	(534)	128.7	274	(94)	391.5
Share of results of an equity-accounted investee	(322)	2	NM	(321)	4	NM
Results from operating activities	974	992	(1.8)	778	(310)	351.0
Finance income	25	51	(51.0)	59	170	(65.3)
Finance costs	(78)	(71)	9.9	(157)	(87)	80.5
Profit / (Loss) before income tax	921	972	(5.2)	680	(227)	399.6
Tax credit/(expense)	307	(175)	275.4	(15)	(300)	(95.0)
Profit / (Loss) after income tax	1,228	797	54.1	665	(527)	226.2
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation difference from foreign operations	19	(25)	176.0	49	35	40.0
Total comprehensive income /(loss)	1,247	772	61.5	714	(492)	245.1
Profit / (Loss) attributable to:						
Owners of the Company	1,228	789	55.6	674	(526)	228.1
Non-controlling interest	-	8	NM	(9)	(1)	800.0
	1,228	797	54.1	665	(527)	226.2
Total comprehensive income /(loss) attributable to:						
Owners of the Company	1,247	764	63.2	723	(491)	247.3
Non-controlling interest	-	8	(100.0)	(9)	(1)	800.0
	1,247	772	61.5	714	(492)	245.1

Earnings per share for profit/(loss) for the period attributable to the owners of the Company during the year:

Basic (SGD in cent)	0.21	0.14
Diluted (SGD in cent)	0.21	0.14

0.12	(0.09)
0.12	(0.09)

NM: Not meaningful



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

B. Condensed interim statements of financial position

	Group		Change %	Company (Note 1)		Change %
	31 Dec 21 \$'000	31 Dec 20 \$'000		31 Dec 21 \$'000	31 Dec 20 \$'000	
Non-current assets						
Property, plant and equipment	17,269	16,357	5.6	14,873	16,080	(7.5)
Investment properties	1,270	1,205	5.4	1,270	1,205	5.4
Investment in an equity-accounted investee	1	244	(99.6)	-	240	(100.0)
Subsidiaries	-	-	-	5,428	2,828	91.9
Total non-current assets	18,540	17,806	4.1	21,571	20,353	6.0
Current assets						
Inventories	119	193	(38.3)	119	193	(38.3)
Contract assets	9,621	10,002	(3.8)	9,600	9,699	(1.0)
Trade and other receivables	23,622	14,127	67.2	24,993	15,323	63.1
Cash and cash equivalents	35,077	37,737	(7.0)	31,999	33,350	(4.1)
Total current assets	68,439	62,059	10.3	66,711	58,565	13.9
Total assets	86,979	79,865	8.9	88,282	78,918	11.9
Equity						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(65)	(92)	(29.3)	(65)	(92)	(29.3)
Share based compensation reserve	(39)	(34)	14.7	(39)	(34)	14.7
Translation reserve	83	34	144.1	100	40	150.0
Retained earnings	28,845	28,403	1.6	30,365	28,225	7.6
Equity attributable to owners of the Company	55,078	54,565	0.9	56,615	54,393	4.1
Non-controlling interests	-	9	(100.0)	-	-	-
Total equity	55,078	54,574	0.9	56,615	54,393	4.1
Non-current liabilities						
Loans and borrowings	3,770	5,462	(31.0)	3,750	5,417	(30.8)
Provisions	1,289	1,264	2.0	1,289	1,264	2.0
Deferred tax liabilities	1,331	1,568	(15.1)	1,331	1,561	(14.7)
Total non-current liabilities	6,390	8,294	(23.0)	6,370	8,242	(22.7)
Current liabilities						
Trade and other payables	21,753	13,776	57.9	21,637	13,169	64.3
Contract liabilities	1,418	1,243	14.1	1,418	1,243	14.1
Provisions	462	504	(8.3)	462	504	(8.3)
Loans and borrowings	1,762	986	78.7	1,734	937	85.1
Tax payable	116	488	(76.2)	46	430	(89.3)
Total current liabilities	25,511	16,997	50.1	25,297	16,283	55.4
Total liabilities	31,901	25,291	26.1	31,667	24,525	29.1
Total equity and liabilities	86,979	79,865	8.9	88,282	78,918	11.9

NM: Not meaningful

Note 1: The Company level includes Mun Siong Engineering Taiwan Branch's financial results



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

c. Condensed interim statements of changes in equity

The Group	Share Capital	Treasury Shares	Share based Compensation Reserve	Translation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021								
Balance at 1 January	26,254	(92)	(34)	34	28,403	54,565	9	54,574
Profit for the year	-	-	-	-	674	674	(9)	665
Other comprehensive income	-	-	-	49	-	49	-	49
Dividends paid	-	-	-	-	(232)	(232)	-	(232)
Grant of performance shares to employees	-	43	(5)	-	-	38	-	38
Purchase of treasury shares	-	(16)	-	-	-	(16)	-	(16)
Balance at 31 December	26,254	(65)	(39)	83	28,845	55,078	-	55,078
2020								
Balance at 1 January	26,254	(138)	(17)	(1)	29,001	55,099	10	55,109
Loss for the year	-	-	-	-	(526)	(526)	(1)	(527)
Other comprehensive income	-	-	-	35	-	35	-	35
Dividends paid	-	-	-	-	(72)	(72)	-	(72)
Grant of performance shares to employees	-	55	(17)	-	-	38	-	38
Purchase of treasury shares	-	(9)	-	-	-	(9)	-	(9)
Balance at 31 December	26,254	(92)	(34)	34	28,403	54,565	9	54,574
The Company	Share Capital	Treasury Shares	Share based Compensation Reserve	Translation Reserve	Retained Earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
2021								
Balance at 1 January	26,254	(92)	(34)	40	28,225	54,393		
Profit for the year	-	-	-	-	2,372	2,372		
Other comprehensive income	-	-	-	60	-	60		
Dividends paid	-	-	-	-	(232)	(232)		
Grant of performance shares to employees	-	43	(5)	-	-	38		
Purchase of treasury shares	-	(16)	-	-	-	(16)		
Balance at 31 December	26,254	(65)	(39)	100	30,365	56,615		
2020								
Balance at 1 January	26,254	(138)	(17)	4	28,695	54,798		
Loss for the year	-	-	-	-	(398)	(398)		
Other comprehensive income	-	-	-	36	-	36		
Dividends paid	-	-	-	-	(72)	(72)		
Grant of performance shares to employees	-	55	(17)	-	-	38		
Purchase of treasury shares	-	(9)	-	-	-	(9)		
Balance at 31 December	26,254	(92)	(34)	40	28,225	54,393		



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

D. Condensed interim consolidated statement of cash flows

	Group		Group	
	2H 2021	2H 2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit / (loss) before income tax	921	972	680	(227)
Adjustments for:	-	-	-	-
Depreciation	1,635	1,414	3,284	3,435
Interest expense	65	57	131	67
Equity-settled share-based payment transactions	-	-	38	38
Fair value (gain)/loss on investment properties	(65)	20	(65)	20
Provision for onerous contracts	-	42	(42)	42
Impairment loss on contract assets	782	-	782	-
Impairment on fixed assets	6	-	6	-
Impairment loss/(reversal) on trade receivables	571	-	571	(155)
Property, plant and equipment written off	-	14	-	14
Unwinding of discount on provision for restoration costs	13	14	25	20
Share of results of an equity-accounted investee	322	(2)	321	(4)
Interest income	(25)	(51)	(59)	(170)
Net (gain)/ loss on disposal of property, plant and equipment	9	(1)	9	(2)
Operating cash flow before working capital changes	4,234	2,479	5,681	3,078
Changes in inventories	74	49	74	49
Changes in contract assets	(219)	(2,531)	(401)	6,226
Changes in trade and other receivables	(11,936)	(3,465)	(11,120)	4,689
Changes in financial assets, at fair value through profit and loss	-	994	-	-
Changes in trade and other payables	8,678	(291)	7,975	(5,942)
Changes in contract liabilities	140	861	176	1,099
Cash generated/(used in) from operating activities	971	(1,904)	2,385	9,199
Income tax refund / (paid)	(283)	(31)	(623)	(95)
Net cash generated from/(used in) operating activities	688	(1,935)	1,762	9,104
Cash flows from investing activities				
Interest received	25	51	59	170
Investment in equity-accounted investee	-	1	(82)	(81)
Proceeds from disposal of property, plant and equipment	9	3	9	4
Acquisition of property, plant and equipment	(263)	(2,259)	(3,142)	(3,174)
Net cash used in investing activities	(229)	(2,204)	(3,156)	(3,081)
Cash flows from financing activities				
Purchase of treasury shares	-	(9)	(16)	(9)
Dividends paid	-	(72)	(232)	(72)
Proceeds from bank loan	-	5,000	-	5,000
Repayment of borrowings	(341)	-	(341)	-
Payment of lease liabilities	(279)	(266)	(567)	(550)
Interest paid	(74)	(47)	(137)	(57)
Net cash generated from/(used in) financing activities	(694)	4,606	(1,293)	4,312
Net increase/(decrease) in cash and cash equivalents	(235)	467	(2,687)	10,335
Cash and cash equivalents at beginning of period	35,310	37,292	37,737	27,363
Effect of exchange rate fluctuations on cash held	2	(22)	27	39
Cash and cash equivalents at end of period	35,077	37,737	35,077	37,737

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

E. Notes to the condensed interim consolidated financial statements**1. Corporate Information**

Mun Siong Engineering Pte Ltd (the “Company”) was incorporated in Singapore in 1969. It was converted to a public limited company in 2010 when its shares are quoted and traded on the main board of the Singapore Exchange.

The principal activities of the Company, including that of its subsidiaries and equity-accounted investee, are provisions of mechanical engineering, electrical engineering, project management and provision of specialized services to the process industries. Beside this, it is also an investment holding company.

To further the Company’s interest in Malaysia, the Group has three entities namely, HMS Integrated Services Sdn Bhd (an equity-accounted investee) and Mun Siong Engineering Sdn Bhd, which in turn holds equity interest in Pegasus Advance Engineering Sdn Bhd (the “PAE M”).

Its business interest in Taiwan is a branch office of the Company. The branch office is located in Kaohsiung, Taiwan. The financials of the Company include the results of the branch office.

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively the “Group”) and the Group’s interest in an equity-accounted investee.

Besides the above operating entities, other legal entities related to the Group includes Pegasus Advance Engineering (Netherlands) BV, Pegasus Advance Engineering Co Ltd (Myanmar) and Pegasus Advance Engineering (US), Inc. In FY2021, these entities are inactive companies.

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1. New and Amended Standards Adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are:

- Revenue recognition: estimate of total contract costs used in determining the percentage of completion (refer to Note 4); and
- Impairment of property, plant and equipment (refer to Note 11).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. However, it should be noted that shorter working days in a month due to public holidays, for example Chinese New Year and Christmas, do affect the Group's revenue and operating performance.

4. Revenue

Revenue	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	44,057	24,807	74,646	46,929

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on past experience of completed projects. The estimated total contract costs are reviewed at every reporting period and adjusted, where necessary, with the corresponding effect of change being recognized prospectively from the date of change.

5. Segment and revenue information

The operating segments are reported in a manner consistent with internal reporting provided to the Group's Executive Committee who is responsible for allocating and assessing performance of the operating segments. The Group's Executive Committee reviews internal management reports at least on a monthly basis.

Following the integration of OHM Engineering Pte Ltd's operations into the Company in 2019, management has determined that the Group has one reportable segment – Mechanical, electrical, instrumentation and others.


MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

Other services provided by the Group have been aggregated under the segment “Mechanical, electrical, instrumentation and others”. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2021 and 2020.

Reportable Segments	Group		Group	
	6 months ended		Year ended 31 Dec	
	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Total segment revenue	47,447	26,072	80,005	49,172
Inter segment revenue	(3,390)	(1,265)	(5,359)	(2,243)
Revenue from external parties	44,057	24,807	74,646	46,929
Interest income	25	51	59	170
Miscellaneous income	23	23	46	46
Total other income	48	74	105	216
Total revenue and other income	44,105	24,881	74,751	47,145
Depreciation	1,635	1,414	3,284	3,435
Finance expense	66	57	132	67
Segment profit / (loss)	2,508	967	2,243	(412)
Unallocated segment profits	23	23	46	46
Fair value gain/(loss) on investment properties	65	(20)	65	(20)
Impairment loss /(reversal) on trade receivables	(571)	-	(571)	155
Impairment loss on contract assets	(782)	-	(782)	-
Share of results of an equity-accounted investee	(322)	2	(321)	4
Consolidated profit before tax	921	972	680	(227)
Tax credit/(expense)	307	(175)	(15)	(300)
Earnings for the interim period	1,228	797	665	(527)
Capital expenditures	263	2,259	4,196	3,174

	Group	
	Year ended 31 Dec	
	2021	2020
Segment assets	82,250	77,042
Investment properties	1,270	1,205
Investment in equity-accounted investee	1	244
Right-of-use assets	3,458	1,374
Total assets per statement of financial position	86,979	79,865
Segment liabilities	30,454	23,235
Current tax payable	116	488
Deferred tax liabilities	1,331	1,568
Total liabilities per statement of financial position	31,901	25,291


MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

	Group		Group	
	6 months ended		Year ended 31 Dec	
	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Disaggregation of revenue				
Types of services:				
Rendering of services	44,057	24,807	74,646	46,929
Timing of revenue recognition				
At a point in time	20,673	17,004	37,970	31,964
Over time	23,384	7,803	36,676	14,965
	44,057	24,807	74,646	46,929
Geographical information				
Singapore	27,075	23,082	53,002	43,702
Indonesia	207	182	453	182
Malaysia	1,174	877	2,132	1,624
Taiwan	15,601	666	19,059	1,421
	44,057	24,807	74,646	46,929

A breakdown of sales:

	Group		Change (%)
	FY2021	FY2020	
	\$'000	\$'000	
Sales reported for the first half year	30,589	22,122	38.3
Operating loss after tax before deducting non-controlling interests reported for first half year	(563)	(1,324)	(57.5)
Sales reported for the second half year	44,057	24,807	77.6
Operating profit after tax before deducting non-controlling interests reported for second half year	1,228	797	54.1

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

6. Financial Assets and Financial Liabilities

Set up below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020.

	Group		Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Financial Assets	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At amortised cost				
Trade and other receivables (exclude prepayments)	23,314	12,948	24,773	14,148
Cash and cash equivalents	35,077	37,737	31,999	33,350
	<u>58,391</u>	<u>50,685</u>	<u>56,772</u>	<u>47,498</u>
Financial Liabilities				
At amortised cost				
Trade and other payables	21,753	13,776	21,637	13,169
Bank loans	4,662	5,010	4,662	5,010
	<u>26,415</u>	<u>18,786</u>	<u>26,299</u>	<u>18,179</u>

Provision for expected credit losses ("ECL") or impairment loss on trade receivables and contract assets

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assess whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the debtor; and
- b) A breach of contract such as a default.

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets. During the six months ended 31 December 2021, and consequently for FY 2021, the Group recognised impairment losses on its trade receivables and contract assets of \$571,000 and \$782,000 respectively. In FY2020, there was a reversal of impairment loss on trade receivables of \$155,000. Please refer to page 21 for disclosures.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

7. Profit/(Loss) Before Income Tax

7.1. Significant Items

	Group			Group		
	6 months ended 31			Year ended 31 Dec		
	2H 2021	2H 2020	Incr/ (Decr)	2021	2020	Incr/ (Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation	1,635	1,414	16	3,284	3,435	(4)
Fair value (gain)/loss on investment properties	(65)	20	425	(65)	20	425
Net (gain) / loss on disposal of property, plant and equipment	9	(1)	NM	9	(2)	NM
Fixed assets written off	-	14	100	-	14	100
Equity-settled share-based payment transactions	-	-	-	38	38	-
Impairment loss/(reversal) on trade receivables	571	-	-	571	(155)	468
Impairment loss on contract assets	782	-	-	782	-	-
(Write back of)/provision for onerous contracts	-	42	100	(42)	42	200
Impairment loss on fixed assets	6	-	NM	6	-	NM
Net foreign exchange loss /(gain)	(94)	500	119	(215)	60	458
Finance (income)/expenses:						
Interest income	(25)	(51)	(51)	(59)	(170)	(65)
Interest on bank loans	51	38	34	101	40	153
Interest on lease liabilities	15	19	(21)	31	27	15
Unwinding of discount on provision for restoration costs	12	14	(14)	25	20	25
(Over)/under provision of tax in respect of prior years	(165)	228	172	35	298	(88)

NM: not meaningful

7.2. Related Party Transactions

	Group		Group	
	6 months ended		Year ended 31 Dec	
	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Income/(expense)				
<i>Equity-accounted investee</i>				
Revenue from contract (rendering of services)	1,155	839	2,090	1,585
Management fees paid	(53)	(47)	(94)	(94)
Transactions with key management personnel				
- Directors' fees	(57)	(51)	(113)	(125)
- Directors' remuneration	(211)	(186)	(412)	(380)

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current income tax (expense)/credit	(147)	40	(217)	(15)
Over/(under) provision in respect of prior years	165	(228)	(35)	(298)
Deferred income tax expense relating to origination and reversal of temporary differences	289	13	237	13
Tax credit/(expense)	307	(175)	(15)	(300)

9. Dividends Paid

	FY2021 \$'000	FY2020 \$'000
<u>Cash dividends paid during the financial year</u>		
2020 final one-tier tax exempt dividend of 0.04 cents per share (FY2019: 0.04 cents per share) #	232	72
Total	232	72

#- For 2019 dividends of \$0.04 cents per share approved at the AGM in June 2020, Madam Cheng Woei Fen, Mr Quek Kian Hui and their immediate families (Mr Quek Kian Teck and Mr Quek Keng Siong) had forgone their dividends entitlement of \$160,000. The funds were retained for working capital purpose.

The directors have proposed a final dividend for financial year ended 31 December 2021 of \$0.04 cents per share and a special dividend of \$0.02 cents per share amounting to \$232,000 and \$116,000 respectively. The total dividends pay-out is \$348,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

10. Net Asset Value

	Group		Company	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.49	9.41	9.75	9.38
Number of shares (issued and issuable) used in computing net asset value per ordinary share	580,612,400	580,124,400	580,612,400	580,124,400

11. Property, Plant and Equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to \$263,000 (31 December 2020: \$2,259,000). For the six months ended 31 December 2021, the Group also disposed assets amounting to \$18,000 (31 December 2020: \$16,000).

During the year, the Group made an impairment of \$6,000 for certain assets which has low utilisation rate. The Group engages an external independent valuer and qualified valuer to determine the fair value of these certain assets as at 31 December 2021. The fair value measurement for these assets has been categorized as a Level 2 fair value based on direct comparison method.

For the period under review, the Group's market capitalisation is lower than its net assets as at 31 December 2021. The Group performed an impairment assessment of its property, plant and equipment, save for the above assets, by determining the recoverable amount based on the value in use. This assessment requires significant judgement and take into account past performance, management's expectation of market developments, future cash flows and discount rates. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. Save for the above impairment loss of \$6,000, management assessed that no impairment losses were necessary for the remaining assets for the period ended 31 December 2021.

Capital commitment

On 7 December 2021, the Group entered into a contract to construct a fabrication yard on a leasehold land in Malaysia for RM9.2 million (equivalent to S\$3.0 million). These costs will be incurred in FY2022 and FY2023. Please refer to our announcements dated 5 March 2021 and 8 July 2021 for the purchase of this leasehold land.

12. Investment Properties

The Group's investment properties consist of commercial properties, held for long-term rental yields and capital appreciation and are not occupied by the Group. They are leased to unrelated third parties under operating leases.

Investment Properties	Group and Company	
	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	1,205	1,225
Fair value gain/(loss)	65	(20)
At 31 December	1,270	1,205

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

12.1. Valuation

The Group engages an external independent and qualified valuers to determine the fair value of the Group's investment properties at the end of each financial year. The fair value measurement for all the investment properties has been categorized as a Level 2 fair value based on direct comparison method.

For the six months ended 31 December 2021, there is a fair value gain of \$65,000 on the investment properties (31 December 2020: fair value loss of \$20,000).

13. Loans and Borrowings

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Lease liabilities (secured)	543	559	515	510
Bank loans				
-secured	-	-	-	-
-unsecured	1,219	427	1,219	427
	<u>1,762</u>	<u>986</u>	<u>1,734</u>	<u>937</u>
 <u>Amount repayable after one year</u>				
Lease liabilities (secured)	327	879	307	834
Bank loans				
-secured	-	-	-	-
-unsecured	3,443	4,583	3,443	4,583
	<u>3,770</u>	<u>5,462</u>	<u>3,750</u>	<u>5,417</u>
	<u>5,532</u>	<u>6,448</u>	<u>5,484</u>	<u>6,354</u>

The secured borrowings (including lease liabilities) are secured against the respective operating assets and right-of-use assets.

In 2020, the Company drew down a loan amounting to \$5.0 million, that was part of the Singapore government support given to local enterprises in response to the Covid-19 pandemic. The loan is unsecured, for a tenor of 5 years (ending 2025) and repayable on a monthly basis. Interest payments which commenced in August 2020 and principal repayment commencing in August 2021. The loan carries an interest rate of between 2.0% and 2.1% per annum. This is significantly below the Group's current borrowing cost.

As 31 December 2021, the amount repayable within and after one year was \$1.8 million (\$1.0 million as at 31 December 2020) and \$3.8 million (\$5.5 million as at 31 December 2020) respectively.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

14. Share Capital

	Group and Company			
	As at 31 Dec 2021		As at 31 Dec 2020	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Issued and paid-up share capital				
As at beginning and end	581,546	26,254	581,546	26,254
Treasury shares				
As at 1 January	1,422	92	2,022	138
Purchase of treasury shares	312	16	200	9
Reissuance of treasury shares pursuant to share plan	(800)	(43)	(800)	(55)
As at 31 December	934	65	1,422	92

The total number of issued shares excluding treasury shares as at 31 December 2021 was 580,612,400 (31 December 2020: 580,124,400).

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

15. Subsequent Event

There are no known subsequent events, as at the date of this announcement, which have led to adjustments to this set of interim financial statements.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

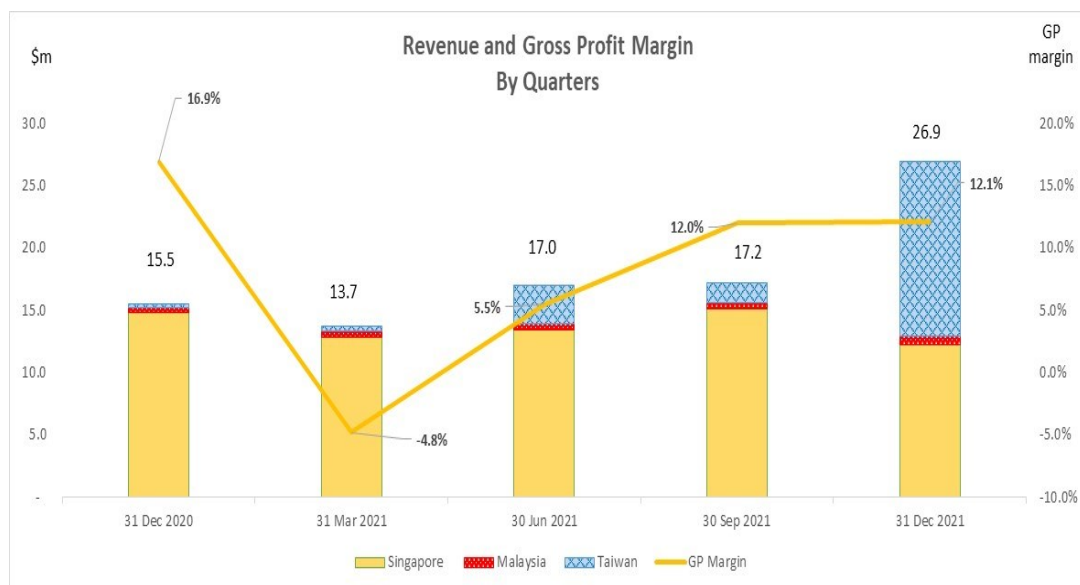
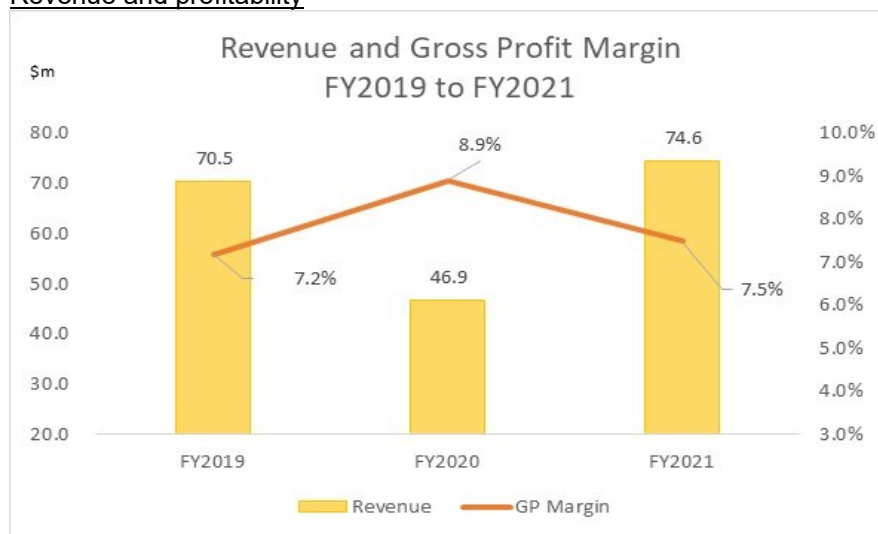
F. Other Information Required by Listing Rule Appendix 7.2

1. Whether the figures have been audited or reviewed

The condensed consolidated statement of financial position of Mun Siong Engineering Ltd and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue and profitability



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

2H2021 versus 2H2020

Revenue for 2H2021 was \$44.1 million which was an increase of \$19.3 million or 77.6% compared to the corresponding period. Two major turnaround projects completed in Taiwan attributed to this increase. These projects were awarded by the same business partner that awarded the Group its first major project in Taiwan in 2019.

During Q42021 a significant portion of our direct employed workforce in Singapore was confined to their dormitories due to various quarantine orders issued by the relevant authorities. This together with our inability to increase our direct employed workforce, due to border closures and debarment by the Ministry of Manpower (debarred until 30 June 2021), pushed us towards engaging subcontractors to meet manpower deficit. Cost of engaging subcontractors are high (compared to that of our direct employed workforce) and low in yields due to low productivity. Subcontracting costs also took its toll on the two turnaround projects in Taiwan as we were unable to increase our direct employed workforce there as well. Both Singapore and Taiwan in 2H2021, contributed to 97.3% of the Group's revenue and it weighed against the Group's gross profit and margin.

2H2021 gross profit saw a significant improvement from \$3.2 million (2H2020) to \$5.3 million (2H2021) or 69.1% improvement. However, margin remains comparable in both periods - 2H2021: 12.1% and 2H2020: 12.7%.

Comparing the cost of sales increase in 2H2020 to 2H2021, there was a \$17.1 million or 78.8% increase - \$38.7 million (2H2021) and \$21.7 million (2H2020). During FY2020, the Group received various financial support from the Singapore government (job support scheme and foreign workers levy waivers and rebates). These financial support offset (reduced) our cost of sales however they tapered towards Q42020. However, as more reliance are placed on using subcontractors for manpower (both Singapore and Taiwan) their cost increased significantly and consequently affecting the cost of sales.

FY2021 versus FY2020

The Group in FY2021 revenue was \$74.6 million compared to \$46.9 million in FY2020, an improvement of 59.1%. Singapore saw an improvement of \$9.6 million or 21.8% and Taiwan by \$17.6 million or 1,241.2%. Their contribution to revenue were 71.6% and 25.5% respectively in FY2021.

Gross profit and margin in FY2020 were \$4.2 million and 8.9% respectively despite a revenue of \$46.9 million. The Singapore government financial support (job support scheme and foreign workers levy rebates and waivers) allowed the Group to achieve both positive gross profit and margin through a lower cost of sales. The exclusion of government financial support would put the Group incurring a gross loss of \$3.7 million and a negative margin of 7.8%.

In comparison to FY2020, based on the gross loss and negative margin, the Group had performed well in FY2021. Gross profit and margin achieved in FY2021 was \$5.6 million and 7.5% respectively.

The improvements in performance were supported by increase in revenue contributions from both Singapore and Taiwan operations. Both these operations in FY2020, compared against FY2019, saw 30.0% and 82.0% decline in revenue respectively. The declines were attributed to few jobs and work disruptions caused by the Covid-19 pandemic.

Cost of sales increased by \$26.3 million or 61.4% to \$69.0 million for the current financial year. The increase in cost of sales is in line with the increase in revenue. Beside this, increase in subcontractors' cost and decrease in government financial support also contributed to this significant increase.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

Singapore Operations

For 2H2021, \$27.3 million of revenue was achieved as compared to \$23.3 million in 2H2020 or 17.3% improvement. Revenue contribution saw an improvement from \$43.9 million (FY2020) to \$53.5 million (FY2021), an improvement of 21.8%.

The Singapore operations registered positive gross profit for both FY2021 and FY2020. The higher gross profit in the current year was due to higher revenue achieved.

Demand for our services continues to be good. Management will continue to undertake only project that yields positive profit margin, a strategy since FY2016. This strategy has allowed the Group to maintain an overall positive gross profit and optimize returns from our direct employed workforce.

Malaysia Operations

For the 2H2021, there was an increase in revenue of \$0.3 million or 33.9% against 2H2020. There were more job activities in Q42021 as the Pengerang plant is gearing up to increase its production output in 2022. The activities in the 2H2021 were higher than that of 1H2021 as Malaysia Government began to ease its Covid-19 restrictions (Movement Control Orders) towards the end of Q32021.

The Malaysia operations achieved a revenue of \$2.1 million for FY2021, an improvement of \$0.5 million or 31.3% as compared to FY2020. It registered a positive gross profit for the current year as compared to a gross loss in the previous financial year.

Taiwan Operations

For 2H2021, revenue achieved was \$15.6 million which was a significant improvement compared to \$0.7 million revenue in 2H2020. This improvement was attributed to completion of two turnaround projects, CPC Taoyuan and CPC Kaohsiung in current period. This improvement did not translate to improvement in profitability for the period. Losses in 2H2021 was \$215,000 compared to \$336,000 in 2H2020.

FY2021 the revenue achieved was \$19.1 million an improvement from the revenue of \$1.4 million in FY2020. Despite the significant improvement in revenue, it continues to be loss making. The losses were significantly narrowed from \$198,000 in FY2020 to \$93,000 in FY2021.

Both projects, CPC Taoyuan and CPC Kaohsiung, allow the plant owner to vary the scope job from those awarded during the execution stage, saw the job scope significantly reduced. This had negatively affected our profitability. CPC Kaohsiung was executed and completed near the close of the financial year, in Q42021. We are working with the owner to finalize the contract sum for this job, and this will be finalized in Q22022. Pending agreement with the plant owner on the final contract sum, only marginal gross profit was recognized in FY2021.

Due to the Covid-19 pandemic, we were unable to increase our direct employed workforce there to cope with the significant increase in work. This shortfall was met by engaging costly subcontractors' manpower, which negatively affected our profitability. Manpower was also diverted from other existing projects to CPC Kaohsiung due to high volume of work and tight delivery timeline. This had negatively affected the productivity on those existing projects.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

Other income and recoveries

Comparing 2H2021 against 2H2020, other incomes and recoveries decreased by \$614,000 or 58.6%. The decrease was mainly due to lower sales of scrap materials and lesser amount of grants received in the current period. There was also absence of insurance medical claims in 2H2021.

Comparing FY2021 against FY2020, there was an increase in other income and recoveries by \$570,000 or 41.7%. During the 1H2021, the Group recovered \$1.1 million from various government agencies for the relocation costs in which the Group incurred in FY2020. The relocation costs were costs incurred for relocating our direct employed work force from dormitories to hotels. Excluding this recovery income of \$1.1 million, FY2021 other income and recoveries declined by \$547,000 or 40.0% compared against FY2020.

Administrative expenses

2H2021 against 2H2020: increased by \$1.9 million or 72.6%

Impairment loss on trade receivables of \$571,000 arising from overdue amount from HIMS and impairment loss on contracts assets of \$782,000. Total impairment = \$1,353,000.

Background information:

On 1 March 2019, the Company and Highbase Strategic Sdn Bhd (the "Highbase") were jointly awarded the Group Worldwide Master Service Agreement for the Integrated Turnaround Main Chemical and Maintenance Mechanical Static (the "Contract Award") from Petroliaam Nasional Berhad ("Petronas"). The Contract Award is for a period 5 years commencing 15 March 2019 and with the option for a further extension of 5 years at the discretion of Petronas.

Among the key conditions for the Contract Award is for the incorporation of a joint venture legal entity between the Company and Highbase. This legal entity would enter into the contract with Petronas and will execute work orders received. Prior to the fulfillment of these conditions, Highbase as the local partner would receive work orders and payments for work orders from Petronas.

HIMS Integrated Services Sdn Bhd (the "HIMS") is the legal entity formed between Highbase and the Company. The former owns 51.0% and the latter owns 49.0%. A HIMS shareholders' agreement was entered into between the Company and Highbase on 21 August 2019 and, among other matters, spelt out management control and allocation of jobs among worksites.

Highbase has been receiving work orders and payments from Petronas on behalf of HIMS since the incorporation of HIMS in 2019, despite the Company and HIMS on numerous occasions, reaching out to Petronas to issue the work orders and payments directly to HIMS and to novate the Contract Award and relevant contracts to HIMS.

Impairment loss on trade receivables - amount due from HIMS (intermediate debtor) (\$571,000)

These work orders by Petronas were subcontracted by Highbase to HIMS. HIMS had then subcontracted the work orders to Pegasus Advance Engineering Sdn Bhd ("PAE (M)") for execution. PAE (M) is a Malaysian legal entity which the Company has a 49.0% equity interest. Under this billing on behalf arrangement, the ultimate debtor is Highbase and HIMS the intermediate debtor.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

Since 1 October 2021, the amount due and owing by HIMS is \$571,000 which arose from works executed by PAE (M). Petronas had accepted the works completed by PAE (M) and payments for such works had been received by Highbase. However, Highbase has failed to pay HIMS which caused HIMS not able to pay PAE (M). PAE (M) is seeking recoverability from HIMS (intermediate debtor) and HIMS is also seeking recoverability of similar amount from Highbase (ultimate debtor). Prior to 1 October 2021, Highbase had made all payments received from Petronas to HIMS which then enabled HIMS to make payments to PAE (M) pursuant to the subcontract arrangement.

Impairment loss on contracts assets of \$782,000

As at 31 December 2021, the amount of impairment loss on contract assets in relation to the work orders is \$782,000. These contract assets relate to jobs in progress or completed jobs awaiting Petronas to accept performance of work. PAE (M) stopped issuing invoices to HIMS (intermediate debtor) and Highbase (ultimate debtor) in Q42021. This is to avert Petronas from making further payments to Highbase, which will increase our risk exposure. Notwithstanding this risk mitigation, the Group has impaired the contract assets of \$782,000 as a result of the increased credit risk arising from the default of payment from HIMS (intermediate debtor).

HIMS ability to meet its financial commitment – in this instance – is dependent on Highbase (ultimate debtor). HIMS acts as a subcontractor to Highbase and PAE (M) is a subcontractor to HIMS. If the main contractor (Highbase) defaults on its payments to the subcontractor (HIMS), likewise, HIMS would default on its payments to its subcontractor, PAE (M).

Current status

HIMS has on 27 January 2022 executed a contract with Petronas with respect to the Contract Award. Pursuant to the said contract, HIMS is required to fulfill certain conditions that have yet to be met. Subsequent to the fulfillment of these conditions, PAE (M), through HIMS, would seek payments from Petronas for the contract assets amounting to \$782,000. Payments would then be made to HIMS where the Company has been afforded joint management control (e.g. bank account) under the HIMS shareholders' agreement.

HIMS, the intermediate debtor, was served a letter of demand by PAE (M) on 6 December 2021 and 27 December 2021. HIMS had on 5 January 2022, in turn served a letter of demand on Highbase, the ultimate debtor, to seek payment for the amount outstanding of \$571,000.

Administrative expenses in 2H2021 increased by \$591,000 or 22.1% (excluding the impairment losses of \$1.4 million) as compared to the corresponding period. The increase was mainly due to higher salaries costs (including provisions for bonus and unutilised leave) and higher professional fees (mainly legal fees relating to the recovery of the amount owing by Highbase). The positive effects from the absence of decanting cost (present in FY2020) were marginalized by higher salaries costs and professional fees.

FY2021, excluding the total impairment losses of \$1.4 million, administrative expenses decreased by \$378,000 or 6.6% as compared to FY2020. The decrease was due to absence of decanting costs (relocation of our direct employed workforce from the dormitories to hotels) incurred in FY2020. However, both higher salaries costs (including provisions for bonus and unutilised leave) and legal fees offset the positive effects from lower decanting cost.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

Other operating income/(expenses)

2H2021 against 2H2020: increased by \$687,000 or 128.7%

In the 2H2020, an exchange loss of \$500,000 was recognised as compared to an exchange gain of \$94,000 in 2H2021. We also recognised a fair value gain of \$65,000 (FY2020: fair value loss of \$20,000) on the investment properties in the current period.

FY2021 against FY2020: increased by \$368,000 or 391.5%.

In FY2021, an exchange gain of \$215,000 and a fair value gain on investment properties of \$65,000 were recognised. In contrast, in FY2020, an exchange loss of \$60,000 and \$20,000 fair value loss on investment properties held were recognised.

Share of results of an equity accounted investee

The Group recognised its share of losses in HIMS of \$322,000 and \$321,000 in 2H2021 and FY2021 respectively. The losses came from the impairment loss of RM2.0 million (or S\$0.6 million), as per HIMS unaudited accounts, for the overdue amount from Highbase. This amount of RM2.0 million (or S\$0.6 million) includes the \$571,000 (which PAE (M) is pursuing) as well as other receivables owing from Highbase.

Finance Income

We incurred a lower finance income in 2H2021 and FY2021. Beside the low prevailing interest rates, most of the Group's available funds were deployed as working capital especially for the Taiwan operations to support the execution of the two major turnaround projects.

Finance expenses

The increase in finance costs in FY2021 by \$70,000 or 80.5% was due to interest cost arising from the drawdown of the bridging loan. Besides this, there was increase in lease liabilities incurred in 2H2021.

Please to "Loans and Borrowings" in paragraph 13.

Tax credit/(expense)

In FY2021 we wrote back deferred tax liability \$237,000. In addition to the current tax provision of \$217,000 (FY2020: \$15,000) we made in current year, there was also a under provision of tax of \$35,000 (FY2020: \$298,000) pertaining to prior year. Comparing FY2020, there was a decrease in tax expense of \$285,000 or 95.0%.

The higher effective tax rate of 31.8% for the Group in FY2021 was due to certain expenses that were not tax allowable as they are yet to be realized or capital in nature.

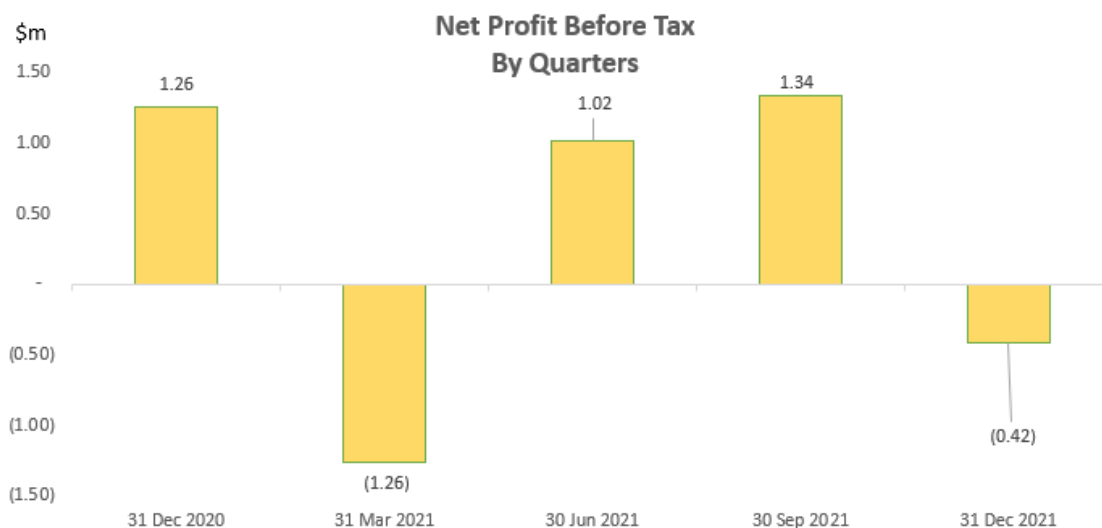
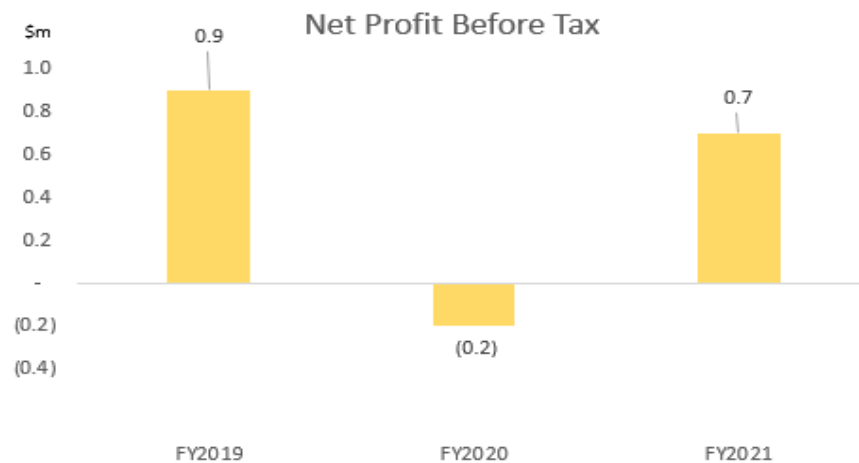
In both financial years, there was a under tax provision of \$35,000 (FY2021) and \$298,000 (FY2020). The understatement in both years were due to timing differences in computation, recognition and payment of expenses (including value added tax invoices).



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

Current year performance



	2H2021	2H2020	FY2021	FY2020
	\$'000	\$ '000	\$ '000	\$ '000
Net profit /(loss) before tax	921	972	680	(227)
Add /(less) – one off items				
Impairment loss/(reversal) on trade receivables	571	-	571	(155)
Impairment loss on contract asset	782	-	782	-
Share of (profit)/loss on an equity-accounted investee	322	(2)	321	(4)
Recovery of decanting costs	-	-	(1,117)	-
Adjusted net profit/(loss) before tax	2,596	970	1,237	(386)
Add depreciation	1,635	1,414	3,284	3,435
Add finance costs	78	71	157	87
Adjusted EBITDA *	4,309	2,455	4,678	3,136

**Earnings before tax, interests, depreciation and impairment. It also excludes share of results of an equity accounted investee*

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

For 2H2021, the Group achieved a profit before tax of \$921,000 as compared to a net profit before tax of \$972,000 in 2H2020. This was a decline of \$51,000 or 5.2%. EBITDA, for both periods continue to be positive, \$3.0 million (2H2021) and \$2.5 million (2H2020).

FY2021 the Group achieved a profit before tax of \$0.7 million in contrast to a net loss before tax of \$0.2 million in FY2020. Both financial years, the Group continues to register positive EBITDA, \$4.4 million (FY2021) and \$3.3 million (FY2020).

It should be noted that FY2020, the Group's losses were substantially cushioned by government financial support. In the absence of these supports, the operating losses would have been \$8.4 million and negative EBITDA of \$4.8 million. The losses arose from the disruption caused by the Covid-19 pandemic.

The financial performance of the Group in the absence of impairment losses on trade receivables and contract assets, share of losses arising from HIMS and one-off recovery of decanting costs, the profit before tax and EBITDA would have been \$1.2 million and \$4.7 million respectively.

Review of statements of financial position

(i) Property, plant and equipment (increased by \$912,000)

Property, plant and equipment includes right-of-use assets. The increase was due to additions of fixed assets during the financial year amounting to:-

	\$ million
Purchase of 60-year leasehold land and building including payment of stamp duties) by PAE (M). Refer to our announcement dated 5 March 2021	2.2
Purchase of vehicles and equipment to support operations	0.9
Enterprise Resource Planning ("the "ERP") system – fully implemented in 2021 for the Singapore operations, reclassified from prepayments to fixed assets during the current year	1.1
Total additions for the period	4.2

The additions to fixed assets of \$4.2 million were offset by the depreciation costs of \$3.3 million for the current year.

At the Company level, there was a decrease of \$1.2 million. The additions to fixed assets of \$1.9 million (including the ERP system) during the year were offset by FY2021 depreciation costs of \$3.2 million.

(ii) Investment properties (increased by \$65,000)

We recognised a fair value gain of \$65,000 during the year.

(iii) Investment in an equity-accounted investee (decreased by \$243,000)

During 1H2021, the Company contributed, on a pro-rate basis, to the uncalled paid-up share capital of HIMS, where its shareholding interest is 49.0%. The contribution amounted to \$82,000.

Arising from the legal action commenced by PAE (M), in 2H2021, to recover the debt owing by Highbase (the ultimate debtor), HIMS as the intermediate debtor, had to make full impairment for the amount claimed RM2.0 million (equivalent to \$0.6 million). This resulting the Group share a significant loss arising from HIMS.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

At the Company level, the decrease in investment of \$240,000 was due to its contribution to its pro-rate uncalled paid share capital of \$82,000 offset by the impairment loss of \$322,000 for its entire investment amount.

(iv) Investments in subsidiaries (increased by \$2.6 million)

During 2H2021, the Company entered into a subscription agreement with PAE (M) (which it has a 49.0% shareholding interest) and its other shareholder. The Company, the subscriber, subscribed to RM8.0 million (or \$2.6 million) value of redeemable cumulative preference shares issued by PAE (M). The proceeds were applied to the purchase of leasehold land and construction of the fabrication building at Johor. This facility will be used to support the Contract Award and other business opportunities in Malaysia.

(v) Inventories (decreased by \$74,000)

The decrease was due to consumption of materials used for operation purposes.

(vi) Contract assets (decreased by \$381,000)

Contract liabilities (increased by \$175,000)

As at 31 December, contract assets were \$9.6 million (2021) and \$10.0 million (2020).

In FY2021, impairments were made on contract assets in Malaysia (for work done on Petronas – Pengerang plant) (Refer to page 21 for explanation). These amounted to \$782,000. However, in FY2020 no impairment was deemed necessary.

In the absence of impairments, FY2021, the contract assets would have increased by \$401,000 as compared to FY2020. Both the Malaysia and Taiwan operations experienced more work opportunities while the contract assets attributed to Singapore decrease due to increase in billings.

The increase in contract liabilities were due to advances received from a customer.

At Company level, contract assets decreased marginally by \$99,000 due to the above-mentioned reasons.

(vii) Trade and other receivables (increased by \$9.5 million)

As at 31 December, trade and other receivables was \$23.6 million (2021) and \$14.1 million (2020). The increase was attributed to an increase in revenue specifically the partial billing to CPC Kaohsiung amounting to \$10.5 million. This amount had since been received in full in January 2022.

Included in trade receivables is a gross amount of \$571,000 (FY2020: \$169,000) due from an equity-accounted investee. The amount has been fully impaired during the year.

As at 7 February 2022, \$16.5 million or 74.1% of trade receivables as at 31 December 2021 has been realised, includes the amount from CPC Kaohsiung.

Trade receivables turnover deteriorated from 91 days (as at balance sheet date FY2020) to 109 days (as at balance sheet date FY2021). The increase in number days was due to the CPC Kaohsiung turnaround that was undertaken and completed in 4Q2021. Excluding the CPC Kaohsiung turnaround from the computation it would have been 72 days.

Other deposits declined by \$1.1 million mainly due to the reclassification of ERP prepaid costs to fixed assets during the financial year.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

At the Company level, trade and other receivables increased by \$9.7 million. This was attributed to partial billings to CPC Kaohsiung (\$10.5 million) and decrease in other deposits of \$1.2 million (\$1.1 million arising from the reclassification of the ERP system).



(viii) Loans and Borrowings (Decreased by \$916,000)

Loans and borrowings comprise the temporary bridging loan, interest payable and lease liabilities.

The Group has commenced repaying the temporary bridging loan of \$5.0 million from August 2021.

The decrease was mainly due to repayment of the temporary bridging loan and lease liabilities.

Please refer to "Loans and Borrowings" at paragraph 13.

(ix) Trade and other payables

Group level: increase of \$8.0 million.

Company level: increase of \$8.5 million

The increase in trade and other payables were mainly due to the increase in subcontractor costs (\$11.0 million), arising from the CPC Kaohsiung (commenced and completed in 4Q2021). This increase was offset by the lower trade and other payables of \$3.0 million due to payments to vendors in Singapore and Malaysia.

(x) Provision (Decreased by \$17,000)

This relates to provision for restoration costs, provision for reworks and provision for onerous contracts (or foreseeable losses).

There was a write back of provision for foreseeable losses (onerous) contracts of \$42,000 during the financial year. The business partner had agreed to the Company's claim for additional work orders.

(xi) Tax payable

Group decreased by \$372,000

Company decreased by \$384,000

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

The decrease was due to timing of tax payments.

- (xii) Deferred tax liabilities
Group decreased by \$237,000
Company decreased by \$230,000

The decrease was due to write back of deferred tax liabilities in the current financial year.

- (xiii) Treasury shares (decreased by \$27,000) and share based compensation reserve (increased by \$5,000)

Reissuance of 800,000 of treasury shares during the year under the Group's Performance Share Plan. The Group recognised \$38,000 of share-based compensation expense in FY2021.

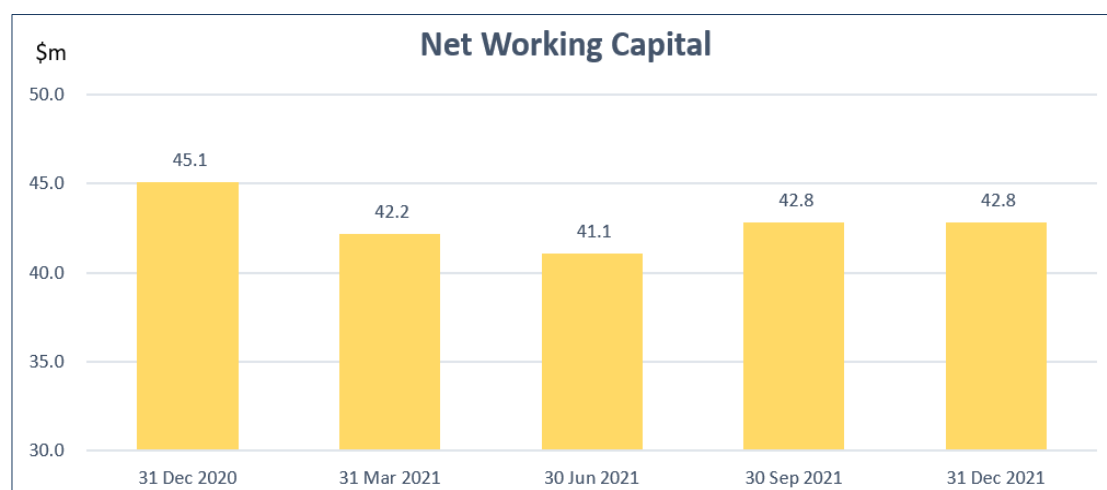
In addition, the Group purchased 312,000 of treasury shares in the open market amounting to \$16,000 during FY2021.

Review of cash flow statement

The Group reported a cash balance of \$35.1 million as at 31 December 2021. A decrease of \$2.7 million compared to 31 December 2020.

	\$ million
Net cash generated from operating activities	1.8
Net cash used in investing activities – significantly relates to purchase of the 60 years leasehold land and building by PAE M	(3.2)
Net cash used in financing activities	(1.3)
Net decrease in cash balances	(2.7)

At Company level there was a decline of \$1.4 million to \$32.0 million. The decrease was due to subscription of \$2.6 million of redeemable cumulative preference shares, issued by PAE (M), which was offset by an increase in net working capital.



Net working capital (Current assets less current liabilities) was \$42.8 million as at 31 December 2021. The decline of \$2.3 million from 31 December 2020 was mainly due to purchase of Malaysia leasehold land and building amounting to \$2.2 million (full payment).

As at 31 December 2021, our gross debt ratio was at 10.0% (31 December 2020: 11.8%; 31 December 2019: 0.9%).

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast was previously provided.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Many medical experts believe that although the Omicron variant is more contagious, it is not as deadly as the Delta variant. Most countries in recent months experienced high Omicron variant cases, have tightened their social distancing measures and accelerating their booster vaccination program to combat the Omicron variant. Despite high Omicron variant cases, the global recovery is widely believed to be on track to reach pre-pandemic levels in 2022. This is because with a relatively high vaccination rates (including booster vaccination), it is unlikely that most countries will go into another long lock down as what we had seen in 2020. In addition, most countries have opened up their borders, adopting quarantine free travel lanes for vaccinated travellers. The demand for refined products such as jet fuel and petrol would increase in the near future.

Many major oil producing countries under the umbrella of the Organization of the Petroleum Exporting Countries ("OPEC") and Russia are already increasing their daily oil production volume to meet the rising demand as the World gets used to living with Covid-19 pandemic. In addition, with high gas prices, many manufacturers and power generators have switched from scarce and expensive gas prices to oil to fuel their production facilities. A potential Russian invasion into Ukraine will disrupt the current oil production potentially sending oil prices higher.

From our past experiences, an increase in demand for crude oil (associated with rising crude oil prices), the oil refineries tend to increase their dollar value of capital expenditures or investment commitments. In recent years, many of the major oil refinery companies have committed to a net zero emission target and will be transforming their current plant operations to be a "renewable" plant. This will create project opportunities for the Group to undertake.

The Group will continue to rely on its proven business strategies that it has followed closely during the pre-pandemic level of seeking works that yield neutral or positive gross profit contributions and maximizing returns of its human and financial resources. It is also critical that the Group continues to maintain a strong net working capital position (current assets less current liabilities). This will allow the Group greater flexibilities in executing its business strategies or undertaking major projects when opportunities arise.

Singapore Operations

The Singapore operations is receiving good volume of work from our business partners. The Singapore operations is also expanding its customer base and gradually gaining the confidence of a few new business partners who have furthered their relationships with us over the past years.

The current hindrance to our Singapore operations is that we are unable increase our direct employed workforce. Tightened measures imposed because of the Omicron variant has hampered our ability to engage foreign workers, the main source of our direct employed workforce. This caps our abilities to accept additional work orders. To overcome this, we will continue to change our work processes, leaning towards mechanization (relying less on manual labour) and working with our business partners to maximize the utilization of our work force within the same sites. In our work review processes, we will also adopt best practices in the effort to reduce carbon emissions.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

We are currently negotiating with a seller for a suitable site in Jurong. The current lease at 35 Tuas Road will end in August 2023 and no further lease extension will be allowed by Jurong Town Corporation.

Malaysia Operations

The Pengerang plant has in recent news will be increasing its production capacity in 2022. Currently, the plant is operating at low capacity output because of low oil demand due to the Covid-19 pandemic. We will intensify our effort to secure more work orders at the Pengerang Facilities. We will also review our current operations. The review aims to streamline our operations so that we can increase efficiency and productivity and to handle the increase in work volume.

Notwithstanding the increase in work orders, we will continue to be vigilant in our receivable collections from our business partners.

Our appointed Malaysian contractor has just begun its construction activities on the land in Johor. The capital commitment for this construction will be RM9.2 million (equivalent to S\$3.0 million). This will be financed through internal funds. The construction of the fabrication yard is expected to be completed by end of 2023.

Taiwan Operations

We are currently performing a review on our Taiwan operations as the yard will complete its certification by 30 June 2022. We believe this is an appropriate time to review our operations since we have completed three Turnaround projects since 2019. The review aims to streamline our operations so that we can increase efficiency and productivity. We will also be actively participating in a number of tenders.

Since our last update on 11 November 2021 on the Assistance in an investigation involving a former employee of the Taiwan Branch, there are no new developments or further contacts from Ministry of Justice.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

5. Dividend Information**5a. Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

Yes. Proposed final and special dividends but not recognised as a liability in the current financial year is as follows:

Name of dividend	Final	Special
Dividend type	Cash	Cash
Amount	0.04 cents per ordinary share	0.02 cents per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

The Directors are pleased to propose a final tax exempt one-tier cash dividend of 0.04 cents per share and a special tax exempt one-tier cash dividend of 0.02 cents per share (2020: tax exempt one-tier cash dividend of 0.04 cents per share) in respect of the financial year ended 31 December 2021. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

FY2020

Name of dividend	Final
Dividend type	Cash
Amount	0.04 cents per ordinary share
Tax rate	Tax exempt (one tier)

5c. Date Payable

To be announced later. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

5d. Books Closure Date

To be announced later. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

8. Disclosure of persons occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, CEO or substantial shareholder of the Company pursuant to Rule 704(13).

Pursuant to Rule 704 (13) of the Listing Manual, the following is a list of persons occupying managerial positions in the Company or the Company's principal subsidiaries who are relatives of a director, chief executive officer and/or substantial shareholder of the Company:-

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Cheng Woei Fen	64	Mother of Quek Kian Teck (substantial shareholder) and Quek Kian Hui (Executive Deputy Chairman)	Executive Chairlady cum CEO Responsible for overall management, formulation of business plans, strategic positioning, and business expansion of Mun Siong Engineering Group (the "Group"). Year when position was first held: 2000	N.A.
Quek Kian Hui	37	Son of Cheng Woei Fen (Executive Chairlady cum CEO)	Executive Deputy Chairman Assist the Chairlady cum CEO in management of the operations of Mun Siong Engineering Limited. Year when position was first held: 2014	<i>Effective 25 February 2021, appointed as Executive Deputy Chairman</i>

On behalf of the Board of Directors

Cheng Woei Fen
Executive Chairlady

Quek Kian Hui
Executive Deputy Chairman

23 February 2022